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**The impact of extrinsic and intrinsic rewards on
employees' motivation**

A case study of an insurance company

Master's Thesis

Corporate and Financial Management

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Abstract

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Purpose: The purpose of this study is to describe and explain employees' perception of extrinsic and intrinsic rewards and its impact on employees' motivation. The study will also explore managers' perception of rewards and to which extent employees receive the rewards that motivate them.

Methodology: A mix between a qualitative and a quantitative approach has been used. The authors have performed in-depth interviews with managers, and combined these interviews with a survey responded by the employees as well as the managers.

Theoretical perspectives: The theoretical chapter is firstly presenting theories that describe how reward systems are constructed. Subsequently, different motivational theories are presented and the chapter ends with the theory of expectancy and the agency theory. The theories have then posed the base for the construction of the hypotheses.

Empirical foundation: The empirical research consists of qualitative interviews with the managers in combination with qualitative surveys conducted with the employees as well as the managers.

Conclusion: This study has provided implications that extrinsic rewards are to some extent old-fashioned and employees are nowadays searching for rewards beyond solely monetary rewards. Employees at Länsförsäkringar Skåne, regardless of department, are to a larger extent motivated by intrinsic rewards. This study indicates that organizations should attempt to set the extrinsic rewards on an accepted level and then shift their attention to intrinsic rewards. Furthermore, this study has indicated that there are clear distinctions between department managers and their employees perception concerning how motivating different rewards are perceived and how much of these rewards that are being offered. By offering employees more of the rewards that they prefer, will lead to a higher degree of motivation, which most likely will influence the organization performance.

Table of Contents

1. Introduction	4
1.1 Background.....	4
1.2 Problem discussion	5
1.3 Purpose.....	7
1.4 Demarcations	7
1.5 Outline	9
2. Methodology	10
2.1 Scientific approach.....	10
2.2 Literature review	10
2.3 Research design: Case study	11
2.4 Selection of case company	12
2.5 Data collection.....	12
2.6 Interviews	13
2.7 Survey design.....	14
2.8 Data analysis	15
2.9 Internal and external validity	16
2.10 Reliability.....	17
2.11 Criticisms of sources.....	17
3. Theoretical Framework.....	19
3.1 Reward systems	19
3.1.1 Recipients of the reward	20
3.1.2 Different forms of rewards.....	21
3.1.3 What is rewarded.....	22
3.2 Motivation Theory	22
3.2.1 Herzberg's Two-Factor Theory	22
3.2.2 Goal-Setting Theory.....	23
3.2.3 Maccoby's four R's of motivation	24
3.3 Theory of Expectancy	25
3.4 Agency theory	27
4. Empirical Results and Analysis	29
4.1 Presentation of the case company	29
4.2 Interview-based case description	29
4.2.1 Rewards.....	29
4.2.2 Motivation	31
4.2.3 Complexity	32
4.3 Analysis of the hypotheses	32
4.3.1 Hypothesis 1	33
4.3.2 Hypothesis 2	34
4.3.3 Hypothesis 3	35
4.3.4 Hypothesis 4	36
4.3.5 Hypothesis 5	39
5. Conclusion.....	43
5.1 Suggestion for future research	44
References.....	45
Electronic references	46
Appendix.....	I

1. Introduction

In this section the authors present the background to the area of interest and continue with a problem discussion. The purpose of the study is then presented and the chapter ends with a description of demarcations and the study's outline.

1.1 Background

In the current global economy with its prevailing competitive environment, firms frequently determine that their employees are their overall most useful resource. Firms' organization structures are heavily dependent on employees, which influence the organization through their engagement, attitudes and motivation. (Bruzelius & Skärvad, 2004)

The future of corporations are in the hand of people acting on behalf of the company as employees, and the importance of human resources have been brought to centre stage, more than ever before (Bhattecharya & Mukherjee, 2009).

Whiteley (2002) describes that all people are concerned with motivation to some extent and one thing that all employees have in common is the fact that higher motivation increase performance. However, to get employees to outperform during all conditions is one of the most difficult challenges managers are facing (Nohria, Groysberg & Lee, 2008).

Bruzelius and Skärvad (2004) argue that to get employees motivated to work more efficiently and to support the company's values and goals, they need to get compensated through rewards. The reward structure should encourage skilled employees to stay within the organization as well as increase the motivation and commitment to the organization and therefore increase the productivity. (Brickley et al, 2002)

As of today, it is widely recognized that employees' motivation and engagement depends on the perceived feeling of being fairly rewarded for one's skills, knowledge and contribution. Companies have different objectives and since the reward strategies are reflecting the company's organizational culture, they need to be tailored to their particular business objectives. (Brickley et al, 2002)

Bhattacharya and Mukherjee (2009) describe that employees in the 21st century are searching for something more beyond just monetary rewards. Nowadays, it is not possible to retain employees only by paying high wages and offering attractive benefits. Rewards are a key factor when it comes to create motivation and excitement for the employment characteristic and her work.

1.2 Problem discussion

All employees have personal objectives, which they strive to obtain. There is a risk that the employees' individual aspirations and objectives are not in line with the objectives of the business management (Arvidsson, 2005). Since unmotivated employees value their own objectives more than those of the company, this discrepancy may lead to a conflict of aims. As discussed in the background, the management should design reward systems that strengthen the connection between employees' goals and motivation factors with the objectives of the organization. (Arvidsson, 2005)

Well performing employees have been incentivised with monetary compensation, which historically has been the most used and accepted way to motivate and encourage employees to perform better (Pink, 2011). Kerr (1975) argues that a higher monetary compensation will lead to an increased performance and productivity. This is supported by Eisenberg (1992), which claims that extrinsic rewards are enhancing the individual's subsequent creative performance.

Compensation is nowadays the single most expensive cost item on the firm's financial statement. Excluding the company's cost of goods sold (COGS), employees' wages accounted for 60 to 95 per cent of the average company costs. Historically, a majority of studies have examined compensation for executives, but the pay for executives still only represents on average a few percentage units of the total compensation. (Larkin et al, 2012) Rewards, compensation and motivation aspects related to non-executive employees, therefore remains an important and rather unexplored topic in modern research.

Currently, there is an on-going discussion about different rewards and if extrinsic rewards are out-dated in developed economies and employees are searching for other ways to be stimulated and motivated in work (Pink, 2011). Several studies regarding the impact of intrinsic and extrinsic rewards in a reward system have been conducted,

but with a wide range of different conclusions. However, most of the recent studies have indicated that extrinsic rewards are old-fashioned (Pink, 2011; Kohn, 2009; Bhattacharya & Mukherjee, 2009).

Pink (2011) argues that the emphasis should be switched from extrinsic rewards to a greater concentration on intrinsic rewards, which according to Pink would lead to greater performance and yield a higher degree of motivation and satisfaction among the employees in the firm. Herzberg (1974) supports this argument and discusses that the desire of completing a task as well as personal growth are intrinsic factors that truly improve satisfaction and performance amongst employees. Kohn (2009) states that extrinsic rewards do not create any commitment, value or performance-based actions. People who expect to receive an extrinsic reward for completing a task simply do not perform as well as those that did not receive a reward. If managers to a greater extent learnt about those high intrinsic drivers of motivation and performance, it could actually benefit business to perform better (Pink, 2011).

Although the correlation between work performance and motivation has been studied in depth, many organizations and reward systems still seem to be designed to decrease motivation and performance. Both Pink (2011) and Whiteley (2002) state that motivation is crucial to obtain high performing employees.

Understanding what motivates employees is a complex process, and to inspire and guide them to perform in alignment with the interest of the organization, managers should pay great attention to examine how and which rewards that perceives as motivating. (Pink, 2011)

Designing an optimal reward scheme is almost impossible, due the fact that all individuals have different personal drivers, and hence behave differently. Consequently, managers should carefully consider which factors and elements that should be included in the reward system to enhance desirable employee motivation.

Extensive research has been conducted concerning how rewards are effecting employees' motivation, although the authors have seen a lack of studies that also examines to which extent employees receive the rewards that motivates them. Based on this, the authors have formulated the following research question:

How are employees rewarded and to what extent they receive the rewards that are perceived as most motivating by themselves and how do these issues influence their motivation?

To answer the main question, the following sub-questions will be answered:

- *Are intrinsic rewards perceived more motivating than extrinsic rewards?*
- *To what extent do managers assess the motivation factors of employees correctly?*
- *How do departmental issues influence what employees are motivated by?*

1.3 Purpose

Extensive research has been conducted concerning how rewards are effecting employees' motivation, although the authors has seen a lack of studies that examine to which extent employees receive the rewards that motivates them. Higher motivation will lead to increased employee performance, and by getting aware of what motivates employees to work more efficient and engaged, companies will save money and perform better.

The purpose of this study is to describe and explain employees' perception of extrinsic and intrinsic rewards and its impact on employees' motivation. The study will also explore managers' perception of rewards and to which extent employees receive the rewards that motivate them.

The authors have found a gap in the historical research, which makes this research relevant in both terms of research and practice.

1.4 Demarcations

There are several different denotations concerning the categorization of extrinsic and intrinsic rewards. We have chosen to follow (Jacobsen & Thorsvik, 2002) categorization of extrinsic and intrinsic rewards, where extrinsic rewards are commonly of monetary value and intrinsic rewards are of a more intangible form. The authors are aware of the fact that other explanations of this subject are occurring, but throughout this essay this explanation will be used as reference to define extrinsic and intrinsic rewards.

The authors have chosen to narrow down the extensive literature concerning motivation and have therefore demarcated this study from, for example, Maslow's need hierarchy theory as well as McClelland's theory of needs. Future discussion concerning the literature that has been used is presented in chapter 2.2, Literature review. Additionally, chapter 2.11, Criticism of sources, is presenting critique of the selected sources used in this essay.

A measurement of performance could allow the study to also investigate how rewards and motivation are affecting the firm's financial performance. Due to time constraints and limitations in reaching access to relevant information, this study has excluded to investigate the reward's effect on financial performance.

Finally, this study is demarcated to a single case study which is future described in the following methodological chapter. This approach was chosen since the authors aimed to deeply investigate how employees and managers perceive different rewards. A single case study allowed the authors to deeply investigate two business departments with different reward system in one organization.

1.5 Outline

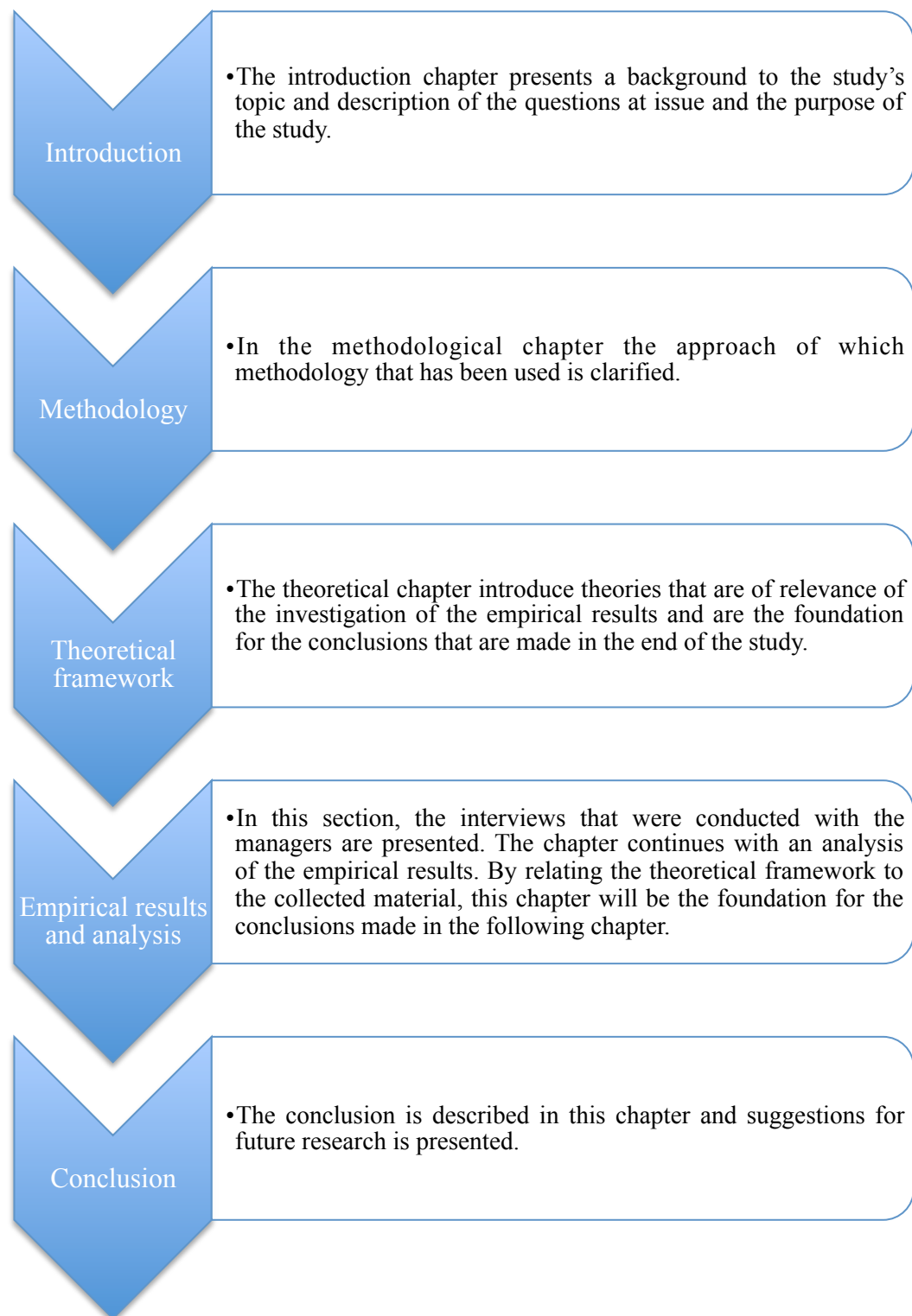


Figure 1.1 - The disposition of the essay

2. Methodology

This chapter presents a thorough explanation of the research design that has been chosen. Further, the validity and reliability of the study is described, and the chapter ends with a discussion concerning criticism of sources.

The authors have chosen to create hypotheses based on relevant theories that will be tested upon the chosen case. In this study, the conducted interviews and the hypotheses will pose the base for the analysis chapter. In the analysis section, the hypotheses are analysed together with the empirical results. In the conclusion part the purpose of the study are thoroughly examined and suggestions of future research is presented.

2.1 Scientific approach

When the scientific approach is to be decided, two broader alternatives are provided, a deductive or inductive approach. The deductive approach is a methodology where the researchers have their foundation within theory, which is used on the empirical findings. (Jacobsen, 2002) In this study the authors have chosen to conduct a study with mainly a deductive approach. Since the authors have used relevant theories regarding rewards and motivation, which then have posed the foundation for the analysis of the empirical data that has been gathered, the deductive approach was appropriate.

2.2 Literature review

Traditional theories concerning rewards have to a large extent emphasized the importance of extrinsic rewards. During the last decades, the dominance of extrinsic reward theories has been complemented with theories stressing the importance of intrinsic rewards. The authors of this study explored both these perspective among the wide-ranging literature concerning rewards.

Therefore, the study will review reward system theory in combination with motivational theories. The motivation theories are found in a range from Hertzberg's classic theory from 1959 to present-day motivation theory, such as Maccoby's four R's of motivation. This choice of theories was made in order to grasp a large span of different perspectives of the motivation phenomenon. Additionally, the authors have

observed rewards through the lens of the theory of expectancy and the agency theory, to broaden the comprehension concerning this subject.

Other relevant sources that have been used are articles and literature. These sources have been collected to get a broader picture of the rewards systems and other motivational aspects that are examined in this study and enable us to enlighten the study with interesting contrasts.

2.3 Research design: Case study

In this study we have used an intensive research design. The intensive research design will more deeply investigate a certain problem in order to examine several details and shades of the phenomena, which is the aim of this study. The intensive design aims to grasp a comprehensive picture of the problem and the context of the investigated problem. (Jacobsen, 2002) Based on this argumentation, the proper research design for this study is the intensive design.

The intensive approach has been used through in-depth interviews with the managers in combination with surveys given to the employees. The interviews and the surveys have been conducted to give the study a broader and deeper picture concerning the subject. Hence, the study is a single case study, which implies that the result is generalizable to a limited extent.

Normally, case studies are associated with an inductive approach, which also has been used in this study. (Bryman & Bell, 2007) It is the research questions of the study that should define which research design that should be used. This study's emphasis will be on how the phenomena studied occur; therefore a case study is an appropriate research design. (Yin, 2009)

When a case study is conducted, it is according to Yin (2009) critical which theories are used, this is essential for both the achievement of a higher degree of generalization as well as in the determination of the purpose of the study. The argumentation concerning which theories that is used in this essay was presented in the literature review chapter.

A single case study was selected since it allowed the authors to deeply and more comprehensively examine the chosen case. The authors are aware of the limitations that a single case study implies. However, due to the time constraints, a single case

study was still preferred. Even if a multiple approach would have been preferred in order to grasp a broader picture concerning this subject, a single case study was a shortened and a more rapid approach in order to fulfil the purpose of this study. Hence, the single case study is offering a more thorough and comprehensive investigation in comparison with a broader and wider multiple case study.

2.4 Selection of case company

The selected case company in this study is Länsförsäkringar Skåne. The chosen firm were situated in the region of Skåne, which allowed the authors to more rapidly gain access and conduct interviews with the respondents. Länsförsäkringar Skåne also permitted the authors to gain internal access to conduct surveys among the employees, which also were a criterion in the selection process. Other firms were also contacted, but Länsförsäkringar Skåne offered greatest access, which made it possible to add a quantitative part to the study.

Länsförsäkringar Skåne approved an investigation of two business departments with two different reward systems, which enabled the authors to investigate the firm in accordance with the purpose of the study. The two business sections that were chosen were the outbound and indoor sale departments. Both departments work task included selling Länsförsäkringar Skåne's services. The indoor sales department handled outgoing calls to new and existing customers, while the indoor sales department core task were to personally handle customers and manage incoming calls.

2.5 Data collection

In business research there are broadly two methodological approaches to choose from. The quantitative method is mainly focused on the interpretation of scientific norms and methods. The main difference between these two approaches is that the qualitative approach emphasizes more verbal aspects, while the quantitative method is based on numeric data. (Bryman & Bell, 2007)

This study is based on a mix of the qualitative approach and the quantitative approach. The data collection is conducted through both quantitative surveys among the employees as well as qualitative semi-structured interviews with the three managers of the respective business unit. These questionnaires and the semi-structured

interviews will be the primary source of data collection, which is tailored to the purpose of this study. (Jacobsen, 2002)

2.6 Interviews

Since the study is partly depending on a qualitative approach, it is important that the interviews are constructed in proper way. The conducted semi-structured interviews, refers to interviews that have open response alternatives and enables the interviewer to ask future question to statements that are done during the interview. (Bryman & Bell, 2007) Interviews have several advantages such as targeting the respondent directly as well as enabling a focus on the topic of the study. (Yin 2009)

One of the disadvantages with interviews is that the respondent can feel pressure to answer in a certain way. The respondent can as well be precautionary to respond if sensitive questions are asked. In order to avoid these obstacles, the semi-structured interviews allow a form of interview that decreases the risk of these problems to occur. The semi-structured interviews include several different questions, which were constructed to achieve a form of conversation instead of an interview mainly based on a question survey.

The questions within the semi-structured interview were formed in an open-mind manner that would increase the probability that the respondent was giving objective answers that reflected his or her thought about the subject. Additionally, the structures of a more controversy-based interview using more standardized questions are reducing the pressure on the respondent to answer in a certain way on the questions.

The chosen respondents are managers within Länsförsäkringar Skåne, and are in charge of indoor sales, outbound sales and the HR department. To get a broader organizational perspective of the reward system at Länsförsäkringar Skåne, the Human Resource manager of the firm were chosen as a respondent since it was considered that this person had key experiences within the firm on the subject studied.

In this essay, three interviews were conducted with two department managers and one HR-manager. The HR manager of Länsförsäkringar Skåne has been acting in this position for the last 12 years in the company, and could therefore to a higher extent than others answer questions concerning reward and motivation concerning the whole organization at Länsförsäkringar Skåne. The manager of outbound sales is in charge

of 27 employees and has been in the organization since 2010. The manager of indoor sales are in charge of 8 employees and have been employed during the last 2,5 years. The two department managers were interviewed to sketch their view concerning rewards and motivation. Additionally these interviews were compared to employees' perception concerning rewards and to which extent they receive these rewards of which the employees find motivating. The interview guide is found in the Appendix section of the study.

2.7 Survey design

The survey is designed in three parts. Part I A is treating how motivating employees perceive different rewards, and the I B questions address to which extent the specific reward is received by the employee. Part II contains questions that are used to measure how complex the employee is experiencing his or her work tasks. Finally, part III measures employees' general motivation. The surveys that employees and managers answered at Länsförsäkringar Skåne are visualized in the Appendix section of this essay.

The survey given to the employees were constructed with an anonymous approach, where the answers were analysed through aggregated data analysis where no individual answer could be deduced. The respondents were placing their respective questionnaire in closed envelopes to strengthen their anonymity. The survey was given to a total of 35 employees. At the indoor sales department eight employees answered the survey, which reflects 100 per cent response rate. At the outbound sales department 15 employees were present during the week the authors distributed the surveys and all of these employees answered the survey*.

Both department managers and the HR manager were also answering modified surveys. These surveys were conducted to investigate to which extent the managers' perception concerning rewards and motivation was in line with employees' perception. The formation of the surveys was similar to the employee survey. The main difference was that the responding managers in this survey answered to which extent they thought that the employees were motivated by the rewards and to which extent these rewards were given to the employees.

* Within the outbound sales department a total of 27 people are employed but only 15 were present during the week in which the surveys were collected

2.8 Data analysis

In order to facilitate testing of the hypotheses, the authors categorized and created indices of the different rewards included in the survey.

To evaluate the concept validity and scale reliability of our created indices, the authors have calculated Cronbach's alphas for each of them. This value indicates to which extent the different items that make up an index are related with one another and ranges typically from 0 to 1. From a social science research point of view, the value of 0,6 is of many researchers seen as an acceptable level. (Nordin et al, 2010) All Cronbach's alphas are calculated from the employees' answers.

Indices for intrinsic and extrinsic rewards contains the following items and are categorized as below:

Index intrinsic rewards I (A)	Index extrinsic rewards I (A)
Creative assignments	Good salary
Personal development	Retirement benefits
Good working environment	Individual performance-based pay
Performance recognition	Group-based rewards
Stable employment recognition	Organization-based rewards
Variety of assignments	
Career opportunities	
Challenging leadership	
Interesting job tasks	
Greater responsibility	
Meaningful job tasks	
Feedback	
Cronbach's alpha 0,874	Cronbach's alpha 0,739

Table 2.1 - Intrinsic and extrinsic index

The index of intrinsic motivation I (A) yielded a Cronbach's alpha of 0,874 and the index of extrinsic motivation I (B) resulted in a Cronbach's alpha of 0,739. This concludes that all items within these two indices were heavily related with one another. Thereby the indices that are constructed measure the intended items with reliable scales.

Index motivation		Index Complexity	
24. Satisfied with current rewards		20. Self-directed	
25. Motivation		21. Own initiatives	
26. Contribution		23. Complexity	
27. Recommendation			
Cronbach's alpha		0,695	Cronbach's alpha 0,589

Table 2.2 - Index of motivation and complexity

The index of motivation was consisting of the question 24-27 in the survey and reached a Cronbach's alpha of 0,695.

An index concerning complexity was also created. This index was initially included 5 (question 19-23) items and yielded a Cronbach's alpha score of 0,454. After removing question number 22 regarding creativity the authors reached a slightly better result. Hence, the Cronbach's alpha were not in an appropriate level and the authors decide to also exclude question number 19, addressing routine-based assignments. The index of complexity now reached a more preferable Cronbach's alpha of 0,589.

The four presented indices were calculated by the following formula:

$$Index\ 1\ to\ 4 = \frac{(Item\ 1 + Item\ 2\ \dots)}{n}$$

These indices are used in the testing of the created hypotheses, which are presented in the theoretical framework section of this essay. In the empirical results and analysis chapter where the hypotheses are tested, the procedure of the indices will be further explained. A more detailed explanation of the conducted statistical test that was made in this study is presented in Appendix V. In Appendix VI are both department means and managers' answers on the questionnaires presented.

2.9 Internal and external validity

This study has been conducted with a mix of qualitative and quantitative approaches. This provides a better foundation for results with a higher degree of internal validity, since two approaches have been used for the investigation of the study's purpose. This study has examined only one organization, through interviews and questionnaires, which yields that the external validity is low. (Bryman & Bell, 2007) The purpose did not strive for a higher degree of external validity. Instead, the internal validity is more applicable to this study since the measured outcome from the investigation is in line with what the research of this study aimed for. (Jacobsen,

2002) This means that the internal validity gain a larger extent in comparison with the external validity, which is in line with the purpose of this study and the demarcations.

2.10 Reliability

The reliability is based on the research design that has yielded the results of the study. (Jacobsen, 2002) The methodology is explicitly described and the ambition is to provide a distinct and informative picture of how the results were conducted in this study.

The results are partly based on interviews, which may have caused the interviewed person in question to be affected during the interview and not responded appropriate. The downsides of interviews are mentioned earlier and the authors of this study have tried to mitigate this obstacle through the use of semi-structured interview procedure.

The supervisor of this essay has evaluated the conducted questionnaires and surveys to achieve a higher degree of credibility. Additionally, the interviews were recorded to achieve a higher level of consistency in the interview process. When the primary source of information comes from separate individuals, the results can vary if the same study would be done on other employees in another organization.

Another aspect that potentially could have influenced the results is the fact that the researchers who conduct the interview impact the responses from the person being interviewed. Additionally, the respondents can potentially felt forced to answer the survey in a certain way, an obstacle that were mitigated through the anonymity offered to the respondents. This could however also potentially have affected the results gained in this study.

2.11 Criticisms of sources

The sources within this essay consist of both literature and empirically gathered material. The chosen literature sources have been critically evaluated and were chosen in accordance to allow a thorough analysis of multiple literature sources, and reflect the most relevant literature concerning this study's subject from the author's point of view.

The empirical part of the sources in this study consists of interviews and surveys. The limitations of these sources have been discussed throughout this methodological

chapter and have been constructed so as to minimize potential misunderstanding and obtain a high degree of objectiveness. However, relevant questions in both the interviews and in the survey can have been neglected. Hence, the chosen questions were conducted together with the supervisor to hopefully grasp all the aspect that is relevant.

3. Theoretical Framework

This chapter will firstly describe the founding concepts of reward theory and will subsequently be followed by motivational theories and the agency theory allowing the investigation of the study's purpose. Additionally, hypotheses based on the theories are presented throughout this chapter.

The structure of the theoretical chapter is presented in the following scheme. Firstly, the authors are describing how reward systems are constructed and further discuss different forms of rewards as well as aspects of what should be rewarded. Subsequently after the discussion concerning reward systems, the chapter continues with different motivation theories. Researchers have earlier pointed out different factors, which improve motivation. The most relevant theories from this essay's point of view are presented, which include relevant aspects concerning the interrelationship between motivation and rewards. The theory of expectancy describes the correlation between rewards and motivation. Finally, the authors present how motivation, rewards and contracting schemes are used according to the agency theory.

3.1 Reward systems

This theory has been presented in order to extend the overall knowledge and understanding across this subject. The reward system theory has posed the base for the understanding of the subsequent theories presented throughout the theoretical framework.

Designing an appropriate financial strategy for compensating employees is an important, difficult and highly complex task. The main objective of the reward system is not only to attract and retain the desired quality of employees, but also to motivate them to sustain a high level of performance and enable the firm to meet its marketing objectives. (Smyth, 1968) Employees who act in the preferred way will be rewarded. Hence, if not acting in the desired way the employee will be punished or the reward will not be distributed. (Jacobsen & Thorsvik, 2002)

Firms have different concepts how to reward their employees. The three most common notions are straight salary, straight commission or a combination of these two with a salary plus commission. (Smyth, 1968)

Bartol (1999) argues that characteristics of the reward system not only affect the employees' performance, but also have an impact on employee retention and turnover. To reach the preferred result, Jacobsen & Thorsvik (2002) suggest that the reward system should consist of three elements shaped in the best possible way.

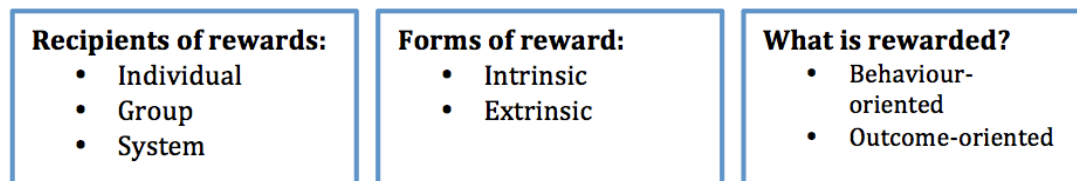


Figure 3.1 - Overview of incentive system. (Jacobsen & Thorsvik, 2002. p.303)

3.1.1 Recipients of the reward

It is important to distinguish between individual, group and system rewards. Individual rewards are assigned to an individual for his or her individual performance while group rewards refers to a pay system at a level other than the individual, such as division or product line (Larkin et al, 2012). When rewards are given to all individuals within the firm, system rewards are used. (Jacobsen & Thorsvik, 2002)

The main idea with individual rewards is that it will stimulate and motivate the individual and result in a higher individual performance. However, comparison and competition between individuals can have both positive and negative effects. (Jacobsen & Thorsvik, 2002) Smyth (1968) argues that wherever it is possible, reward- and incentive systems should be applied on an individual, rather than a group basis in order to provide highest motivation. Thus, the best employee is rewarded with the full reward and the worst performer suffers of his own failure (Smyth, 1968).

However, there are some aspects that support group-based rewards. Rewards based on collective achievements stimulate the individuals to cooperate and creates loyalty and responsibility. Consequently, there is a risk that so-called free riders obtains the rewards from the group even though her individual performance is subordinated the rest of the group. (Jacobsen & Thorsvik, 2002)

To mitigate the problem with comparison and competition between individuals and groups a firm can use system rewards. System rewards plays a minor role when it comes to motivating the employees but can be seen as integrating employees within the firm. (Jacobsen & Thorsvik, 2002)

3.1.2 Different forms of rewards

It is possible to separate rewards into *extrinsic* and *intrinsic* rewards. The employees receive extrinsic rewards from the firm or some external partner and an extrinsic reward is commonly of monetary value. Examples of extrinsic reward can be salary, wage-rise, bonuses or other monetary benefits. The intrinsic rewards are of a more intangible nature and are linked to the work task and are not of monetary value. The intrinsic reward can for example be that the employee is increasing its decision-making authority, is given more complex tasks or achieves a higher position within the organization hierarchy. (Jacobsen & Thorsvik, 2002)

Extrinsic rewards are limited to its monetary form while intrinsic rewards are hard to pinpoint and can to a larger extent vary between employees. Based on this argument, the following hypothesis has been created:

Hypothesis 1: Managers can to a greater extent more accurately assess to which degree employees prefer different extrinsic rewards compared to different intrinsic rewards.

In the early 1900s Frederick Winslow Taylor identified that work primarily consists of simple routine-based tasks, and by proper rewards and monitoring managers could progress employees to accomplish those tasks. According to Pink (2011), the work tasks today have become more creative, complex, enjoyable and self-directed which enables a greater environment for employees to take own initiatives.

Employees tend to be more excited and motivated by complex work tasks and attracted in performing them for the purpose of the activities themselves (Oldham & Cumming, 1996). Fried and Ferris (1987) support this argument and through their meta-analysis of the job design literature argue that employees working at jobs with uncomplicated characteristics are less satisfied and less internally motivated than employees working on complex jobs.

Several other studies even argue that extrinsic rewards in forms of monetary compensation, makes employees to decrease their creativity and joy in their job performance (Amabile, 1996; Deci, 1971), as well as diminish a person's motivation (Pink, 2011).

According to the arguments above the authors predicts that employees with creative, complex and self-directed job task perceive intrinsic rewards and the work itself more motivating than extrinsic rewards. Based on this, the following hypothesis has been created:

Hypothesis 2: Employees who perceive their job tasks as more complex; the greater they prefer intrinsic rewards.

3.1.3 What is rewarded

When firms set up their reward system, the organization has to decide what shall be rewarded. Bartol (1999) suggest two alternatives when setting the compensation for their employees, behaviour-oriented or outcome-oriented. The theory is based on two cases; 1) when the agent's behaviour is observable and 2) when behaviour is not observable (Eisenhardt, 1989). The author argues that when a firm has complete information about employees' behaviour, behaviour-oriented compensation is preferred and the reward shall be based on behaviour. When there is information asymmetry within the organization and the manager does not have complete information about the behaviour, Eisenhardt (1989) argues for outcome-oriented compensation and the reward depend on the employee's performance.

3.2 Motivation Theory

A central aspect for all organizations is to motivate their employees. From an organizational perspective, the motivation is important due to the fact that it can empower high-performing employees to stay within the organization. Additionally, the employees can through a higher degree of motivation develop their overall skills in their specific job task and be more engaged to perform at a higher level. (Alvesson & Sveningsson, 2008)

3.2.1 Herzberg's Two-Factor Theory

A well-cited motivation theory is Herzberg's two-factor theory. This theory argues that employees have two different factors, which are named, *satisfiers* and *dissatisfiers*. The dissatisfiers can only provide that the employees within the organization are not dissatisfied, and the satisfiers are therefore the factors that could increase employees' motivation. The dissatisfiers can for example be high salary or bonuses that employees are working in. These are factors that need to be fulfilled so that employees do not feel uncomfortable. However, these factors cannot generate

satisfaction for the employee. The satisfiers on the other hand, which for example could be personal development, greater responsibility and the work tasks itself, can satisfy the employees. (Alvesson & Sveningsson, 2008)

According to Herzberg, specific emphasis should be put on tasks that the employees associate with the job task, or the results from these tasks. The organization should to a greater extent put effort on personal development and recognition for a well-done work or through the use of promotion, which are more intrinsic motivational aspect that to a greater extent should be emphasized on. (Robbins et al, 2010)

On the basis of these arguments, the authors of this thesis predict the following:

Hypothesis 3: Employees are to a larger extent motivated by personal development and performance recognition than extrinsic rewards.

3.2.2 Goal-Setting Theory

Latham and Locke (1979) argue that setting goals are a fundamental aspect in achieving motivational effectiveness. In addition, the authors emphasize that those goals, which are unrealistic and arbitrary, could become a demotivating aspect for the organization's employees. According to their analysis, goals that are designed to a slightly difficult approach are the ones that to a greater extent are motivating the employees to greater productivity. On the other hand, goals that are too hard to achieve or too easy to reach is resulting in a less productive action by the employees.

According to Locke and Latham (2002) goals are mainly serving four different mechanisms. Firstly, the goals serves as a distinct directive function, which allows the employee to, at a greater extent, focus on goal-oriented activities, instead of focusing on activities that is beyond the goals. This mechanism provides the fact that the firm can align the employees with the organization's overall targets, when well-designed goals are used. The second aspect that Locke and Latham points out is that goals allow employees to take on greater effort and is functioned as a stimulating function. If the organization had tougher goals, the employees would to a larger extent put more effort in comparison with low-setting goals, which provide less effort by the employees. Thirdly, goals are providing persistence affection to the employees, which imply that employees that control their own time to reach the goal increase their effort

in the task. Finally, the authors describe that goals are encouraging employees to use their overall knowledge and expertise to solve the task.

To reach goals, commitment is essential in the sense that the employees are dedicated to reach the goals. This is especially important when the goals are more complex, since greater complexity requires higher efforts in comparison with lower level of complex tasks. (Locke & Latham, 2002)

Another vital aspect in reaching more effective goals is to provide employees with constant feedback from the managers. This feedback is fundamental since it allows the employee to receive comments on progress to reaching the goal. This feedback can enhance the effort, since unaware low-performing employees is more likely to enhance their effort to achieve the goal if they are well aware of that they are below the current goal level. Goal effectiveness is also depending on the task's complexity, which implies that it is of great importance that the goals are designed properly to suit the task. (Locke & Latham, 2002) The motivational effect is underpinning that the goals need to be achieved, and a potential threat can occur when employees is taking shortcuts to achieve the goals, which results in performance that is less qualitative (Heedgard Hein, 2012).

The goal-setting theory is presented in order to generate a wider picture of how organizations use goals and feedback to improve the motivation within the organization. The authors have used this theory in the formation of the surveys and interviews as well as in the analysis of the empirical findings.

3.2.3 Maccoby's four R's of motivation

Maccoby (2010) has conducted research about motivation, and argues that classical theories concerning motivation are misrepresentative. According to Maccoby, managers should primarily engage in four mechanisms to improve the work motivation within the firm. These mechanisms are called the "four R's of motivation". The R's is consisting of Responsibilities, Relationships, Rewards and Reasons.

Responsibilities are an essential aspect in achieving greater motivation by the employees. When employees are engaged through their own personal values, their overall motivation is increased. Responsibilities that allow the organizations

employees to expand and develop their overall ability are yielding a greater motivational degree among the workforce. (Maccoby, 2010)

The *Relationship* between managers and employees are another vital aspect in order to increase the employees' overall motivation level within the organization. Specific emphasis should according to Maccoby (2010) be on the mere fact that the managers should coach their employees and listen to their ideas. In doing so, the overall motivation among these employees will increase.

The employee's apprehension on which form of *rewards* that he or she think is optimal varies within the organization. Overall the rewards should provide appreciation and recognition to the employees to boost the motivation that is related to rewards. More specifically the authors provides a sample of 150 000 employees among 100 different countries. This analysis yielded a result that 80-85 per cent of the employees in the survey responded that a good recognition for their work contributions was a vital aspect, and, more importantly, that the recognition mattered more than whether the rewards were in monetary form or not. (Maccoby, 2010)

Reasons are described as the most critical aspect in motivating the employees. If the employed personnel is dedicated in their job task is the single most important factor to achieve a higher degree of motivation within the organization. (Maccoby, 2010)

Maccoby's four R's of motivation theory is presented to give a more modern theory concerning motivation. The theory can be compared with more old-fashioned theories concerning motivation, such as Herzberg's motivational theory. The four R's of motivation has been used in the surveys as well as in the analysis section of this study.

3.3 Theory of Expectancy

The underlying motive behind the reward system is to motivate employees to perform at a higher level when attractive rewards are offered. (Jacobsen & Thorsvik, 2002)

The core of the expectancy theory is relying on employees' willingness to perform a certain activity. This is depending on the extent to which a specific target is rewarded, which for example could be a higher salary or a promotion within the organization. If the employee within the organization perceive the reward as valuable, the performance will be greater. On the other hand, if the rewards are demotivating the employee, the performance will be poorer. (Alvesson & Sveningsson, 2008)

It is essential that the reward is of a nature which is preferred by employees. The higher degree of an actual desire for the reward, will affect to which extent the employees are motivated to put down greater effort to perform. It is fundamental that there is a clear-cut connection between a higher degree of effort, and that these actions are leading to the preferred reward. This is the *expectancy* parameter, which summarize the individual employee's degree of expectancy to put down the effort in alignment with the organization. The achieved results are depending on factors such as roles, ability to perform a certain action and other human resources, which affect the ability to reach the result. Therefore, employees within the organization are often to a great extent motivated to act in a certain way. Hence, not all of the employees have the ability to perform actions that leads to the preferred result. (Jacobsen & Thorsvik, 2002)

Jacobsen & Thorsvik (2002) further describes how the theory of expectancy is reflecting the fact that if employees' motivation is zero, the expected performance will as well be zero. Consequently, the reward system need to be tailored to motivate high performance through the rewards and designed in a manner in which employees clearly see the relationship between these two parameters. Below is the formula of this phenomenon visualized.

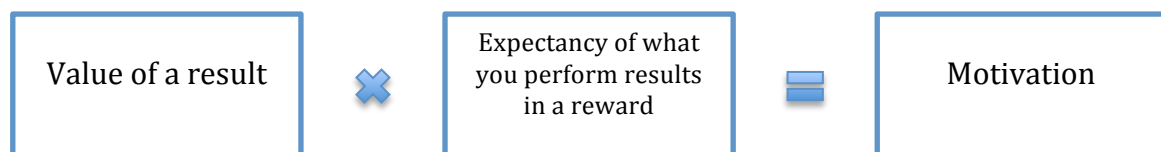


Figure 3.2 - Motivation formula. (Jacobsen & Thorsvik, 2002. p.309)

To conclude, the expectancy theory suggests that employees will put down greater effort if:

- The rewards are of a nature of which the employee prefers.
- The results easily can be connected with the reward the employees will achieve.
- That there is a clear connection between the reward and the result. (Jacobsen & Thorsvik, 2002)

On the basis of these arguments, the authors predict:

Hypothesis 4: The more the employees gets of the rewards that they are motivated by, the more motivated they become.

3.4 Agency theory

Jensen and Meckling (1976) define an agency relationship as a contract under which the principal engage the agent to perform some service on their behalf. The relationship involves delegating some decision-making authority to the agent. The authors argue that if both parties want to maximize their own utility there is a noble reason to believe that the agent will not always act in the interest of the principal. From the principal's viewpoint it is generally impossible to, at zero cost, ensure that the agent makes optimal decisions. By establishing incentives for the agent, and by using monitoring, the costs can however be reduced. (Jensen & Meckling, 1976)

Agency theory is often applied to the relationship between the owners and managers of an organization, but it can also be applied to the relationship between middle managers and employees (Eisenhart, 1989). The theory describes that managers and firms strategically use incentives and compensation to maximize profits based on its unique costs and benefits.

Costs occur due to the disparity between firms and employees in *objective* and *information*. The essential tension in agency theory arises from differences in the *objectives* of employees and organization. Employees seek to maximize their own utility while the organization on the other hand seeks to maximize profits. The costs of *information* asymmetries arise from the fact that employees know their own skill and effort level, while the organization lacks information about both. By using incentives in form of rewards, the theory argues that firms can overcome these asymmetries. (Larkin et al, 2012)

The basic trade-offs in agency theory are across effort and wage. Effort that is good for the firm but bad for the employee and pay that is bad for the firm but good for the employee. (Larkin et al, 2012)

Agency theory argues that by developing contracting schemes the principal can reduce agency problems and help to align the interest of the agent more closely with the interest of principals (Bartol, 1999). When setting the wage, agency theory holds that the firm face two alternatives: paying by performance or paying a flat wage.

Agency theory suggests that firms should pay their employees for performance if the productivity increases from the effort it motivates are greater than the cost of pay. By using pay-by-performance the agency theory argues that it will separate skilled employees who earn more under such contract from unskilled ones who perform better where performance does not matter. (Larkin et al, 2012)

Based on firms' ability to observe individual output and ability, Larkin (2012) presents the likely compensation choice of firms from an agency theoretical point of view. When individual ability is observable, pay-by-performance is more frequently used. The motive behind this is that the firm has the ability to observe individual output but have difficulties to observe effort, which summarize that pay-by-performance is optimal. Fixed salary is more frequently used when both effort and output are favourably observable. When individual skill is less observable, this condition demands a more individual performance-based pay and according to agency theory this reward will attract specific types of employees to the firm.

According to agency theory the authors of this essay expect to find differences in preferences regarding extrinsic rewards within the two different departments with different contracting schemes. Based on this the authors has choose to present the following hypothesis:

Hypothesis 5: Employees within outbound department with pay based on performance will perceive extrinsic rewards more motivating than employees within the indoor sales department with set wage.

4. Empirical Results and Analysis

In this section, the interviews that were conducted with the managers are presented first. The chapter continues with an analysis of the empirical results. By relating the theoretical framework to the collected material, this chapter will be the foundation for the conclusions made in the following chapter.

4.1 Presentation of the case company

Länsförsäkringar Skåne was founded in 1837 and the company is a customer-owned bank and insurance firm with 23 offices within the region of Skåne. The firm is offering traditional insurances, as well as bank and advisory services. Länsförsäkringar Skåne's headquarter is situated in Helsingborg and has approximately 400 employees within the organization. (www.lansforsakringar.se)

4.2 Interview-based case description

4.2.1 Rewards

The respondents are describing Länsförsäkringar Skåne's reward system as comprehensive and consist of both set- and performance-based salaries. Indoor sales use a compensation system built on set salary with incentives based on sale goals. The goals are mainly rewarding individual performance, but team-based goals are also used in both departments. The output of these goals can be measured both through selling figures and customer satisfaction. In contrast, the outbound department use a more complex compensation system. The employees receive a fixed hourly wage plus an individual performance-based salary. The managers also mention that annual bonuses are not given to the employees, since the customers own the company, and Länsförsäkringar Skåne values low insurance premiums rather than bonuses to employees and executives.

The wage is mainly dependent on individual performance but to some extent also based on a team's performance. Outbound manager argues that individual performance-based pay is advantageous since the best seller receives the highest salary. Furthermore, the manager describe that the fixed part is important to transfer some of the risk away from the employee. Hence, both department managers describe that all employees have different opinions regarding how they prefer to get rewarded

and the managers argue that they practically have an impossible challenge to satisfy all employees.

The design of the reward systems at Länsförsäkringar Skåne are to a large extent developed by the management and HR-manager. The department managers are to a minor part involved in this process, and can provide additional input to the senior executives regarding their preferences of which rewards that should be used.

The managers are describing that employees are different and have diverging perception of extrinsic and intrinsic rewards. Some employees within the same department are motivated by monetary compensation while other has a larger need for intrinsic reward to achieve a high level of motivation. Both department managers consider that an increased monetary reward will only temporary effect the motivation and is therefor a short-term solution.

The managers describe that intrinsic rewards are the most essential part when rewarding the employee. Länsförsäkringar Skåne has an extensive feedback culture, where both positive and negative feedback are communicated to the employees. One important aspect of feedback is to enhance employee performance. Consequently, feedback is therefore, according to the managers, essential for employee development. Certain employees are striving for the acknowledgment and performance recognition of their actions, and also points out that all individuals need to feel appreciation regardless of work task. Both department managers also argue that intrinsic rewards in form of career opportunity and a good working environment are vital to achieve a higher degree of motivation among the employees.

In general, the HR-manager perceives that almost all employees are satisfied with the current reward system. The company have tight connections to their employees and closely evaluate if the employees appreciate the offered rewards. A reward system can hardly be expected to fulfil the motivational preferences for all the employees within an organization, but Länsförsäkringar Skåne's HR-manager's perception about the reward system is that it motivates roughly all employees. In contrast, the department managers have a more sceptical view and believe that their perception of what should be rewarded is not aligned with the employees' preferences.

4.2.2 Motivation

Länsförsäkringar Skåne is according to the managers working actively to increase the motivation within the organization. There are several managers within the organization, which allow greater connection between the managers and the employees. Additionally this factor permits the employee to be closely aligned with the manager and enabling Länsförsäkringar Skåne's extensive feedback culture.

The feedback is mainly provided by the managers who have monthly individual meetings with the employee to follow up goals that are set in the prior meeting. It is essential that both positive and developing feedback be distributed to the employees to allow them to develop a greater ability to achieve higher motivation and improve their performance.

According to all the managers, the motivation level within the organization is essential for the firm's overall performance. Furthermore, the managers argue that it is easy to distinguish between both departments and individuals with high level of motivation compared to those with a lack of motivation. The largest difference is made visible through their results and performance.

To achieve a higher degree of motivation the department managers describe that career opportunities, trust, and the relationship between the employee and the manager are fundamental. The indoor sales manager describe that they conduct training where discussions about motivation are essential. The goal is to get the employees to understand that motivation must come from the individual and enjoyment to his or hers work tasks.

A department with a high level of motivation is according to the managers imbued with good leadership, employees that are aware of their role within the organization and the feedback culture is well established. Furthermore, the manager of indoor sales argues that monetary rewards are still fundamental to keep a high level of motivation within the department and it must be set to a fair and accepted level. Additionally, the HR manager is pointing out that employees who are proud of their work tasks performed is also providing higher level of motivation within the department. In some extent both managers support this and argue that it is important that the employees perceive their tasks important and meaningful.

As mentioned earlier Länsförsäkringar Skåne use goal-based rewards when compensating their employees. Goal-based rewards are according to the managers used to achieve a clear structure of what should be expected from the individual employee but it is also vital to increase performance and especially motivation. An essential part of the goals process is providing feedback to employees and both department managers rank feedback as one of the most important aspects to create motivated employees.

The two department managers deviate in their response how to create a higher level of motivation if they get the opportunity to freely change the reward system. The manager for outbound sales suggests greater education to get employees to understand their role within Länsförsäkringar Skåne, while the manager for indoor sales rather would prefer some form of additional extrinsic monetary reward.

In summary, the managers at Länsförsäkringar Skåne have argued for the importance of intrinsic rewards and especially feedback. Hence, the two department managers also perceive extrinsic rewards as a foundation that must be offered to an acceptable level.

4.2.3 Complexity

The insurance and bank industry have extensive legislation, which to some extent limits the employees' ability to be creative. Länsförsäkringar Skåne is however allowing the employees to be creative in their job environment at least to some extent. The work task within the organization includes being creative in finding the right solutions for the customers, practically meaning that employees to a great extent create solutions for the clients. According to the managers, the two departments distinguish in level of complexity. Within indoor sales, employees to a greater extent are able to take own initiatives and be creative in comparison with the outbound sales department.

4.3 Analysis of the hypotheses

This empirical result and analysis chapter continue with a presentation of the hypotheses. The authors will present statistical analysis integrated with the theoretical framework and the conducted interviews.

4.3.1 Hypothesis 1

Managers can to a greater extent more accurate assess to which degree employees prefer different extrinsic rewards compared to different intrinsic rewards.

The HR-manager considers that Länsförsäkringar Skåne have a decent approximation of how motivating different rewards are perceived among the employees and indicates that intrinsic rewards are the key to success concerning employees' motivation. This response differs from the two department managers, who do not believe their opinion of what should be rewarded is in line with employees'. Both argued that intrinsic rewards are most important but extrinsic rewards still are looked upon as essential to create motivation. Since extrinsic rewards are limited to its monetary commonness and intrinsic rewards are having different values, the authors could expect that managers to a greater extent more accurate asses to which degree employees prefer extrinsic rewards compared to different intrinsic rewards.

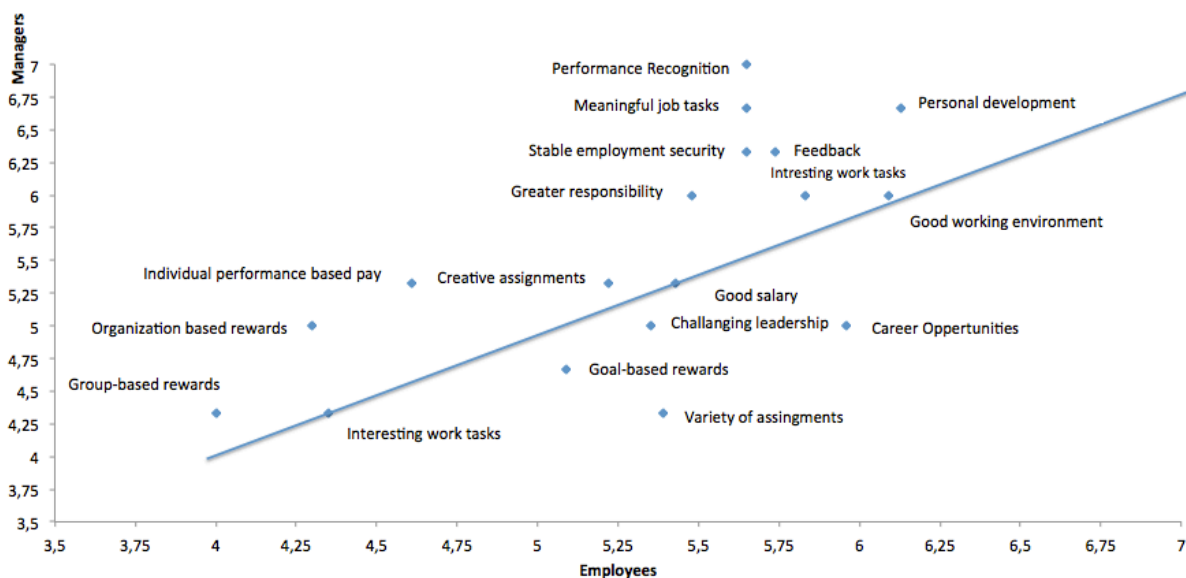


Figure 4.1 - Overview of managers and employees' perception of rewards

Figure 4.1 visualize how motivating managers believe employees perceive different rewards, in combination with the employees' answers of what actually motivates them.

The empirical results clearly distinguish differences between managers and employees. One noteworthy difference is managers' perception that employees perceive individual performance-based pay more motivating than career opportunities. In fact, employees perceive career opportunities significantly more motivating in

comparison with individual performance-based pay. According to the outbound sales manager, career opportunities are vital, but an aspect that Länsförsäkringar Skåne needs to put down greater effort in. The manager claims that salespeople possess knowledge and skills that should be utilized higher up in the organization hierarchy.

Both the investigated departments have work tasks that are routine-based and as figure 4.1 illustrates, employees perceive variety of assignments significantly higher than the managers consider this aspect. Furthermore, figure 4.1 demonstrates that the managers have overestimated performance recognition, meaningful work tasks and stable employment security, but still these are rewards that employees perceive as high motivation factors.

The managers can to a greater extent more accurately assess employees' preferences of the rewards; good salary and a good working environment. Additionally, managers consider personal development as one important reward to achieve employee motivation, which is consistent with the employees' response in the survey.

Hypothesis 1 showed that there is no significant differences in to which extent the managers at Länsförsäkringar Skåne are able to assess to which degree employees prefer extrinsic compared to different intrinsic rewards. The Mann-Whitney test was conducted by comparing the employees' and managers' indices of intrinsic I (A) and extrinsic rewards I (A) which yielded p-values of 0,601 respectively 0,777, with a test value of 5 per cent. This concludes that there are no statistical significant differences in managers' assessment concerning extrinsic rewards in comparison with intrinsic rewards. The test of hypothesis 1 is found in Appendix V.

4.3.2 Hypothesis 2

Employees who perceive their job tasks as more complex; the greater they prefer intrinsic rewards.

A difference between the two departments at Länsförsäkringar Skåne is the level of complexity concerning their work tasks. Employees within indoor sales department perceive their work task to a greater extent complex with a complexity index mean of 4,63 in contrast to the outbound sales department with an index mean of 3,27. According to Pink (2011) departments with high complexity and non-routine based

tasks are expected to desire a higher level of preferences towards intrinsic rewards than in nature uncomplicated and routine-based work.

The result from our *hypothesis 2* is not supporting Pink's (2011) argumentation. Employees who perceive their job task as complex is not significant correlated to higher preferences of intrinsic rewards.

	Complexity index	Intrinsic rewards index I (A)
Complexity index		0,372
Intrinsic rewards index I (A)	0,372	

Table 4.1 – Correlation test of hypothesis 2

Hypothesis 2 were tested with Spearman's non-parametric correlation test, and measured the correlation between the complexity index and the extrinsic reward index I (A). The correlation between the complexity index and the intrinsic motivation index visualize a non-significant p-value of 0,372 with a 5 per cent test value. Therefore, the hypothesis is not valid and a greater complexity among the employees is not correlated to a higher degree of preferences towards intrinsic rewards, and the explicit test can be found in Appendix V.

This implication is of great impact for the organization, since it reflects that employees with simplistic tasks are as well motivated by intrinsic rewards. As the HR-manager fruitfully described, each employee need to be acknowledge for the task they perform, since appreciation and confirmation is fundamental need for human beings.

4.3.3 Hypothesis 3

Employees are to a larger extent motivated by personal development and performance recognition than extrinsic rewards.

Rewards	All employees
Personal development	6,13
Performance recognition	5,65
Extrinsic rewards	
Good salary	5,43
Individual performance-based pay	4,61
Retirement benefits	4,35
Organization based rewards	4,3
Group-based rewards	4

Table 4.2 - Mean summary of hypothesis 3

Both employees and the department managers have stress the impact of intrinsic rewards and its impact on employees' motivation. According to the survey accomplished, personal development and performance recognition is two important motivation aspects. *Hypothesis 3* were created mainly on the basis of Hertzberg's motivational theory, in which the author argues that good salary and other forms of extrinsic rewards do not increase the overall motivation among employees. In line with Maccoby (2010) and Hertzberg, all three managers argue that Länsförsäkringar Skåne's extensive feedback culture provide employees with appreciation and recognition to boost their motivation level. Both positive and negative feedback is perceived as a tool to increase the personal development.

The empirical findings are favourable in the arguments that personal development and performance recognition to a larger extent are perceived more motivating in comparison to extrinsic rewards. This is also supporting Maccoby (2010) who argues that performance recognition is a vital aspect and more important than whether the rewards are in monetary form or not. The statistical Wilcoxon signed rank test of hypothesis 3 is pictured below.

	Personal development - Extrinsic reward index I (A)	Performance recognition - Extrinsic reward index I (A)
P-value	0,000*	0,002*

Comment: *p<0,05

Table 4.3 - Statistical test of hypothesis 3

Hypothesis 3 was tested with Wilcoxon's signed rank test, and tested personal development in comparison with extrinsic rewards index I (A). Moreover, performance recognition and extrinsic rewards I (A) was tested. The complete test can be found in Appendix V. This significant difference is visualized through the P-values of 0,000 and 0,002, which is below the 5 per cent test value. The employees at Länsförsäkringar Skåne prefer personal development and performance recognition significant higher than the index of extrinsic rewards.

4.3.4 Hypothesis 4

The more the employees gets of the rewards that they are motivated by, the more motivated they become.

According to the expectancy theory, a fundamental aspect concerning motivation is that a higher degree of effort is leading to the preferred reward. In line with this

theory all three managers describe that it is essential that the rewards be of a form that is preferred by the employees. The managers argue that employees with a low degree of motivation often depend on a dissatisfaction concerning which rewards that they are offered.

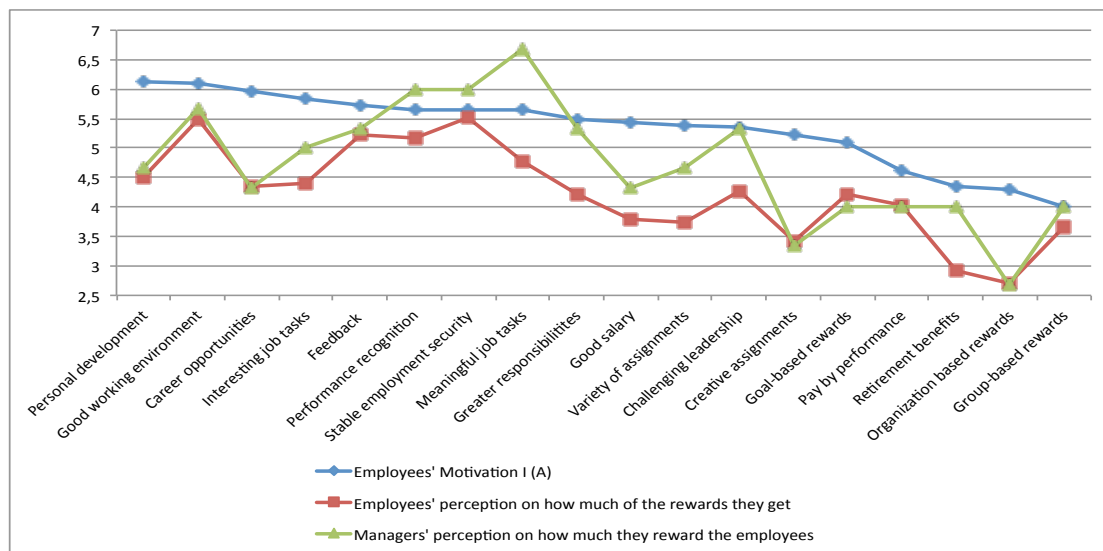


Figure 4.2 – Overview of answers concerning hypothesis 4

Figure 4.2, visualize how motivating different rewards are perceived by employees and how much of these rewards that the employees are being offered from both employees' and managers' perspective.

The fact that employees feel unrewarded is a phenomenon that is expected in most companies since employees rarely get satisfied and continuously strives for additional rewards. Although, an interesting aspect concerning figure 4.2 is the visualization of the differences between the employees and managers and there perception of how much of the rewards that is offered. The empirical findings clearly distinguish that the managers overestimate how much of certain rewards that are offered to the employees. The rewards meaningful work tasks and greater responsibility are examples of rewards that the managers perceive are offered to a large extent, which employees disagree with.

Employees consider personal development, good working environment and career opportunities as the top three motivating rewards. Employees' and managers' opinion of how much of these rewards offered are aligned but these rewards are offered in a too small extent, since these aspects greatly motivates the employees. In addition, the

results indicate that managers' and employees' perception of how much of the extrinsic rewards that are offered are to a great extent similar. Hence, concerning the intrinsic rewards, major differences can be discerned.

From the interviews the author's recognized that all managers pointed out that goals are frequently used within Länsförsäkringar Skåne. All managers support Latham and Locke (1979) argumentation that setting goals are a fundamental aspect in achieving a higher level of motivation. In contrast, as visualized in figure 4.2, this study shows that employees within Länsförsäkringar Skåne do not perceive goal-based rewards as motivating as theory expect and goal based rewards are placed in the bottom five on its influence on employees' motivation. According to Latham and Locke (1979) this can be due to unrealistic hard or arbitrarily easy set goals. One noteworthy aspect is that even though the managers pointed out goals importance, both managers and employees perceive, as visualized in figure 4.2, this reward is offered to a rather small extent.

In order to statistically test hypothesis 4, the authors have calculated an index on the interaction level between questions IA (how motivating employees perceive different rewards) and IB (how much this reward they receive) in the survey and reached a Cronbach's alpha of 0,897. All questions in part I (1-18) are included in this index and the following formula has been created:

$$\text{Index interaction level} = \frac{(1A \times 1B) + (2A \times 2B) \dots (18A \times 18B)}{n}$$

The interaction between how motivating an employee perceive a reward (IA) multiplied with to which extent the reward that is received (IB) from their own perspective will create an identification on how much an employee get of the reward that they are motivated by and will range between 1 and 36. These calculations have created an index of the interaction level.

Hypothesis 4 was tested with Spearman's non-parametric correlation test, and tested the correlation between the satisfaction index and the index of interaction. The explicit statistical tests are presented in Appendix V.

	Index satisfaction	Index I (A) * I (B)
Index satisfaction		0,004*
Index I (A) * I (B)	0,004*	

Comment: *p<0,01

Table 4.4 - Statistical test of hypothesis 4

The correlation between the satisfaction index and the index for the interaction level visualize a significant p-value of 0,004 with a 1 per cent level. The authors accept the hypotheses and confirm that employees' motivation is related to how much they get of the rewards that they are motivated by.

4.3.5 Hypothesis 5

Employees within outbound department with pay based on performance will perceive extrinsic rewards more motivating than employees within the indoor sales department with set wage.

Länsförsäkringar Skåne is a company with several different departments, all with specific customized reward systems. This essay studied two departments, distinguished by pay by performance (outbound sales) and set wage (indoor sales). From an agency-theoretical point of view, departments with pay based on performance will attract a certain type of individuals. These individuals will according to Bruzelius and Skärvad (2004) influence the department with their attitude and motivation. By combining these two theories the authors could expect that outbound sales with pay based on performance has attracted employees who perceive extrinsic rewards more motivating than employees within indoor sales department.

Rewards	Outbound sales	Indoor sales
Extrinsic rewards		
Good salary	5,4	5,5
Individual performance-based pay	4,67	4,5
Retirement benefits	4,13	4,75
Organization-based rewards	4,13	4,63
Group-based rewards	3,73	4,5
Index Extrinsic rewards	4,4133	4,775

Table 4.5 - Department means of extrinsic rewards

This study empirical result is not supporting these theories and the results from *hypothesis 5* indicate the opposite relationship. As visualized in table 4.3, employees within indoor sales department get a slightly higher mean index 4,775 on how

motivating they perceive extrinsic rewards in comparison to employees within outbound sales department having a mean index of 4,4133. Hypothesis 5 was already in the descriptive statistic phase insignificant, consequently, no future statistical test was conducted.

The minor difference in extrinsic rewards are most likely not because of the department's reward system has attracted a certain type of individuals. As shown in table 4.6, irrespective of department, intrinsic rewards are perceived to a greater extent motivating in comparison with extrinsic rewards. Employees within both departments desire rewards beyond extrinsic rewards to be stimulated and motivated in their work.

Index	Outbound sales	Indoor sales
Extrinsic rewards	4,4133	4,775
Intrinsic rewards	5,5944	5,833

Table 4.6 - Department index of extrinsic and intrinsic rewards

Länsförsäkringar Skåne use customized reward systems and according to Pink (2011) firms should compensate employees in amounts and methods that allow the individual employee to neglect the extrinsic rewards and instead focus on the work task itself. This study's empirical result indicates that Länsförsäkringar Skåne has succeeded with this aspect and that employees instead tend to prefer intrinsic rewards.

As the HR-manager described during the interview, intrinsic rewards are the most essential reward at Länsförsäkringar Skåne and employees who work solely for extrinsic rewards are not staying within the firm for an extended period. Both department managers are confident that intrinsic rewards are significantly more vital than extrinsic rewards, which support the HR-managers argumentation concerning this subject. Furthermore, the department managers also argue that a salary raise merely functioned as a short-term motivation action. Subsequently, after a couple of months, the employee would perceive the new amount of salary as a standard level of wage and yet again raise questions concerning additional raise. Therefore, a more cost-effective manner to increase the motivation level among the employees is to concentrate on intrinsic rewards.

The extrinsic rewards are of a nature, which to a large extent serves as a function that is the base for a fundamental motivation. This since a decent salary is fundamental for

individuals in order to have an average life standard. When these rewards are set to an acceptable level, the authors' research supports Pink (2011) argumentations that effort should be switched from extrinsic rewards to a greater concentration on intrinsic rewards to create increased motivation among the employees.

From an agency-theoretical point of view, extrinsic rewards function as a tool that creates incentives to align the interest between employees and managers. It can also function as a tool to overcome information asymmetries. Hence, according to our research, extrinsic rewards seem not to function as suitable as intrinsic rewards when it comes to increasing the motivation among the employees. This argumentation is not suggesting that every sales-department should reduce focus concerning extrinsic rewards and performance-based pay. According to the outbound sales department manager, performance-based pay is still an effective tool to secure that the top seller will be rewarded with the highest salary, in order to motivate top seller and other employees to perform better. The outbound sales department can easily measure the output from the employees, which to some extent favour that extrinsic rewards can be useful. However, the outbound sales managers also pointed that intrinsic reward played an essential role within the department, and that less high-performing employees need to achieve feedback in order to improve their overall performance.

To summarize hypotheses 1-5, employees within Länsförsäkringar Skåne, regardless of department and complexity, perceive intrinsic rewards significantly more motivating than extrinsic rewards. As Pink (2011) argues, understanding what motivates employees is a complex process and this is also seen within Länsförsäkringar Skåne. Empirical results show that there are significant differences between how motivating managers and employees perceive different rewards. However, this study confirms that employees' motivation are positive correlated to how much they get of the rewards that they are motivated by.

Designing an optimal rewards system that pleases all employees within the organization is practically impossible. As visualized in Appendix VI, the spread between how motivating different rewards are perceived is often ranging between one to seven. The organization can straightforwardly develop one specific reward system, but can seldom motivate all the employees within the organization. At Länsförsäkringar Skåne, the management and the HR-manager are major players

when designing the rewards system. It would be fruitful if the department managers and the employees could more greatly influence this process in order to grasp an additional layer in the construction of the reward system.

5. Conclusion

This study aimed to describe and explain employees' perception of intrinsic and extrinsic rewards and its impact on employees' motivation. The authors have also tried to explore managers' perception of rewards and to which extent employees receive the rewards that motivates them.

As the authors described in the background, firms frequently determine that their employees are their overall most useful resource and the future of the corporations are in the hand of the employees. According to Bruzelius & Skärvad (2004), firms' organizational structure is depending on the employees, which influence the organization's performance through the employees' engagement, attitude and motivation.

In line with the argumentation based on (Pink, 2011; Kohn, 1993; Bhattacharya et al, 2009), this study has provided implications that extrinsic rewards are to some extent old-fashioned and today, employees' are searching for more beyond extrinsic monetary rewards. As mentioned in the analysis, employees at Länsförsäkringar Skåne, regardless of department, are to a larger extent motivated by intrinsic rewards.

Both Brickley et al (2002) and Whiteley (2002) describe that employee motivation depends on perceived feeling of being fairly rewarded and that motivation is essential in business since there is a connection between motivation and individual performance. This study support this argument and there are well-defined indications that employees who receive rewards that they perceive as motivating, will gain a higher level of motivation.

In support of Pink (2011), both department managers argued that it is an unreasonable objective to create an optimal reward system where each and every single employee is satisfied. In this study's conducted surveys, there were large spread between the individual answers, which implies a basic statement; individuals are different and therefore have different perception of rewards. Hence, awareness of employees' preferences concerning different rewards is essential in the construction process in order to design a reward system that is increasing the overall motivation among the employees. This study has showed that there are clear distinctions between department managers and their employees regarding how motivating different

rewards are perceived and how much of these rewards that are being offered. This study shows that managers and employees have related opinions of how much of extrinsic rewards that are being offered but regarding the intrinsic rewards the authors could identify major differences.

As earlier discussed, rewarding employees is nowadays the single most expensive cost on the firm's financial statement. This study indicates that organizations should try to set the extrinsic rewards on an accepted level and then switch concentration to intrinsic rewards. According to this study this will lead to a higher level of motivation that most likely according to Whitley (2002) influence the organization's performance.

To conclude, today's on-going discussion about different rewards, including this thesis, indicates that focus should be switched from extrinsic to intrinsic rewards. However, this study shows that to point out which and how much of different intrinsic rewards that should be offered requires interaction with employees. Rewards and motivation aspects related to non-executive employees, therefore remains a fundamental topic in modern organizations.

5.1 Suggestion for future research

This study was a single case study, which implies that it would be of great interest to analyse several companies in a multiple case study. A multiple case study could create a more generalizable result and allow a comparison between the firms to see different reward structures as well as compare different preferences concerning extrinsic and intrinsic rewards. Additionally, would it be interesting to investigate more than two departments within the same organization. This would result in a broader respondent rate among the employees' as well as broaden the managers' response rate. Furthermore, interviews with the employees could be conducted to add more depth to the study concerning their perception on rewards and motivation.

This study were conducted on a non-listed case firm, which implies that another interesting aspect would be to investigate listed firms in combination with the several layers of the reward system, in a top-down approach, from the board of directors to the employees'. Finally, an appropriate performance measurement would be of significant interest in order to measure to which extent higher motivation through appropriate rewards is affecting the individual as well as the organizations performance.

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Appendix I Survey Employees

Rewards and Motivation Survey

Age:_____ Female:___ Male:_____ Years within Länsförsäkringar Skåne:_____ Within current department:_____

This survey is confidential and the answers will remain anonymous. The answers to the survey will be processed in aggregate data analysis in which no individual response can be analyzed.

I) The following 18 questions should be answered based on how motivated you get by different rewards and to which extent you get the desired reward at LF Skåne.

	I A) How motivating do you find this reward?							I B) To what extent do you get this reward?						
	Very little							Very little						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1. Creative assignments														
2. Personal development														
3. Good working environment														
4. Good salary														
5. Performance recognition														
6. Stable employment security														
7. Variety of assignments														
8. Career opportunities														
9. Challenging leadership														
10. Retirement benefits														
11. Interesting job tasks														
12. Greater responsibility														
13. Meaningful job tasks														
14. Feedback														
15. Goal-based rewards														
16. Individual performance-based pay														
17. Group-based rewards														
18. Organization-based rewards														

II) These five questions we want you to answer based on LF Skåne and your current work tasks.

	Very little							Very much		
	1	2	3	4	5	6	7	1	2	3
19. To which extent is your work routine-based?										
20. To which extent can you decided your own work tasks?										
21. To which extent are you able to take own initiatives?										
22. To what extent are you able to be creative?										
23. How complex would you categorize your current work tasks?										

III) General questions about your current motivation level on LF Skåne.

	Very little							Very much		
	1	2	3	4	5	6	7	1	2	3
24. How satisfied do you feel with your current rewards?										
25. How motivated do you feel in your work?										
26. How much do you think you contribute to the organization's performance?										
27. To what extent would you recommend others to work with your work tasks?										

Thank you for your participation!

Appendix II Survey Department Managers

Rewards and Motivation Survey

Age:_____ Female:_____ Male:_____ Years within Länsförsäkringar Skåne:_____ Within current department:_____

This survey is confidential and the answers will remain anonymous. The answers to the survey will be processed in aggregate data analysis in which no individual response can be analyzed.

I) The following 18 questions we would like you to answer based on how motivated you think the employees get by different rewards and to which extent the employees get the desired reward at LF Skåne.

	I A) How motivating do you think the employees perceive this reward?							I B) To what extent do the employees get this reward?						
	Very little			Very much				Very little			Very much			
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1. Creative assignments														
2. Personal development														
3. Good working environment														
4. Good salary														
5. Performance recognition														
6. Stable employment security														
7. Variety of assignments														
8. Career opportunities														
9. Challenging leadership														
10. Retirement benefits														
11. Interesting job tasks														
12. Greater responsibility														
13. Meaningful tasks														
14. Positive feedback														
15. Goal-based rewards														
16. Individual performance-based pay														
17. Group-based rewards														
18. Organization-based rewards														

II) These five questions we want you to answer based on the conditions that exists in the department you are in charge of.

	Very little			Very much			
	1	2	3	4	5	6	7
19. To which extent is the departments work tasks routine-based?							
20. To which extent can the employees steer over their work tasks?							
21. To which extent are the employees able to take own initiatives?							
22. To which extent are the employees able to be creative?							
23. How complex would you categorize the employees current work tasks?							

III) General questions about the motivation level on your department at LF Skåne.

	Very little			Very much			
	1	2	3	4	5	6	7
24. How satisfied is you with LF Skånes current rewards?							
25. How motivated do you think the employees are in their work?							
26. How much do consider that the employees contribute to the org. performance?							
27. To which extent do you think the employees recommend LF Skåne as an employer?							

Thank you for your participation!

Appendix III Survey HR-Manager

Rewards and Motivation Survey

Age:_____ Female:____ Male:_____ Years within Länsförsäkringar Skåne:_____ Within current department:_____

This survey is confidential and the answers will remain anonymous. The answers to the survey will be processed in aggregate data analysis in which no individual response can be analyzed.

I) The following 18 questions we would like you to answer based on how motivated you think the employees get by different rewards and to which extent the employees get the desired reward at LF Skåne.

	I A) How motivating do you think the employees perceive this reward?							I B) To what extent do the employees get this reward?						
	Very little			Very much				Very little			Very much			
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1. Creative assignments														
2. Personal development														
3. Good working environment														
4. Good salary														
5. Performance recognition														
6. Stable employment security														
7. Variety of assignments														
8. Career opportunities														
9. Challenging leadership														
10. Retirement benefits														
11. Interesting job tasks														
12. Greater responsibility														
13. Meaningful tasks														
14. Positive feedback														
15. Goal-based rewards														
16. Individual performance-based pay														
17. Group-based rewards														
18. Organization-based rewards														

II) These five questions we want you to answer based on the conditions that exists in LF Skåne.

	Very little			Very much			
	1	2	3	4	5	6	7
19. To which extent is the departments work tasks routine-based?							
20. To which extent can you decided your own work tasks?							
21. To which extent are the employees able to take own initiatives?							
22. To which extent are the employees able to be creative?							

III) General questions about the motivation level at LF Skåne.

	Very little			Very much			
	1	2	3	4	5	6	7
23. How satisfied is you with LF Skånes current rewards?							
24. How motivated do you think the employees are in their work?							
25. How much do consider that the employees contribute to the org. performance?							
26. To which extent do you think the employees recommend LF Skåne as an employer?							

Thank you for your participation!

Appendix III – Interview guide to the managers

Introduction

Please briefly introduce yourself and explain which position you have at Länsförsäkringar Skåne?

Please describe how many employees you currently are manager in charge of?

How long have you been at the position that you currently have?

For how long in total have you been working for Länsförsäkringar Skåne?

Rewards

Please describe the current reward system that is used within your department.

In your business unit, are you using:

- Group performance payments?
- Individual performance payments?
- System payments?

Why are you using these specific reward systems?

Which participate in the process of developing the departments reward system?

Do you think that extrinsic rewards are an important factor to get the employees to be more motivated in their work?

- To which extent do you use extrinsic rewards?

Do you think that intrinsic rewards are an important factor to get employees to be more motivated in the workplace?

- To which extent do you use intrinsic rewards?

To reach a higher degree of motivation among employees, do you prefer to use extrinsic or intrinsic rewards?

- Do you think it is important to use both extrinsic and intrinsic rewards?

Do you think that there is a great difference in employees' preferences concerning which rewards that motivates them?

- If yes, how do you handle these different preferences?

Do you think that your perceptions concerning rewards are in line with what employees wants to be rewarded of?

Motivation

Please describe how you are working at your business units to increase the motivation among the employees?

Which factors do you perceive to a larger extent is motivating the employees at your business unit?

Do you consider that a higher motivational level among the employees is affecting the firm's performance?

Which factors do you consider as the most important to motivate the employees?

Do you think that your perception of what motivates the employees is aligned with what the employees really are motivated of?

Are your business unit working with different form of goals to obtain a higher degree of motivation among the employees?

Are the business unit having individual goals to motivate your employees?

Are the business unit using group-based goals to motivate your employees?

Do you consider individual or group-based goals most vital to achieve a higher degree of motivation among the employees?

How important do you consider feedback to follow up the goals and results that the employees have performed?

- Do you consider feedback as an important factor to reach a higher degree of motivation?

If you freely could do anything you liked to raise the overall motivation level among employees, what would that be?

What characteristics are showing in a department with high motivation level?

Please describe what you consider are the three single most important factors to raise the motivational level at Länsförsäkringar Skåne.

- Exemplify why you have chosen these three aspects.

Complexity

How complex do you consider the work tasks within your department?

- To which extent can the employees take own initiative and be creative?
- To which extent are employees work task routine-based?
- To which extent can the employees themselves take decision concerning their own work tasks?

Appendix V – Statistical tests

Hypotheses 1:

Ranks

	Employment	N	Mean Rank	Sum of Ranks
Intrinsic reward index I (A)	Employee	23	13,22	304,00
	Manager	3	15,67	47,00
	Total	26		
Extrinsic reward index I (A)	Employee	23	13,35	307,00
	Manager	3	14,67	44,00
	Total	26		

Test Statistics^a

	Intrinsic reward index I (A)	Extrinsic reward index I (A)
Mann-Whitney U	28,000	31,000
Wilcoxon W	304,000	307,000
Z	-,522	-,283
Asymp. Sig. (2-tailed)	,601	,777
Exact Sig. [2*(1-tailed Sig.)]	,648 ^b	,821 ^b

a. Grouping Variable: Employment

b. Not corrected for ties.

Hypotheses 2:

Correlations

			Intrinsic reward index I (A)	Complexity index
Spearman's rho	Intrinsic reward index I (A)	Correlation Coefficient	1,000	-,195
		Sig. (2-tailed)	.	,372
		N	23	23
	Complexity index	Correlation Coefficient	-,195	1,000
		Sig. (2-tailed)	,372	.
		N	23	23

Hypotheses 3:

Ranks

Avdelning			N	Mean Rank	Sum of Ranks
Outbound	Personal development – Extrinsic reward index I (A)	Negative Ranks	1 ^a	2,00	2,00
		Positive Ranks	13 ^b	7,92	103,00
		Ties	1 ^c		
		Total	15		
	Performance recognition – Extrinsic reward index I (A)	Negative Ranks	1 ^d	6,50	6,50
		Positive Ranks	14 ^e	8,11	113,50
		Ties	0 ^f		
		Total	15		
Indoor sales	Personal development – Extrinsic reward index I (A)	Negative Ranks	0 ^a	,00	,00
		Positive Ranks	8 ^b	4,50	36,00
		Ties	0 ^c		
		Total	8		
	Performance recognition – Extrinsic reward index I (A)	Negative Ranks	2 ^d	5,75	11,50
		Positive Ranks	6 ^e	4,08	24,50
		Ties	0 ^f		
		Total	8		

Test Statistics^a

Avdelning		Personal development – Extrinsic reward index I (A)	Performance recognition – Extrinsic reward index I (A)
Outbound	Z	-3,180 ^b	-3,046 ^b
	Asymp. Sig. (2-tailed)	,001	,002
Indoor sales	Z	-2,530 ^b	-,916 ^b
	Asymp. Sig. (2-tailed)	,011	,360

a. Wilcoxon Signed Ranks Test

b. Based on negative ranks.

Hypotheses 4:

Correlations

			Index satisfaction	Index I (A) * I (B)
Spearman's rho	Index satisfaction	Correlation Coefficient	1,000	,573 ^{**}
		Sig. (2-tailed)	.	,004
		N	23	23
	Index I (A) * I (B)	Correlation Coefficient	,573 ^{**}	1,000
		Sig. (2-tailed)	,004	.
		N	23	23

^{**}. Correlation is significant at the 0.01 level (2-tailed).

Appendix VI – Answers on the survey

Outbound sales:

Question	Minimum	Maximum	Mean	Std. Diviation
1a. Creative assignments	2	7	5,13	1,302
2a. Personal development	4	7	6	0,926
3a. Good working environment	4	7	6,13	0,915
4a. Good salary	1	7	5,4	1,765
5a. Performance recognition	4	7	5,87	0,99
6a. Stable employment security	2	7	5,4	1,724
7a. Variety of assignments	3	7	5,07	1,033
8a. Career opportunities	2	7	5,87	1,457
9a. Challanging leadership	1	7	5,27	1,438
10a. Retirement benefits	1	7	4,13	2,031
11a. Interesting work tasks	3	7	5,8	1,265
12a. Greater responsibilities	3	7	5,33	1,291
13a. Meaningful job tasks	4	7	5,47	0,915
14a. Feedback	4	7	5,8	0,941
15a. Goal-based rewards	2	7	5,27	1,486
16a. Individual performance-based pay	1	7	4,67	1,799
17a. Group-based rewards	1	7	3,73	2,017
18a. Organization-based rewards	1	7	4,13	1,995
1b. Creative assignments	1	6	3,27	1,438
2b. Personal development	2	6	4,27	1,335
3b. Good working environment	3	7	5,47	0,99
4b. Good salary	1	6	3,73	1,751
5b. Performance recognition	4	7	5,13	1,06
6b. Stable employment security	2	7	4,93	1,624
7b. Variety of assignments	1	6	3,8	1,424
8b. Career opportunities	1	7	4,4	1,639
9b. Challanging leadership	2	7	4,47	1,356
10b. Retirement benefits	1	6	2,47	1,642
11b. Interesting work tasks	1	6	4,33	1,234
12b. Greater responsibilities	2	6	4	1,414
13b. Meaningful job tasks	3	7	4,53	1,356
14b. Feedback	2	6	5,2	1,082
15b. Goal-based rewards	1	7	4,4	1,92
16b. Individual performance-based pay	1	7	4,53	1,922
17b. Group-based rewards	1	7	3,87	1,807
18b. Organization-based rewards	1	6	2,53	1,807
19.	4	7	5,47	0,834
20.	2	5	4	1,254
21.	2	6	4,27	1,28
22.	1	7	4,13	1,506
23.	1	4	3,27	0,961
24.	1	6	4,33	1,543
25.	1	6	4,6	1,352
26.	1	7	4,4	1,595
27.	1	7	5,13	1,457

Indoor sales:

Question	Minimum	Maximum	Mean	Std. Diviation
1a. Creative assignments	4	7	5,38	1,061
2a. Personal development	4	7	6,38	1,061
3a. Good working environment	5	7	6	0,535
4a. Good salary	2	7	5,5	1,773
5a. Performance recognition	4	6	5,25	0,886
6a. Stable employment security	4	7	6,13	1,126
7a. Variety of assignments	5	7	6	0,756
8a. Career opportunities	4	7	6,13	1,126
9a. Challanging leadership	4	7	5,5	1,195
10a. Retirement benefits	4	7	4,75	1,165
11a. Interesting work tasks	5	7	5,88	0,641
12a. Greater responsibilities	4	7	5,75	1,035
13a. Meaningful job tasks	5	7	6	0,535
14a. Feedback	4	7	5,63	1,188
15a. Goal-based rewards	3	7	4,75	1,753
16a. Individual performance-based pay	1	7	4,5	2,39
17a. Group-based rewards	1	7	4,5	1,852
18a. Organization-based rewards	1	7	4,63	1,923
1b. Creative assignments	3	5	3,75	0,707
2b. Personal development	3	7	5	1,309
3b. Good working environment	4	7	5,5	1,195
4b. Good salary	2	6	3,88	1,727
5b. Performance recognition	4	7	5,25	1,035
6b. Stable employment security	5	7	6,63	0,744
7b. Variety of assignments	1	5	3,63	1,506
8b. Career opportunities	2	7	4,25	1,832
9b. Challanging leadership	2	5	3,88	0,991
10b. Retirement benefits	1	5	3,75	1,581
11b. Interesting work tasks	3	6	4,5	1,069
12b. Greater responsibilities	3	6	4,63	1,188
13b. Meaningful job tasks	3	7	5,25	1,389
14b. Feedback	4	7	5,25	1,165
15b. Goal-based rewards	1	5	3,88	1,356
16b. Individual performance-based pay	1	5	3,13	1,458
17b. Group-based rewards	1	5	3,25	1,488
18b. Organization-based rewards	1	4	3	1,195
19.	3	6	5	1,069
20.	2	6	3,88	1,356
21.	3	6	4,88	0,991
22.	2	5	3,75	1,035
23.	4	6	4,63	0,744
24.	1	5	3,75	1,282
25.	1	7	4,38	1,768
26.	4	7	5	1,309
27.	3	6	5	1,069

Managers:

Question	Outbound sales	Indoor sales	HR-manager
1a. Creative assignments	4	6	6
2a. Personal development	7	7	6
3a. Good working environment	7	5	6
4a. Good salary	6	6	5
5a. Performance recognition	7	7	7
6a. Stable employment security	7	7	5
7a. Variety of assignments	4	5	4
8a. Career opportunities	7	4	4
9a. Challenging leadership	5	5	5
10a. Retirement benefits	1	6	6
11a. Interesting work tasks	5	7	6
12a. Greater responsibilities	7	6	5
13a. Meaningful job tasks	7	7	6
14a. Feedback	7	7	5
15a. Goal-based rewards	5	5	4
16a. Individual performance-based pay	7	4	5
17a. Group-based rewards	4	5	4
18a. Organization-based rewards	4	6	5
1b. Creative assignments	3	2	5
2b. Personal development	4	5	5
3b. Good working environment	6	5	6
4b. Good salary	3	5	5
5b. Performance recognition	6	7	5
6b. Stable employment security	7	6	5
7b. Variety of assignments	4	5	5
8b. Career opportunities	3	6	4
9b. Challenging leadership	4	7	5
10b. Retirement benefits	1	5	6
11b. Interesting work tasks	3	7	5
12b. Greater responsibilities	5	7	4
13b. Meaningful job tasks	7	7	6
14b. Feedback	6	5	5
15b. Goal-based rewards	5	3	4
16b. Individual performance-based pay	6	1	5
17b. Group-based rewards	4	4	4
18b. Organization-based rewards	1	2	5
19.	7	3	5
20.	2	3	6
21.	4	4	6
22.	3	1	5
23.	3	7	
24.	5	3	7
25.	5	4	6
26.	7	6	5
27.	5	6	6