THE PURSUIT OF MOTIVATING EMPLOYEES

The connection between employee turnover and reward packages in the hotel – and insurance industry

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Course: Bachelor Thesis in Business Administration
Course code: FOA214, 15 Credits

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Date: 9th January 2018
ABSTRACT

Date: 16\textsuperscript{th} of January 2018

Level: Bachelor Thesis in Business Administration, 15 Credits

Institution: School of Business, Society and Engineering. Mälardalen University

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Title: The Pursuit of Motivating Employees – The connection between employee turnover and reward packages in the hotel – and insurance industry

Tutor: Andreas Pajuvirta

Keywords: Human capital investment, Return on investment, Intrinsic – and Extrinsic motivation, Reward systems, Employee turnover, the Hotel and Restaurant industry and the Credit institutions and Insurance companies industry

Research question: How can reward packages be used to motivate employees in the hotel – and insurance industry?

Sub-questions: How can employees be motivated?

What rewards (intrinsic and extrinsic) can motivate employees to stay in a company?

Purpose: Motivating employees is one of the management top priorities nowadays. Motivated employees are less likely to leave the company, which leads to lower turnover rate which in turn can lead to lower costs for the company. The purpose of this study is to illustrate how organizations can increase employees’ motivation and lower employee turnover by using reward packages.

Method: The research approach used in this study is a qualitative, inductive method. The data is gathered by conducting six semi-structures interviews from two companies from Hostel- and Insurance industries. Data has been collected by using primary and secondary data.

Conclusion: Motivation is a complex process and highly dependent on the needs and desires of an individual. What motivates one person might not motivate the other. However, the thesis states that there is a strong connection between employees’ motivation for work and the reward system they receive. Therefore, reward packages can be used by companies to motivate employees and lower their employee turnover.
ACKNOWLEDGEMENTS

We want to acknowledge the people who have made this Bachelor thesis possible. First, we would like to thank our supervisor Andreas Pajuvirta for your support, positive reinforcement and feedback during the process of writing this thesis. Special thank goes for our seminar group supporting us and giving us valuable feedback with the grammar and spelling of our thesis. Your help has been priceless!

Second, we would like to thank the people, without whom this thesis would not have been possible. Thanks to the Manager at Generator Hostels and ‘Lisa’ at Max Matthiessen for your time, commitment and the effort used to help us to find respondents for our interviews. We are also thankful for all the respondents of the interviews. We had interesting conversations with each one of you and your opinions taught us a lot about motivation.

Last but not least, we would like to thank our family and friends for all the understanding, support, love, tolerance and encouragement during the time of writing.

Thank you!

Jenny & Mathilda
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INTRODUCTION

1.1 Problem Background

Keywords: Human capital investment, Return on investment, Employee turnover, Motivation, Intrinsic and Extrinsic rewards and Human resource management.

For an organization to achieve economic growth and competitive advantage, it is dependent on good employees (Daniels, Radebaugh, Sullivan and Daniels, 2002). Good employees have the knowledge about processes, methods, market, and resources. Furthermore, they have the motivation to use this knowledge to strengthen the organization (Hausknecht, Trevor and Howard, 2009). However, in the past years finding good employees has become a challenge. Employees have become just as discerning as their customers of what they expect from their employer (CIPD, 2007). Besides this, more employment opportunities are available. For the employer, this means an opportunity to hire good personnel, but also an uncertainty of losing valuable personnel to other companies (Torrington, Hall and Taylor, 2008).

Employees have been seen as valuable assets for the organization. This view has been developed into seeing employees as investors of the organization because they invest their time, energy, knowledge and intelligence into the organization (Stewart, 1998). The employees contribute with human capital and in return, they expect return on their investment (Davenport, 1999). This return is a transaction between the employee and the organization and it can be given in a form of a reward (Allen and Meyer, 1993). At the same time, the organization is investing in its employees. Developing the employees’ knowledge and increasing their motivation for work secures that the investment will continue to favour the organization, and competitive advantage can be achieved (Chen and Hsieh, 2006). Employees who choose to invest their human capital to the organization are often motivated towards their work (Stewart, 1998). They have developed an emotional bond with the organization and therefore care about the performance of the organization. Motivated employees are important for an organization since organizations with motivated employees have proven to have a low employee turnover rate (Gomez-Mejia and Balkin, 1992).

Employee turnover refers to the end of a relationship between an employee and an organization and an employee turnover rate is the percentage of employees that leave the organization (Phillips and Edwards, 2008). The employee turnover has been increasing gradually in Sweden between the years 2006 and 2016: from 69,800 turnovers to 91,812 in total (Statistics Sweden, 2006, 2016). The employee turnover rates differ between the industries. For example, in the hotel and restaurant industry, the change in yearly full-time employees for the years 2006 and 2016 have been above the average. This indicates that hotel and restaurant industry have high separation rates. In comparison, the credit institutions and insurance companies’ industry have a change in yearly full time employees below the average for the same years (2006 and 2016), which indicates the separation rate to be low. What the two industries have in common is the increasing separation figures, which supports the fact that employee turnover is increasing (Statistics Sweden, 2006 and 2016).

The question whether employee turnover is bringing disadvantage or advantage for an organization is complicated. As we are currently present in the information economy age it is
argued that employment should move as easily as information technology. Organizations with high employee turnover rate will benefit from receiving new innovative perspectives and energy for the well-being of the organization (Benner, 2002). However, the added value the new employee offers must balance the cost of hiring for the organization to financially benefit from the turnover (Luzas, 2017).

It is clear that employee turnover is affecting both the individual and the organization. The individual's future job search may get challenging, and they face a future of uncertainty and unemployment. Meanwhile, the organization might face high replacement costs, diminished productivity, lower employee morale, disrupted operation and poor service delivery (Hausknecht, et al., 2009). It has been proven in studies that high employee turnover rate has a negative effect on the net result, which is gross sales minus labour costs (Glebbeek and Bax, 2004). This is not only because the lowered production arising from disruption in operations (Shaw, Gupta and Delery, 2005), but also because of the employees work motivation might decrease (Hausknecht, et al., 2009). This includes both the remaining and possible future employees. Remaining employees suffer from the distraction of focus when organization struggles with high replacement costs (Hausknecht, et al., 2009) and the potential employees might not be as motivated to start to work for the organizations, since the high turnover rate has lowered the organization’s image in the market (Phillips and Edwards, 2008). Furthermore, Managers shifts their focus from committing to the employees that stay to recover from the ones that are leaving, lowering the employee motivation even further (Arthur, 1994). Moreover, the disadvantages of a high turnover rate are that the new employee will have less knowledge and less opportunity to offer flexibility when performing their working tasks (Hausknecht et al., 2009). Which is relevant in the hotel and insurance industries as they are dependent on meeting the customers’ needs and expectations (Mårtensson, 2000). Because of these reasons, high turnover rate seems to be costly for the organization in time, money and performance (Kappel, 2017). Employee turnover creates a cycle of negativity. A high turnover rate decreases the organization's performance of productivity which increases the turnover rate and the performance of productivity decreases furthermore (Ton and Huckman, 2008).

It is crucial to break the negative cycle and to do so the organization needs to adapt and improve their return on human capital investment (Davenport, 1999). Rewards can be one of the keys to do this and avoid turnover (Phillips and Edwards, 2008). Organizations who offer attractive reward packages have proven to have lower turnover rates (Gomez-Mejia and Balkin, 1992; Taylor, 2000). From the first day the employees have a set of reward expectations from the employer. If the organization succeeds in meeting these expectations the employees will feel appreciated because the organization supports them, and this results in an increased motivation for work (Allen and Meyer, 1993). Using reward packages to motivate employees to contribute with high performance have not always been obvious. In the past, organizations used punishment to increase motivation and performance, the employees worked towards preventing a punishment (Sansone and Harackiewicz, 2000).

As mentioned before organizations with employees who have high working motivation, have proven to have lower turnover rates (Gomez-Mejia and Balkin, 1992). Studies on motivation have given new insights on the work motivation and how to reinforce it. Understanding motivation has been a goal of psychologists for a long time. From early on, the field focused on two primary types of explanations of behaviour: basic biological needs (e.g., hunger, thirst, sex) and extrinsic punishments or rewards. Both explanations suggest that motivation comes
from need or desire to achieve or prevent particular outcomes (Sansone and Harackiewicz, 2000). The most famous classification of needs in a motivational theory is formulated by Maslow (1943, 1954, 1968, 1987) (Armstrong, 2006). Maslow's hierarchy of needs is a motivational theory, containing a five-tier model of human needs, often represented as hierarchical levels within a pyramid. According to Maslow (1954) these needs guide people's behaviour. At the bottom of the pyramid are the physiological needs, followed by safety needs, love and belongingness needs, esteem needs and self-actualization needs. These needs are organized into a hierarchy which means that the individual is satisfying the needs in almost a sequential fashion, moving upwards from the bottom of the pyramid. Only after the lower needs are satisfied, will the higher ones emerge (Maslow, 1987).

Maslow’s theory is explaining basic human motivation and it can be connected to the working behaviour. For example, it is important for the employee to feel safe at the workplace, before he or she feels driven towards achieving higher growth goals, such as developing personal skills (Maslow, 1987). However, there are other motivation theories focusing more closely to the motivation exclusively in the work situations. Herzberg’s (1959) motivator-hygiene theory is, perhaps, the most controversial theory of work motivation (Porter, Bigley and Steers, 2003). This theory is based on a study on what motivates employees to work, what are their ambitions and what they expect in return from the employer. Herzberg (1959) identified that employees can be satisfied or dissatisfied with their current work situation, and these continuums are independent of each other. Employees tend to describe satisfying experiences (‘Motivators’) in the work situation with intrinsic factors, such as achievement, recognition, work itself, responsibility, advancement and growth. The dissatisfying experiences (‘Hygiene’) results largely from extrinsic factors, such as company policies, salary, relation and supervisory style (Porter et al., 2003). The employer must seek to increase the satisfaction and decrease the dissatisfaction to increase the employee motivation. To do this, the organization aims to understand what do the worker want from the job and what motivates them to perform (Herzberg, Mausner and Snyderman, 1959). To make this possible, reward packages were evolved and they become much more popular than punishing employees (Gomez-Mejia and Balkin, 1992).

Organizations can choose to use intrinsic and extrinsic rewards to increase their employees’ motivation to stay in the organization (Sanjeev and Surya, 2016). Intrinsic rewards are targeted towards increasing the intrinsic motivation, which is defined as a motivation that appears to be self-sustained (Young, 1961). On the contrast, external rewards are used to increase the extrinsic motivation, which refers to doing something because of the outcome resulting from the activity (Ryan and Deci, 2000). Extrinsic motivation occurs when individual is motivated by a specific goal, reward or price providing satisfaction independent of the type of the actual activity itself (Young, 1961).

How to develop an attractive reward package is depending on the employees’ expectations of rewards from the employer (Herzberg and Grigalienas, 1971). Employees are seeking appropriate reward systems based on individual’s performance and contribution. If rewards are not linked to the achievements of an individual, employees will often find jobs at other organizations where they will be rewarded accordingly. In addition to monetary rewards, employees have a need to get credit for their participation, accomplishment and contribution (Phillips and Edwards, 2008). Research shows that personal – and career development increases employee satisfaction greater than money rewards (IRS, 2017). Furthermore, there are studies suggesting that extrinsic rewards might actually decrease employees’ intrinsic motivation.
There is also a risk of imitation, since for example money rewards can easily be imitated by competing companies (Taylor, 2000). Therefore, employer need to offer an attractive reward package, consisting on both intrinsic and extrinsic rewards to increase both intrinsic and extrinsic motivation.

1.2 Problem definition

It is increasingly important for the organizations to find good employees, and prevent them from leaving. (Daniels et al., 2002; Chen and Hsieh, 2006; Torrington et al., 2008). Motivated employees are less likely to leave the organization, which leads to lower turnover rate (Gomez-Mejia and Balkin, 1992) and lower costs (Kappel, 2017). Motivating employees is therefore one of management’s top priorities (Porter et al., 2003). The problem is how to know what motivates the employees (Armstrong, 2006). Research shows, that rewards systems can be one solution in increasing the motivation (Sanjeev and Surya, 2016). However, there is wide range of different kind of reward systems used in the organizations, both extrinsic and intrinsic, but still relatively little research done in the subject. There is no common, superior system found that is proven to work best. Also, the connection between extrinsic rewards and lowered intrinsic motivation is still unresolved (Deci, 1971; Lepper et al., 1973). All these factors make the different reward systems and their connection to employee motivation an interesting and relevant research subject.

1.3 Aim and Purpose

The research aim is to gain an understanding of the connection between reward systems and work motivation in the hotel- and insurance industries. Further, the aim is to understand which ones, extrinsic or intrinsic reward systems, if any, motivates the employees most. The purpose of this research is to show how this information can be used in organizations to increase employee motivation and lower the costly employee turnover.

1.4 Research question

How can reward packages be used to motivate employees in the hotel – and insurance industry?

1.4.1 Sub questions:

How can employees be motivated to stay in the company?
What rewards (intrinsic and extrinsic) can motivate employees to stay in a company?
2. THEORETICAL FRAMEWORK

Keywords: Motivation, Herzberg, Intrinsic and Extrinsic motivation, and Categories of Rewards.

2.1 Motivation

Organizations exist and are functioning on individuals (Chen and Hsieh, 2006). They are investing their knowledge, time and energy in striving towards the organization's goal (Stewart, 1998). If employees lose their motivation, the organization loses the employees’ high performance productivity (Shaw, Duffy and Johnson, 2005). Motivation concerns energy, direction and persistence and to be motivated means to be moved to do something (Ryan and Deci, 2000). The process of motivation is complex. People have different needs, goals, and they take different actions to fulfil these needs and achieve these goals (Armstrong, 2006).

Motivation theory examines the process of motivation. It seeks to understand and explain the reasons why people behave the way they do, the efforts and directions they are taking. During this century the concept of motivation has received substantial attention. Considerable effort is used from organizational researchers and practicing managers to understand the concept and how it influences organizational behaviour (Porter et al., 2003). Organizations use motivation theory to encourage people to use their efforts in a way that will lead to achievement of organizational goals. The aim is to obtain value that is higher than the cost of generating that value (Armstrong, 2006). When discussing motivation in work environments it is important to focus first on what energizes human behaviour, second what directs or channels such behaviour and last how this behaviour is maintained or sustained (Porter et al., 2003).

2.1.2 Dimensions of work motivation

One way to increase work motivation is to define various factors in the workplace that result in employees feeling satisfied or dissatisfied. Herzberg’s Motivator-Hygiene (M-T) theory, also referred to as Two-Factor theory (Sanjeev and Surya, 2016) is developed to analyse people's motivation and attitude towards work. The theory suggests that humans have two set of needs that can cause satisfaction or dissatisfaction resulting from different elements of the work situation. These two are called motivator factors and hygiene factors (Herzberg et al., 1959) (See Table 1). Motivator factors refer to intrinsic conditions, such as recognition when a task is completed. According to Herzberg (1978), these factors are the ones influencing work satisfaction and thereby enhancing work motivation. On the other hand, Hygiene factors are not directly related to the job itself. They refer to extrinsic conditions surrounding the job, such as relations with co-workers (Herzberg, 1978). These factors contribute little to job satisfaction (Sachau, 2007).
It is important to understand that the two attitudes: satisfaction and dissatisfaction, are independent of each other, meaning that if one increases or decreases – the other one stays unaffected (Herzberg et al., 1959). For example, if a person’s satisfaction at work increases, it doesn’t affect the possible dissatisfaction that the person feels. This means that for a company to increase the job attitude, motivation and productivity both continuums need to be affected in separate directions (Herzberg et al., 1959). Both work satisfaction and dissatisfaction need to be considered. For example, higher salary can decrease the dissatisfaction employee feels at the workplace, but it contributes little to job satisfaction. To feel satisfaction, the employee needs to feel, for example, psychological growth (Sachau, 2007).

According to the M-T theory there are four possible groupings of satisfaction and dissatisfaction, displayed in Table 2. By putting these two factors into relation to each other we can see how different levels of Motivator and Hygiene factors affect to the level of satisfaction and dissatisfaction.
1. High Motivator and High Hygiene: this is the ideal grouping and the one companies shall strive for.
2. Low Motivator and High Hygiene: this grouping is linked to employees that sees the job as a maintenance that pays the bills.
3. High Motivator and Low Hygiene: the balance between personal growth and job challenges are not equal to the salary or other rewards.
4. Low Motivator and Low Hygiene: the opposite to ideal situation because employees are dissatisfied and have a low satisfaction level.

The Herzberg theory has gotten a lot of criticism during the years (e.g Ewen, Smith, Hulin, and Locke, 1966; Vroom, 1964 Korman, 1971), but besides this criticism is has been demonstrated that the theory still has utility (Basett-Jones and Lloyd, 2005). The original Herzberg theory is nearly 60 years old, but it still can be used as a basis for sound managerial principles (Sachau, 2007). Organizations can use the M-T theory to measure the moral of their employees and to understand what the employees are seeking to achieve in the job and what they expect from the organization in return (Herzberg et al., 1959). The theory is based on that organizations must adapt and change the internal environment to succeed in challenging the external environment and gain competitive advantage (Sanjeev and Surya, 2016). For organizations to achieve this they can furthermore define that Motivator factors can be influenced by using intrinsic rewards (Sansone and Harackiewicz, 2000) and Hygiene factors using extrinsic rewards (Young, 1996).

2.1.3 Extrinsic and Intrinsic motivation

Earlier researchers have focused on two primary types of explanations of behaviour: basic biological needs (e.g., hunger, thirst, sex) and extrinsic punishments or rewards. Both explanations suggest that motivation comes from need or desire to achieve particular outcomes. Eventually researchers have begun to recognize that not all behaviour is motivated by either biological needs, extrinsic punishments or rewards as suggested before. Some behaviours seem to be motivated by “something else”. Instead of trying to satisfy a biological need, prevent a punishment or get a reward, individuals engage to activities with positive feelings of interest, enjoyment and satisfaction (Sansone and Harackiewicz, 2000). It has been noticed that from birth onward, humans, in their healthiest states, are active, inquisitive, curious, and playful creatures, even in the absence of specific rewards (Harter, 1978). This displays a ubiquitous readiness to learn and explore (Ryan and Deci, 2000). This kind of motivation has gotten a name intrinsic motivation and it is seen as an additional source of motivation (Sansone and Harackiewicz, 2000).

Intrinsic motivation is defined as a motivation that appears to be self-sustained (Young, 1961). It means doing an activity for its natural satisfactions rather than for some separable outcome. Intrinsically motivated person is moved to act because of the fun or challenge of acting, instead of the external pressures or rewards resulting from the action (Ryan and Deci, 2000). Intrinsic motivation expresses behaviour such as play, exploration and challenge seeking that people often do without hoping for external rewards. People engage in these kinds of activities with full sense of willingness and desire (Deci, Koestner and Ryan, 1999). Because of the full engagement, the activities that are motivated intrinsically are seen to result in high-quality learning and creativity (Ryan and Deci, 2000). Intrinsic motivation can be increased for example by giving a positive feedback to the employee (Deci, 1971). However, it is important to understand that people will be intrinsically motivated only when they are facing activities
that they are intrinsically interested about (Ryan and Deci, 2000). This means that intrinsic motivation can’t be forced on the individuals.

The other type of motivation is called extrinsic motivation and refers to doing something because of the outcome resulting from the activity. Extrinsic motivation thus contrasts with intrinsic motivation. (Ryan and Deci, 2000). Extrinsic motivation occurs when individual is motivated by a specific goal, reward or price providing satisfaction independent of the type of the actual activity itself (Young, 1961).

Extrinsic motivation is a wide definition. It can be divided in four categories depending on whether the actions are closer to intrinsic motivation or extrinsic motivation, which is the state where person just goes through the motions of activity without an actual intention to act (Ryan and Deci, 2000). The closest category to extrinsic motivation is external regulation, where actions are performed mostly only because of the probability of an external demand or reward (Ryan and Deci, 2000). Example of this is when person is doing an action, like cleaning the room, just because he or she is forced to do it, or will get a price from doing it. On the other end, the category closest to intrinsic is called integrated regulation. The actions in this category share many qualities with intrinsic motivation, but they are still considered extrinsic, since they are done to attain separate outcomes, rather than just done because of the enjoyment of the action (Ryan and Deci, 2000). An example could be a person who seems to be extremely motivated towards his or hers work tasks, but would not perform the tasks if the reward (such as base pay) would be taken away. The other two categories, regulation through identification and integrated regulation are between of these two. In regulation through identification a person performs a task to avoid certain outcome, such as feeling of guilt, and in integrated regulation the task is performed because of a personal importance (Ryan and Deci., 2000).

2.2 Reward systems

One of the most important issues when considering working motivation is the reward systems used in and by organizations (Porter, et al., 2003). Reward system can be a powerful motivational tool for employees (Chen and Hsieh, 2006; Jewell and Jewell, 1987). Rewards are part of an exchange relationship between employers and employees, where employers reward employees in return of their membership, attendance and performance (Porter et al., 2003).

Rewards are everything employees perceive to be of value resulting from the employment relationship (Chen and Hsieh, 2006). They are ranging from pay, fringe benefits and promotion to praise, feelings of accomplishment and autonomy in decision making. One categorization of these various rewards is the one between intrinsic and extrinsic rewards. Intrinsic rewards are those that the individual provides himself or herself as a result of performing a task. This includes feeling of accomplishment, proudnness and enjoyment. In contrast, extrinsic rewards are those that are provided to the individual by someone else. These can be pay checks, promotion or other fringe benefits. As the names might already suggest, intrinsic rewards come from tasks that individual has intrinsic motivation towards, and extrinsic rewards come from extrinsically motivated tasks (Porter et al., 2003).

The reason why monetary rewards can be a powerful motivator of employee performance and also help attract and retain top performers is that they help meet a variety of basic needs (e.g., food and shelter) and also higher-level needs (e.g., belonging to a group, receiving respect from others and achieving mastery in one’s work) (Long and Shields, 2010). For example, monetary
rewards provide employees with the means to enhance the wellbeing of their families, as well as pay for leisure activities with friends and colleagues, thereby helping satisfy the higher-level need to belong in groups. Employees can also use monetary rewards to purchase status symbols such as bigger houses (satisfying the higher-level need for respect from others) and pursue training, development, or higher education (satisfying the higher-level need for achieving mastery) (Fay and Thompson, 2001).

Earlier research clearly shows that the rewards an organization offers have an influence on which employees will continue working for the organization (Lorsch, 1987). Furthermore, reward systems have a critical role in determining the organization’s ability to attract high potential employees and to retain high performing employees (Aguinis, Joo and Gottfredson, 2013). The organizations that give the greatest rewards tend to attract and retain the most people. This can be partly explained by the fact that high reward levels often lead to high satisfaction, which in turn leads to low turnover (Lorsch, 1987). The most attractive organizations to work for are said to be the ones that allow their employees autonomy to be creative, provide flexible working arrangements and environment, and other benefits along with financial benefits (Akhtar, Aamir, Khurshid, Abro and Hussain, 2015).

### 2.2.1 Categories of Reward

Armstrong and Brown first explained the “Categories of Reward” in their book “New Dimensions in Pay Management” 2001, that is based on work by Towers Perrin. The model consists of tangible and intangible rewards that are categorized into four categories: Individual, Transactional, Relational and Communal (See Table 3). Each category has an equal potential importance in motivating employees. Individual rewards can be compared with extrinsic rewards and transactional, relational and communal rewards can be categorized to intrinsic rewards.

Transactional rewards are based on formal agreements that most often are similar for many workers (Barringer and Milkovich 1995). Relational rewards are dependent on the relationship between employee and organization. They are less tangible, contractual and more dependent on interactions in the organization between employees compared to transactional rewards (Davenport, 1999).

One solution for the organization to keep the valuable employees satisfied one is to offer rewards that are higher than the rewards received by individuals performing similar jobs in other organizations. By doing this, there would not be any better situations for employees outside the organization and they are more likely to stay (Lorsch, 1987).
Table 3. Modified table from Armstrong et al., 2001, “Categories of Rewards”.

<table>
<thead>
<tr>
<th>Individual</th>
<th>Transactional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base pay</td>
<td>Pensions</td>
</tr>
<tr>
<td>Contingent pay</td>
<td>Holidays</td>
</tr>
<tr>
<td>Bonuses</td>
<td>Healthcare</td>
</tr>
<tr>
<td>Incentives</td>
<td>Other perks</td>
</tr>
<tr>
<td>Shares</td>
<td>Flexibility</td>
</tr>
<tr>
<td>Profit sharing</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Relational</th>
<th>Communal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning</td>
<td>Leadership</td>
</tr>
<tr>
<td>Development</td>
<td>Organisational values</td>
</tr>
<tr>
<td>Training</td>
<td>Recognition</td>
</tr>
<tr>
<td>Career development</td>
<td>Achievement</td>
</tr>
</tbody>
</table>

2.2.2 Connection between rewards and intrinsic motivation

The initial findings, raising the concern of rewards towards the intrinsic motivation, was done by Deci (1971). He found that there is a possibility that rewards can undermine intrinsic motivation. His study suggested that using monetary rewards with college students lowered their motivation towards the activity (Deci, 1971). After this finding, more studies have been conducted with the purpose to find the answer to the question. Lepper, Greene and Nisbett (1973) demonstrated same kind of study targeted towards preschool children. The results showed that children who were expecting a reward for an interesting task, subsequently stayed with the task for a shorter time than the children who did not expect the reward. Since these early studies, there has been continuing debate about the findings and their reliability. Researchers are concerned on what the findings mean in term of the practical use of rewards as a motivational strategy (Deci et al., 1999).

Future research has shown that the connection between rewards and lowered intrinsic motivation is not black and white. Research clarifies that tangible rewards used might not be detrimental to intrinsic motivation (Gagné and Deci, 2005). Some rewards such as positive feedback can have a significant positive effect on intrinsic motivation. Furthermore, unexpected rewards given for task well done, may not harm intrinsic motivation. Also, rewards given informationally instead of controlling tend to have less negative effect on intrinsic motivation. As a conclusion, there are conditions under which tangible rewards do not necessarily undermine intrinsic motivation, but the evidence indicates clearly that strategies that focus primarily on the use of extrinsic rewards do, indeed, run a serious risk of diminishing rather than promoting intrinsic motivation. Thus, when using tangible rewards, it is necessary to be extremely careful, and be concerned about the intrinsic motivation and task persistence of the people being rewarded (Deci et al., 1999).
3. THEORETICAL MODEL

Table 4. Own Model: Theory of Use.

The theory of use is based on that there are intrinsic (Young, 1961) and extrinsic rewards that can be offered to employees (Deci, 1971) in reward systems (Porter, et al., 2003). These are categorized into four categories of rewards: Individual, Transactional, Relational and Communal (Armstrong and Brown, 2001). If an employee receives a lack of these rewards his/her dissatisfaction increases. If instead the employee receives a good level of the rewards the satisfaction level increases. Dissatisfaction and satisfaction affects motivation level. The continuum affects motivation level separately which means that they need to be regulated independently: decrease dissatisfaction and increase satisfaction (Herzberg et al., 1959). A low motivation level results in employee turnover (Gomez-Mejia and Balkin, 1992 and Taylor, 2000) meanwhile a high motivation level results in that the employee wants to stay in the company (Shaw et al., 2005).
4. METHOD

Keywords: Qualitative Study, Primary – and Secondary Data, Semi-Structured Interviews and Thematic Network Theory.

4.1 Research approach

When deciding the research approach, it is important to consider the research problem and its purpose (Jankowicz, 1991). Our research problem was the connection between reward systems and motivation and purpose was to show how this connection can be used to keep the employees working for the company. To reach this we needed to gain a deep understanding of the studied phenomena, to understand which factors motivate employees in the work environment and how this motivation can be possibly affected by rewarding the employees. One of the goals of qualitative research approach is to gain an understanding about individual or social complexity (Saldaña, 2011) and therefore, this approach was chosen to be best suited for our aim.

Often when conducting a qualitative research, inductive approach is used, where the data is gathered first, and new theories are made after analysing and understanding the information gained (Bryman and Bell, 2011). There are varied views on whether a qualitative researcher should review the literature before a study, since it might decrease the openness of the study (Saldaña, 2011). In our case, however, depriving from purely inductive research, the theories were searched beforehand to gain an understanding of the studied phenomena and to minimize the risk of total misinterpretations. We recognized the fact that these theories might lead us to draw conclusions from the data too early, and therefore possibly lead to wrong outcome. This was considered during the data analyses and our intention was to have neutral and objective perspective while analysing the data. Pure objectiveness however, is something that humans cannot achieve, since achieving it would require disconnecting the emotional and rational aspects of our brains (Fisher, 2010).

4.2 Literature study

Reviewing the literature related to the area of the studied subject is important to ensure that you are having the basic knowledge about the subject (Saldaña, 2011). In our case the literature review led to the formation of theories used in the study. The theory formation started by focusing on our main subjects: motivation and rewards systems. Since the aim of the study was to understand how rewards systems affect motivation, it was important to find theories that could be connected to each other. The research of useful theories was done by looking for published academic scholars by using Mälardalen’s University’s database, ABI/INFORM Global and Google Scholar. Search words most commonly used were: work motivation, extrinsic and intrinsic motivation, reward systems, human resource management and employee turnover. Besides the databases, the library at Mälardalen’s University was used to find published books about the same subjects. Books were used in the beginning to get a better understanding of the studied subjects. However, the sources used in this thesis is mostly based on academic journals. As Fisher (2010) argues that academic journals are more relevant and up-to-date than published books.
The starting point with motivation was on Maslow’s hierarchy of needs, which is one of the most famous classification of human needs and motivation (Armstrong, 2006). This however, was not included to the final theory part since it had a little application to work motivation and it could not easily be connected to the reward systems. The more fitting motivation theory found was Herzberg’s (1959) motivation-hygiene theory, which is, perhaps, the most controversial theory of work motivation and still often used in researches focusing on work motivation. Herzberg’s theory had straight connection to extrinsic and intrinsic motivation, which in turn could be connected to the different kind of reward systems. When the theory of rewards was decided it was important to find one supporting the differentiation between these two kinds of motivations. The model best suited for our intentions was the work developed by Towers Perrin and future model made on the basis of his work, by Armstrong and Brown (2001). In this model the different kind of reward packages was categorized into four categories: individual, transactional, relational and communal. Individual rewards could be connected to extrinsic rewards and transactional, relational and communal rewards could be connected to intrinsic rewards. This linkage between the theories used is important for the research, because without it the analysis and conclusions could not be made.

### 4.3 Data collection

There are two types of data that can be collected for the research: primary and secondary. Primary data are data that are collected for the specific use for a certain research question in hand, when secondary data are data created by other researchers and made available for reuse (Hox and Boeije, 2005). The secondary data collected for our research is based on the information available at Statistics Sweden. This information was used to see how the employee turnover rates differ on different industries in Sweden. Besides this the websites of the companies interviewed were accessed before the interviews in a hope to find information about the reward systems used in the companies. This information, however, is not available in the internet.

When talking about the primary data, the majority of qualitative research studies rely on interviews with participants (Saldaña, 2011). This data collection method was chosen for our primary data collection method, since it is an effective way to documenting individual’s perspectives, feelings, opinions, values, attitudes, beliefs and their experiences in their own words (Saldaña, 2011). The form of the interviews was chosen to be semi-structured which means that the interviewers used an interview guide. The guide allowed the interviewers to secure they covered important aspects but were also allowed to improvise depending on the answers (Bryman and Bell, 2011). This kind of interview was considered as the most suited for the research, since it had a structure for the interviewer to follow but at the same time allowed flexibility which was needed to get a close connection to the interviewee. The close connection and a relaxed interview situation resulted in a deeper understanding of the subjects discussed (Bryman and Bell, 2011).

### 4.4 Operationalization

The intention when building the interview guide (Table 5) was to make questions considering the three important aspects: motivation, rewards systems and employee turnover. Further, the intention was to find questions that would make it possible to connect all these three aspects together and see how they influenced each other. The suggestion from Bryman and Bell (2011)
was used when formulating the questions. We chose the topics to be considered and planned to start each topic by asking introducing questions such as: “Tell me about the reward packages in your company?”. If this question did not lead to the answers wanted and needed, follow-up questions was used: “Can you give me an example of reward you might get”. After getting an answer to the follow-up questions, more specific questions related to the theories were asked: “How did receiving a reward make you feel?”. According to Bryman and Bell (2011) it is preferable to end an interview with direct questions with the purpose to get a more specific answer. A question asked at the end was: “What is an attractive reward package consisting of according to you?”.

In the beginning of the interview few general questions were asked to get a “face sheet” of the person interviewed (Table 5, “Background questions”), which is useful for the contextualizing people’s answers (Bryman and Bell, 2011). Furthermore, some questions were asked with the aim to get an answer that could be directly used for the research: “Why did you change to the current company?”. After the general questions, the focus shifted towards questions related to the theories. First category of questions considered the reward systems used in the company (Table 5, “Reward systems”). The interview last question was asked with the aim of giving the interviewer the opportunity to connect the concepts of reward and motivation together, without being guided to the answer: “How did receiving a reward make you feel?”.

The next category of questions focused on the concept of motivation (Table 5, “Motivation”). The questions considered factors that may motivate and demotivate a person at work. These questions were included with the aim of receiving answers that could be connected to motivation, extrinsic, intrinsic and to different reward categories. For example, when respondents answered that career development opportunities motivated, this was linked to that they were driven by intrinsic motivation and focused on the relational reward category.

The category following was based on the Categories of rewards developed by Armstrong and Brown (2001) and used in our theory section (Table 5, “Categories of rewards”). The interviewees had received the table of categories beforehand, to have the possibility to get familiar with it. The table was also present during the interviews so they could reflect between the different categories. The names of the categories were deleted from the original table and replaced with numbers, to make it less confusing for the interviewees to read the table (Table 3). With the questions considering the categories of rewards our aim was to connect the different reward systems and motivational factors. For example, if one interviewee explained that category 1 was most motivational it could be concluded that the person most likely preferred extrinsic rewards and focused on the hygiene factors.

The next category of questions was based on the Herzberg's motivation-hygiene theory with focus on satisfaction and dissatisfaction. The Motivator factors (recognition, responsibility, et cetera) are connected to satisfaction. Meanwhile, the Hygiene factors (status in work title, salary et cetera) are connected to dissatisfaction at workplace. The aim of the questions was to investigate if there was a connection between what created satisfaction/dissatisfaction, Herzberg’s model, extrinsic - and intrinsic motivation and different reward categories (Table 5, “Satisfaction/Dissatisfaction”). When asked about the Manager role in increasing satisfaction/decreasing dissatisfaction the aim was to evolve a deeper understanding of it is possible to change the situation at a workplace.
The last category of questions contained three direct questions concerning the connection between employee turnover and reward packages (Table 5, “Rewards and Employee turnover”). The aim of these questions was to challenge the interviewees on explaining the reasons for them to change job and if that decision could be influenced by an attractive reward package. Furthermore, we encouraged the interviewees to describe an attractive reward package, so it later could be compared if their answers during the interview would be alike. The question was an important add to increase the trustworthiness of the answers.

<table>
<thead>
<tr>
<th>Questions</th>
<th>Theory/theories used</th>
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<tbody>
<tr>
<td><strong>Background questions:</strong></td>
<td></td>
</tr>
<tr>
<td>1. For how many years have you been active in working life?</td>
<td></td>
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<tr>
<td>2. For how many years have you been working in the same company?</td>
<td></td>
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<tr>
<td>3. Why did you change to the current company?</td>
<td></td>
</tr>
<tr>
<td><strong>Reward systems:</strong></td>
<td>Four categories of rewards:</td>
</tr>
<tr>
<td>1. Describe the reward package used at your work</td>
<td>Armstrong et al., 2001</td>
</tr>
<tr>
<td>2. Have you received a reward from work?</td>
<td></td>
</tr>
<tr>
<td>3. How did receiving a reward make you feel?</td>
<td></td>
</tr>
<tr>
<td><strong>Motivation:</strong></td>
<td>Herzberg’s Motivation-Hygiene theory</td>
</tr>
<tr>
<td>1. What makes you feel motivated?</td>
<td></td>
</tr>
<tr>
<td>2. When do you feel unmotivated?</td>
<td></td>
</tr>
<tr>
<td>3. If you feel unmotivated, how can you get motivated?</td>
<td></td>
</tr>
<tr>
<td><strong>Rewards and Motivation:</strong></td>
<td>Chen et al., 2006 &amp; Jewell et al., 1987</td>
</tr>
<tr>
<td>1. In what ways does rewards affect your motivation?</td>
<td></td>
</tr>
<tr>
<td><strong>Categories of Rewards:</strong></td>
<td>Four categories of rewards:</td>
</tr>
<tr>
<td>1. Which word is most attractive to you?</td>
<td>Armstrong et al., 2001</td>
</tr>
<tr>
<td>2. Which word is least attractive to you?</td>
<td>Extrinsic and intrinsic rewards:</td>
</tr>
<tr>
<td>3. Which category is most attractive to you?</td>
<td>Deci, 1971 &amp; Ryan et al., 2000</td>
</tr>
<tr>
<td><strong>Satisfaction/Dissatisfaction:</strong></td>
<td>Herzberg’s Motivation-Hygiene theory</td>
</tr>
<tr>
<td>1. When do you feel satisfaction in your work?</td>
<td></td>
</tr>
<tr>
<td>2. How can your Manager increase your satisfaction?</td>
<td></td>
</tr>
<tr>
<td>3. When do you feel dissatisfaction in your work?</td>
<td></td>
</tr>
<tr>
<td>4. How can your Manager decrease your dissatisfaction?</td>
<td></td>
</tr>
<tr>
<td><strong>Rewards and Employee Turnover:</strong></td>
<td>Connection between reward packages and employee turnover:</td>
</tr>
<tr>
<td>1. What could be a reason for you to look for another job?</td>
<td>Lorsch, 1987 &amp; Aguinis et al., 2013</td>
</tr>
<tr>
<td>2. Can an attractive reward package make you consider changing job?</td>
<td>Four categories of rewards:</td>
</tr>
<tr>
<td>3. What is an attractive reward package consisting of according to you?</td>
<td>Armstrong et al., 2001</td>
</tr>
</tbody>
</table>

Table 5. Interview Guide.
4.5 Selection of respondents

After choosing the research approach and strategy, the industries and organisations were chosen. The intention was to choose two organisations from different industries, one representing an industry with low employee turnover and the other one representing an industry with high employee turnover. Then a comparison could be made between these industries to further understand what differences they had in motivation strategy and reward systems. If these differences caused the gap between turnover rates. To decide on which industries reports about yearly change in full-time employees and yearly separations from Statistics Sweden were used (Table 6). The choice of industries were hotel and restaurant, and credit institutions and insurance companies because their figures represented low and high employee turnover. In both industries did the yearly change in full-time employees change dramatically between years 2006 and 2016. The two industries represented have figures that are not close to average, however these figures are either below or above the average. Credit institutions and insurance companies were in 2006 close to average but during a decade they evolved away from the average.

For the hotel and restaurant industry the yearly separations have been above average, meanwhile, for credit institutions and insurance companies they have been below average. The separations have increased for both industries in a decade, but with different percentages. The aim of comparing the two industries on different sides of the average number, was that it generated an understanding of different perspectives on motivators and why people chose to stay and leave their full-time employments.

<table>
<thead>
<tr>
<th></th>
<th>Hotel and Restaurant</th>
<th>Credit institutions and Insurance companies</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in full-time employees</td>
<td>9,5%</td>
<td>-3,0%</td>
<td>3,2%</td>
</tr>
<tr>
<td>Separations</td>
<td>5,4%</td>
<td>7,5%</td>
<td>2,4%</td>
</tr>
</tbody>
</table>

Change in full-time employees accounts the difference between new hires and separations in the industry, meanwhile separations represents the percentage of individuals leaving their work in the specific industry.

There are varied opinions on how many interviews should be included in qualitative study. Studying one person in depth makes a rich profile of that person, while interviewing minimum of ten to twenty persons is said sometimes to be needed to insure more credible and trustworthy findings (Saldaña, 2011). Our aim was not to get a deep understanding of one person, more of a relatively deep understanding of few persons. Therefore, it was chosen to interview one organisation in respective industry and three people in respective organization, which led to a total number of six interviews. This decision was made in respect of the timeframe of the research. According to Saldaña (2011) a small group of three to six people provides a broader spectrum of data analysis than for example one deep interview.
The two organisations that were interviewed for this study are the insurance company Max Matthiessen and the hostel Generator Hostel. The insurance company Max Matthiessen was founded in Sweden 1889 by the German Max Matthiessen. The company is one of Scandinavia's largest life insurance - and insurance brokers. They offered their services to both individuals and company solutions (Max Matthiessen AB, 2017). Generator hostel opened their first doors to guests in 1995 in Bloomsbury, London. The hostel was elected by Fast Company to one of the fifty most innovative global companies and fastest expanding hostel companies in Europe. Generator Hostel focused on providing luxury standards to affordable prices (Generator Hostels, 2017).

4.6 Conducting the interviews

The two authors of this study had the nationality Swedish and Finnish, which means that they conducted the research in their second language English. When conducting a research, the authors must adapt to the language that the existing data have been written in. It is important to understand that relevant data may exist in a non-native language (Al-Amer, Ramjan, Glew, Darwish and Salamonson, 2014). The interviews at Generator Hostel were conducted in English since the people interviewed were from other nationalities than Sweden and Finland, so the common language was English. This was chosen to be the best option, even with acknowledging that translating interviews from native language to target language required time (Lopez, Figueroa, Connor and Maliiski, 2008). The interviews at Max Matthiessen was offered to be held in Swedish, since that was the interviewee's native language. When a person speaks in its native language, they can more freely describe their experiences and stories in their own words, without having to pay attention to translation (Temple, Edwards and Alexander, 2006). After the interviews the text were translated into English by the authors. Their combined skills in the English language ensured the translation’s consistency and credibility (Twinn, 1997). It is recommended to have a translator from the same country where the people interviewed are from so they can verify the translation (Karwalajtys et al., 2010).

The interviews at Generator Hostel were conducted at the hostel, in their café during the respondents working shifts. The Manager took over the tasks at the reception, so the respondents could focus on the interview. The relaxed environment at the café led to a comfortable atmosphere. The interviews at Max Matthiessen were conducted via phone. This was because Max Matthiessen office is located in Gävle and the respondents did not have the possibility to do the interviews during the same day. This meant that the authors would have needed to travel back and forward to Gävle from Västerås at least three times, and it would have created high traveling costs. Both of the authors were present during the interviews: one author focused on communicating with the interviewee and the other one wrote notes. Besides the notes, all the interviews were recorder and listened afterwards. Recording the interviews allowed a thorough examination of the interview material after the interviews (Bryman & Bell, 2011).

During the interviews question considering rewards and motivation were often removed (Table 5), because the interviewees talked about the subject during questions 1-3. The structure of interviews was changed and adapted to the interviewees in all interviews as recommended by Saldaña (2011). As mentioned the interviews were semi-structured and lot of freedom was allowed while interviewees were answering to the questions. This led to long interviews, taking from 20 minutes to one hour.
4.7 Analysing the data

For the purpose of finding meaningful and useful results from the qualitative research, a methodical theory must be applied (Lee and Fielding, 1996). A problem is that qualitative research, on comparison to quantitative research, has no standardized methods of data analysis (Saldaña, 2011). Qualitative research data analyses cannot be standardized, since it develops with the content in the data in different procedures. For these reasons, it was decided to take influences from the thematic network theory (Attride-Stirling, 2001) when the analyses of the data were gathered. The thematic theory searches to make parallels in the qualitative data and is therefore a commonly used procedure (Corbin and Strauss, 1990).

Based on thematic network theory the first step when analysing was to reduce the data by coding the data gathered (Attride-Stirling, 2001). A code in qualitative data analysis is most often a word or a short phrase that symbolically assigns a summative, important, essence-capturing, and/or suggestive attribute for a portion of language-based data (Saldaña, 2011). Coding the material is recommended as the first step by other qualitative analysis methods as well (Bryman and Bell, 2011). Each word that could be connected to one of the subjects: rewards, motivation, demotivation, satisfaction, dissatisfaction or employee turnover was considered as a code. Next step was to identify connecting themes from the code words gathered (Attride-Stirling, 2001). The themes formulated were: motivated, unmotivated, satisfaction, dissatisfaction, important rewards and unimportant rewards. The themes were arranged to new categories called the basic themes. Common words in the basic themes was used to create the organizing themes that groups the basic themes in different categories. In the final step the organizing themes were grouped to one common global theme explaining the common word for the whole mind map (Attride-Stirling, 2001). This analysing strategy led to two mind maps for each company presented: “Leave the Company” and “Stay in the Company”, see appendix B. The basic themes under “Staying in the Company” were extrinsic and intrinsic rewards further grouped into organizing themes of Satisfied and Motivated. The basic themes under “Leaving the Company” were extrinsic and intrinsic reward, further grouped into organizing themes of Dissatisfied and Unmotivated.
5. EMPIRICAL FINDINGS

Keywords: Reward Packages, Motivation, Extrinsic – and Intrinsic motivation, Categories of Rewards, Satisfaction, Dissatisfaction and Reasons to change job.

Presented below is a short summary of all the six interviews conducted.

5.1 Introduction

Lisa is working at Max Matthiessen as an administrator. She has been working at Max Matthiessen since year 2009. She was offered a position in the company and she accepted it because she was dissatisfied and unmotivated at her previous job. The dissatisfaction was due to her boss, who had a negative attitude and didn’t trust his employees.

Peter is the team leader at Max Matthiessen. He has been working at the company since the year 2000. Like Lisa, he was also recruited to the company. He accepted the offer because Max Matthiessen was using leading technology in the money transfer, and he wanted to work for the leading company in the industry.

Göran is working as a financial advisor at Max Matthiessen. He has been working at Max Matthiessen since year 2002. He changed to Max Matthiessen, because he didn’t feel that he could develop further at his old job. At Max Matthiessen he got a new position with more responsibility.

Fredrik is a working as a receptionist at Generator Hostel. He has been working there since January 2017. He started the work as a part-time worker, only working few hours per week combining with his studies. He had upgraded his contract to a full-time position. He applied to Generator Hostel because a friend recommended them as employer. Fredrik admitted that from the beginning he did not plan to work in the reception or even in the company for a long time. The work is temporary for him, while he waits to get his university degree.

Charlotte is working as a receptionist at Generator Hostel. She has moved from Russia to Sweden a year ago and had been working for the company since March 2017. She has studied tourism and economy and liked hospitality and tourism and she dreamt of working in a hotel. Her education is one of the reasons she applied for a job at Generator Hostel.

Eva is working as a receptionist at Generator Hostel. She has always dreamt of living in Sweden and therefore she moved to Sweden in 2016. She has worked at Generator Hostel since February 2017. Before moving to Sweden she lived in Slovakia and used to work with finance, but she did not like it. One of her passion was traveling, and therefore she applied for a job at Generator Hostel. She felt that it was a good contrast to her old job.
5.2 Reward systems at Max Matthiessen and Generator Hostel

Max Matthiessen worked with bonuses as reward system. In the different departments there were teams that jointly strived to bring in a profit. The size of that profit was taken into consideration when the team leader later decided what bonuses the team members were to receive. Peter explained that he was responsible for all the revenues and expenses of the office. If there was an excess in the profit he could delegate bonuses to the employees. If there was a loss, he would have to decrease his salary to even the result.

Besides using money as bonus Max Matthiessen worked a lot with flexibility. Each person interviewed mentioned that they had a lot of freedom in their everyday work life. They were given mobile phones so if there was nothing to do at the office or they had a private meeting, they could bring their phones and work from another place than the office. The team leader believed that flexibility would increase the employees’ motivation.

Furthermore, the employees could receive rewards like training opportunities, pension fund, health care insurance, recognition, extra holidays and experiences such as travels together with the team. Peter preferred to use these rewards over the monetary rewards, since it was a complex system to delegate bonuses. The system required seven criteria to be fulfilled and he said it was not easy to fulfil these.

The three respondents had different understandings of what reward packages were offered at Generator Hostel. According to Fredrik there was no official financial rewards used. However, during different periods they had selling competitions and the price was a trip somewhere with the team. He mentioned that these competitions were regularly during the winter season. They were held to keep the employees energized and motivated. Charlotte agreed with Fredrik and said that they were using spontaneous rewards, like different kind of sales projects. She added that besides the rewards from the competitions, they got a lot of recognition from their Manager. Eva mentioned that as employees they got two free nights and 30 % off from the price at any other Generator Hostel around the world. They also had the opportunity to rent a bike for free in Stockholm. Furthermore, they had a lot of flexibility at the work and it was easy to get days off when they needed, and they could change shifts with each other. If they were working on a bank holiday day, they got one extra day off.

5.3 Motivation

Lisa felt motivated when she had responsibility, flexibility and freedom at her work. Peter did not give a straight answer of what motivated him. He was more focused on motivating his employees. He said that he believed in the concept: freedom under responsibility. Referred to that the employees have a lot of freedom, but they know that they cannot misuse it. Göran mentioned that he felt motivated when he felt that he is needed at work. Furthermore, he felt motivated by the career development opportunities at Max Matthiessen. He claimed that he was doing a better job when he knew he could reach a higher position in the company. Göran felt that it was fun to work at Max Matthiessen and that motivated him. Lisa mentioned that she felt unmotivated if there was negative atmosphere in the office or if her boss would not show trust in her. Peter felt unmotivated when there was something wrong in his personal life. For example, if someone of his family member got sick or injured, it would be difficult for him to
focus on work and feel motivated at work. Göran felt unmotivated when there is not that much work to do at the office. He did not like to sit still and do nothing.

From Generator Hostel, Fredrik mentioned that he got motivated by having fun at work. For him the work was a good contrast from the student life, where he needed to sit at a table all day. Charlotte got motivated from recognition, satisfied guests and from knowing that the team contributed with an increase in sales profit, so the company would increase their revenues. For Eva the biggest motivation was the base pay. Besides this, she appreciated the freedom and flexibility they had. All three mentioned that the good working atmosphere made them feel motivated towards the work. Fredrik and Charlotte explained that they got unmotivated during the low seasons, when there was not much work to do. Eva got unmotivated when she met annoying, “snobbish” guests, who were complaining. Charlotte agreed with Eva and said that she had to approach a lot of negativity from unhappy guests.

5.4 Rewards and motivation

Lisa admitted that rewards affected her motivation positively, since they made her feel appreciated. For her, receiving a reward meant that she had done a good job and if she would not receive a reward at the next opportunity she would be worried that she had done something wrong. However, she said that rewards are nothing she was focusing on to receive. Göran felt that rewards affected his motivation and that the opportunity to be rewarded made him do a better job. He described his job to be stressful and admitted that he would not be so motivated to work so hard if there were no possibility for extra money in the end. His goal was to retire at age 65, and that goal was motivating him to work hard.

Peter, who is responsible of giving the rewards, was worried about how much rewards could influence the employee’s motivation. He acknowledges the importance to give the employees recognition for their achievement. However, there needed to be a balance and he was careful to not praise them too much, so they would expect a reward. The rewards should be a result from the employee increasing the revenues for the office.

Fredrik mentioned that selling competition made him motivated to sell more. Not because he wanted to win, but because he was a competitive person and did not want to be last. For Charlotte rewards was motivating. The biggest reward she had received was her upgrade from part-time to full-time working contract. She felt happy, appreciated and motivated. Eva claimed that the possibility of getting a reward did not make her more motivated. However, she added that she did felt more motivated after coming back from a trip that they went together on with the team. This was because she had a possibility to get to know her colleagues better. When the subject was approached again later in the interview she added that rewards would motivate her in difficult situations. They would make her try harder to control her mood when facing difficult guests.

5.5 Categories of rewards

For Lisa the most attractive reward was base pay since that is needed to feel safe and stable. According to her the least attractive reward was career development. She has been working for 30 years and she was not interested in new working tasks.
For Peter the most attractive reward was pension since he is getting closer to retiring age and had no trust in the Government pension system. The least attractive reward for him was learning and development. He felt that he had done everything he wanted to do with his career, and now he just wanted to enjoy the work.

For Göran the most attractive reward was flexibility. He had never had a job with strict times before and didn’t know if he could handle that kind of work. The least attractive rewards for him was recognition and work-life balance. He said that he does not need recognition when he feels that he was doing a good job, and he was also okay to bring work home sometimes.

Fredrik claimed that base pay was the most attractive reward to him, however he regretted his answer and said that flexibility and work-life balance were more important than money to him. For him it was important to be able to have a pleasant lifestyle. He found it difficult to choose the least attractive reward. His first answered recognition, but he changed his mind and left the question unanswered.

For Charlotte the most attractive reward was career development, since her goal was to succeed in her career. She connected achievement to result in career development and found both important. The least attractive reward for Charlotte was holidays. She had decided to work in the hospitality industry and therefore, she was prepared to work on public holidays.

Eva decided that base pay and bonuses were the most attractive rewards. Furthermore, she liked flexibility and holidays. The least attractive rewards according to her were career development and training, since she enjoyed her position at work.

All the three persons interviewed from Max Matthiessen agreed that category ‘Transactional rewards’ (Table 3) was the most attractive category of rewards because flexibility and pension were important for them. They worked with pensions and therefore understood the importance of a good pension.

From Generator Hostel, Fredrik and Charlotte agreed on categories ‘Relational rewards’ and ‘Communal rewards’ (Table 3) to be most essential to their work. Both appreciated work-life balance and career development possibilities. For Fredrik category ‘Individual rewards’ (Table 3) was the least important, because for him was money not worth nothing if he did not feel satisfied with the working tasks. Eva had a different view, for her it was important with money, so that she could live her life and therefore she choose category ‘Individual rewards’ (Table 3) as most important.

5.6 Satisfaction and Dissatisfaction

Lisa felt satisfied with her work when she had succeeded with her working tasks. To achieve higher satisfaction, she needed recognition from others (client, co-workers or her Manager). She felt dissatisfied when she was doing monotonous working tasks. Peter felt satisfied with his work when he or someone of his employees made a sale. He felt dissatisfied if someone misused his trust. Göran claimed that he felt satisfaction at the workplace all the time. The satisfaction was highest when he had lot to do. On contrast, he felt dissatisfied when he did not have a lot to do. Lisa suggested that her team leader can increase her satisfaction by giving her a bonus, more holidays, flexibility and acknowledgement for achievement. Furthermore, she suggested that her team leader could decrease her dissatisfaction by giving her new work tasks,
that would increase her development. Göran felt that there is not much his team leader could do to increase his satisfaction. He said that he preferred to be able to go home when there is no work to do.

Fredrik said that he feels satisfied at work when he has a pleasant conversation with a guest or when they get positive feedback from guests. He felt dissatisfied during low seasons when there was not much to do at work. Furthermore, he felt dissatisfied when he made a mistake or when guests were behaving unpleasant. Charlotte felt satisfied when she had performed well during a busy work shift. She felt dissatisfied when she had done a mistake and felt that she could have done a better work if she had tried harder. Eva felt satisfied when the atmosphere at work was good and when they got positive feedback from the guests. She felt dissatisfied when she meets difficult guests who complained a lot and took a lot of her energy.

All three respondents from Generator Hostel believed that their Manager was already doing a great job with increasing their satisfaction and decreasing their dissatisfaction at the workplace. He was supportive, and he created a good team spirit and good atmosphere at work. Fredrik suggested that a Manager could increase the satisfaction further by developing the processes at work. For example, making the time-consuming processes such as taking signature from each guest smoother. Charlotte suggested that a Manager could increase her satisfaction by working hard himself during the stressful and busy periods. Furthermore, decrease her dissatisfaction by being tolerant when she made a mistake and give her constructive feedback.

5.7 Reasons to change job

For Lisa a reason to look for another job would be if she would get a higher base pay somewhere else. This is because she appreciated a stable income. Besides base pay, she would consider changing job if the atmosphere at work would be bad. Peter did not believe that he could get a better job somewhere else. The only reason for him to change job would be if he could find a job with the same position and salary, but less traveling in work. However, he admitted that if he would lose all motivation towards his current job, he would need to change to a different work. Göran agreed with Peter, besides lost motivation, he would start to look for another job if he would not have any development opportunities at his current work.

All three admitted that an attractive reward package would make them consider changing job. However, Göran said that only an attractive reward package is not a reason for him to change job, more important is that he enjoys the work he is doing.

Fredrik could not state anything that would make him consider changing job. The job at Generator Hostel is just temporary for him, while he is waiting to get his degree and therefore he is not willing to change job at the moment. He did admit that he will consider reward packages when looking for a new job. Especially the rewards in category ‘Communal rewards’ (Table 3) will be in his consideration. He admitted that in the future he would consider changing job if a better reward package would be offered somewhere else.

Charlotte was not considering changing job. If a negative change would have occurred in the company, she would give it a chance before consider changing job. The only reason why she would change job is if she moved to another country or city. If another company would offer her rewards like money and pensions she would take it into consideration and compare the two different offers, but she would not change organisation. This was because she liked her job at
Generator Hostel, and she felt confident there. She had many changes in her private life, and therefore wanted to settle down for a while. For her it was important to feel comfortable. In the future she would consider changing work, if she would not get a chance for career development at Generator Hostel.

Eva was pleased with her work at Generator Hostel and was not looking for another job. For her it was important to enjoy the work and therefore an attractive reward package could not make her consider changing job. However, if a more stable job with contingent pay or set working hours (Monday to Friday) would be offered she would be curious. Furthermore, if the environment were to become negative and the work could no longer be enjoyable, it would make her look for jobs at other companies.

5.8 An attractive reward package

For Lisa an attractive reward package consisted of: base pay, holiday and pension. Peter described an attractive reward package to be consisted of a little bit of everything. The most important rewards were pension, flexibility and education. For Göran an attractive reward package consisted of a good pension plan, flexibility, development opportunities and a good base pay. However, money was not that important to him in his life situation.

For Fredrik an attractive reward package consisted of: work-life balance, development and base pay. For Charlotte an attractive reward package consisted of: learning, recognition, career development and flexibility. For Eva an attractive reward package consisted of: bonuses, holidays, health care, career development and work-life balance.
6. ANALYSIS

Keywords: Motivation, Herzberg, Relational Rewards, Transactional Rewards, Individual Rewards, Communal rewards, Intrinsic and Extrinsic motivation and Individuals needs

6.1 Reward systems

The reward systems in the two organizations both differed from each other and had a lot of similarities. From the category ‘Individual Rewards’, which was the only category connected to extrinsic motivation, both organizations used the reward Base Pay. Besides this, At Max Matthiessen the employees’ had the opportunity to receive a Bonus as a reward, which was not possible at Generator Hostel. The employees at Generator Hostel however, could receive discount on staying at other Generator Hostels around the world. This reward is not included in the Categories of Reward, but it can be seen as a monetary reward and could be included in to ‘Individual Rewards’ category.

Both organisations worked mostly with rewards connected to intrinsic motivation. Max Matthiessen worked with all the rewards from category ‘Transactional Rewards’ and ‘Relational Rewards’, with main focus on Pensions, Flexibility and Training. Generator Hostel focused on Flexibility and Holidays from category ‘Transactional Rewards’, and nothing from category ‘Relational Rewards’. Both companies worked with Work-Life Balance and Recognition from category ‘Communal Rewards’. These findings give an impression that these companies have understood the importance of intrinsic motivation towards employee work motivation.

6.2 Motivation

As mentioned before, people have different needs and goals, and that makes the process of motivation complex (Armstrong, 2006). Exactly this we can see from our findings. When the respondents were asked about what made them motivated to work, a majority of the answers included concepts that can be connected to intrinsic motivation. Intrinsic motivation appears when person is motivated doing an activity for its natural satisfactions rather than for separable outcome (Ryan and Deci, 2000). Respondents felt motivated when they had fun at work, when they felt needed at the work, when there was a good working atmosphere and when they met satisfied clients. All these factors can be connected to the natural satisfaction coming from the work. From the different rewards the rewards mentioned to be motivating most often by the interviewees were Responsibility, Flexibility, Freedom and Recognition. From these rewards, only Recognition is connected to extrinsic motivation rather than intrinsic motivation. Extrinsic motivation differs from intrinsic motivation, because often occurs when person is motivated by a specific goal, reward or price instead of the work itself (Young, 1961). Besides Recognition, one more reward connected towards extrinsic motivation mentioned by two respondents Eva and Lisa, was Base Pay. Base Pay however, was not the only motivator to them, both Freedom and Flexibility were also important. When the respondents felt unmotivated the majority of the reasons were also connected to intrinsic motivation. For example, they felt unmotivated when they were bored at work, because there was not enough work to do, or working in a negative atmosphere.
As we can see from the results, both extrinsic and intrinsic motivations appear at workplace. Intrinsic motivation is mentioned more often, which suggests that that intrinsic motivation is the leading motivator in the workplace. It can either increase the motivation towards work or make people feel unmotivated. Therefore, it is important for companies to consider their rewards packages and see whether they are offering rewards connected to intrinsic motivation or only rewards connected to extrinsic motivation.

6.3 Rewards and Motivation

According to Allen and Meyer (1993) organizations that succeed on meeting employees’ expectations on the rewards they will get, will have more motivated employees. This can be supported by our findings. Based on the answers from the interviewees we can see that rewards can be used as a motivation tool for employees. All five respondents who were not working on a team leader or Manager position, admitted that rewards affected their motivation positively. Rewards could make them feel happy, appreciated, more motivated to sell and willing to work harder when facing difficult or stressful situations at work. Lisa mentioned that rewards were a receipt on that she had performed her working tasks well. Furthermore, the respondents enjoyed and appreciated the trips they did as a team. Everyone felt that the team spirit and atmosphere benefited positively from this.

Peter, who was working as a team leader at Max Matthiessen explained that he was worried about how rewards affect the employees’ motivation. As mentioned earlier, there is a debate if extrinsic rewards could negatively affect intrinsic motivation (Deci, 1971). Peter explained that it was important to recognize employees’ achievements, but not too much since the employees’ then could expect a better reward, like higher Bonus. It is an important task for a Manager to decide which reward an employee will receive and the quantity of the chosen reward. A Manager wishes to motivate the employees, but not give them the expression that they are performing better than they actually are doing. It was interesting to see that, Peter showed concerns regarding how intrinsic motivators and not extrinsic motivators, as suggested by the earlier researches (Deci, 1971; Lepper et al., 1973) might affect the employees’ motivation.

6.4 Categories of rewards

<table>
<thead>
<tr>
<th>Individual</th>
<th>Transactional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base pay</td>
<td>Pensions</td>
</tr>
<tr>
<td>Contingent pay</td>
<td>Holidays</td>
</tr>
<tr>
<td>Bonuses</td>
<td>Healthcare</td>
</tr>
<tr>
<td>Incentives</td>
<td>Other perks</td>
</tr>
<tr>
<td>Shares</td>
<td>Flexibility</td>
</tr>
<tr>
<td>Profit sharing</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Relational</th>
<th>Communal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning</td>
<td>Leadership</td>
</tr>
<tr>
<td>Development</td>
<td>Organisational values</td>
</tr>
<tr>
<td>Training</td>
<td>Recognition</td>
</tr>
<tr>
<td>Career development</td>
<td>Achievement</td>
</tr>
<tr>
<td></td>
<td>Job design</td>
</tr>
<tr>
<td></td>
<td>Work-life balance</td>
</tr>
</tbody>
</table>

*Table 7. Modified table from Armstrong et al., 2001, “Categories of Rewards”.*
The respondents gave divergence answers when asked what the most attractive reward for them is. It differed from Base Pay and Pension to Career Development and Flexibility. All of the categories in Table 7 were mentioned to be the most attractive category of rewards by at least one of the respondents. Eva and Lisa, felt that Base Pay was most attractive, since for them it was the foundation of everything else in their lives. Compared to Göran who felt that Base Pay was the least attractive reward, since for him money was not that important. However, Göran admitted that if he were in another life situation and did not have enough money already, he would find money to be a more important reward. The same situation was it for Lisa and Peter who were happy with their Career Development and did not wish to further develop it. Meanwhile, for Charlotte it was the most attractive reward since she had just started her career journey.

From these answers it can be proposed that there is no reward or category of rewards that is superior to others. Which category is the most attractive, varies depending on the individual and their life situation. For example, an individual who has been working for a long time and fulfilled his/her career goal, might not wish to further develop, but be more focused on a good pension plan. Meanwhile, an individual who has just started his/her career and has not achieved his/her career goal yet, finds the career development rewards to be the most important and does not even consider the pension plan. This cannot be connected to the age of the individual. Eva who was 31-years old and in the beginning of her career, found Career Development to be the least important reward since she enjoyed her current work situation. Therefore, it is important to understand that same reward won’t be motivating to every individual. As Armstrong (2006) discussed, people have different needs and goals that need to be fulfilled to acquire motivation. When deciding on the reward packages, it is important to consider all the details: age, life situation and interests of the target group that the reward is addressed. Whether the companies have the resources to do this is a question interesting for future studies.

From the answers of the interviewees a connection to ‘Maslow’s Hierarchy of Needs’ can be made. An individual start from the bottom of the pyramid, the different rewards belongs to the different hierarchy layers in the pyramid. As an individual experiences different situations in life, they find the hierarchy levels different important. The psychological needs, such as money to buy food, must be fulfilled for an individual to start to pursue further rewards, such as developing in their career, which belongs to the highest layer. However, the hierarchy does not explain what happens after an individual feel like he/she has reached all the way up to the pyramid.
6.5 Satisfaction/Dissatisfaction

According to Herzberg et al., (1959) there are two attitudes: satisfaction and dissatisfaction, that needs to be considered when increasing an individual's motivation and positive attitude towards work. Satisfaction comes from Motivator Factors and dissatisfaction from Hygiene Factors (see Table 8). The respondents mentioned that they felt satisfied from have a lot to do at work, succeeded with their work tasks (for example making a sale), received recognition from others, had a pleasant conversation with guests and from working in a pleasant atmosphere. Most of these answers can be connected to the Herzberg’s theory and Motivator Factors. Only the good working atmosphere can be connected to the Hygiene Factors which refers to decreasing dissatisfaction. The answers about Recognition and Achievement can be further connected to the category of ‘Communal Rewards’, which is connected to intrinsic motivation. This means that the answers collected from our interviews confirms that rewards do have an influence on the satisfaction in the workplace, but they are not the only concept influencing the satisfaction. The work itself and pleasant work atmosphere are important as well.

Herzberg’s theory suggests that work satisfaction can be increased by improving the Motivator Factors. When the respondents were asked on how the Manager/Team Leader could increase their work satisfaction, different answers were given. The suggestions were to give more Holidays, Bonuses, Flexibility, Acknowledgement, make the work processes smoother and by showing a good example and working hard themselves. Holidays, Bonuses, Flexibility and Acknowledgement, synonym to Recognition, are rewards that can be offered to employees. This shows that rewards can be used to increase the employees’ satisfaction in the workplace.

Deduced from the interviewees answers, dissatisfaction in the workplace is derived from that they made a mistake in their work tasks, they are bored at work due to monotonic work tasks, people are misusing their trust, or they need to handle difficult and badly behaving guests. Monotonic work and difficult guests can be connected to Working Conditions and misuse of trust can be connected to Job Security, which both are parameters in Herzberg’s Hygiene Factors. Herzberg’s theory suggest that dissatisfaction can be decreased by focusing on
excluding Hygiene Factors. The interviewees suggested that the Manager could decrease their dissatisfaction by giving employees’ new work tasks, help them with difficult guests and be tolerant when they made mistakes. These answers can be connected to Herzberg’s Hygiene Factors, but none can be connected to the reward systems, which suggests that rewards do not have an influence on decreasing the feeling of dissatisfaction in a workplace.

6.6 Reasons to change job

Earlier research shows, that organizations who offer attractive reward packages have proven to have lower turnover rates (Gomez-Mejia and Balkin, 1992 and Taylor, 2000). This can be supported with our findings.

None of the six respondents were looking for another job when the interviews were conducted, all of them felt pleased at their current jobs. However, the majority of them mentioned that there were reasons that would make them consider changing job. These reasons differed a lot from each other, some of them could be connected to both Herzberg’s theory and the Categories of Rewards. At Max Matthiessen respondents were satisfied with the work tasks and rewards and not interested to search for a new job. However, if they were to be offered a new job with more attractive rewards and work tasks they would consider changing job. At Generator Hostel the majority of respondents were working there temporary and would in the future look for another job. The rewards made the work more pleasant but they could not make them stay. However, Fredrik mentioned that the reward packages offered to him would be important when he is considering to change job.

As mentioned before, Eva and Lisa appreciated stable income and would consider to change job if they would be offered a higher Base Pay somewhere else. Moreover, both would consider to change job if the atmosphere at the office would be bad. This was the reason Lisa changed from her job before to the current one. Eva felt that in the future she wanted to have a job with fixed working hours, Monday-Friday, and if she would be offered this kind of job, she would consider changing. For both Eva and Lisa, are the Herzberg’s Hygiene Factors important when they are considering changing jobs. They focused a lot on the Base Pay, supervision and working conditions. From these answers is can be proposed that companies can lower the employees’ dissatisfaction and keep employees by focusing on the Hygiene Factors. Implementing Categories of Rewards to Eva and Lisa’s answers the important categories are ‘Individual rewards’ (Base Pay) and ‘Communal rewards’ (Work-Life Balance), which leads to the conclusion that these rewards can be used by companies to lower the employee turnover.

Peter and Göran would start to look another job if they would lose the motivation towards their current job. Based on this we can suggest that it is important to consider employee motivation when attempting to lower employee turnover. Peter added that he believed that he had the best possible job for him at the moment, and there was no other job that would suit his needs better. However, if he would find a job with less travelling and the same Base Pay he would consider changing. For Göran it was important to have Career Development opportunities, and therefore a reason for him to change job would be if his current work would not offer him that. This was the reason why he changed to Max Matthiessen from his old workplace. Based on the answers we can see that for Peter and Göran the work itself is important. This can be connected to the Herzberg’s Motivator Factors. Based on this it can be suggested that companies could focus on Motivator Factors to increase the satisfaction that employees feel and keep them in the organisation. However, a clear connection between rewards and employee turnover cannot be
drawn from Peter’s and Göran’s answers. The only reward mentioned from Peter and Göran was Career Development that belongs to intrinsic rewards.

Fredrik and Charlotte were not interested in looking for a new job since they had situations in their private life to take care of first. The work at Generator Hostel had always been a temporary job for Fredrik. He knew that when he was done with his University degree he would look for a job in his studied field. Even though Fredrik was not willing to change job he admitted that a good reward package would make him consider changing job in the future. The most important rewards for him were the ‘Communal Rewards’: Leadership, Recognition and Work-Life Balance. For Charlotte it was important to feel comfortable and confident at work which she felt at Generator Hostel. When asked if she would change job if she could get much higher salary somewhere else, she answered that she would not change. However, she admitted that she would consider changing company if she would not get promoted from her current position. From Fredrik’s and Charlotte’s answers we can propose that the situation in an individual’s private life can have a great influence towards the subject of changing job. For Charlotte she is lacking in safety needs, Maslow’s Hierarchy of Needs, and therefore she would not consider any other needs higher up in the hierarchy such as development yet.

6.7 An Attractive Reward Package

The interviewees answer to describing the most attractive reward package differed a lot. The rewards that were mentioned most often were: Base Pay, Career Development, Flexibility and Pension. Base Pay were the only reward connected to extrinsic motivation, while the others are connected to intrinsic motivation. Work-Life Balance and Holidays, both connected to intrinsic motivation, got two out of six votes. Development, Learning, Education, Recognition, Bonuses and Health Care were all mentioned once out of six times. Except from Bonuses these were all focusing on intrinsic motivation.

It is impossible to state a fair and standardised conclusion from the question: which kind of rewards motivate employees the most, intrinsic or extrinsic? There are fewer extrinsic rewards mentioned by the interviewees, but at the same time there is only one category of extrinsic rewards and three categories of intrinsic rewards. Possibly a research done by using a different model, with two categories of extrinsic rewards and two categories of intrinsic rewards could give different results.
7. CONCLUSIONS

How can reward packages be used to motivate employees in the hotel – and insurance industry?

The aim of this study was to understand the connection between reward systems used in organizations and work motivation. Earlier research has illustrated proof on that intrinsic rewards have a greater impact than extrinsic rewards in achieving fulfilment for individuals (Deci, 1971, Lepper et al., 1973). Therefore, the questions of the different effect between extrinsic and intrinsic rewards was raised. The purpose was to gain information that could be used by organizations to reduce their employee turnover. During the study information about employee motivation and how it is influenced by using different kind of reward systems has been gathered. Motivational and organizational theories have been connected to understand the subject and to analyse the data gathered. It has been investigated for what reasons employees would look for another job when they already have a job. The findings collected are in connection with our research focus.

It is proven in earlier studies that employees are seeking appropriate reward systems based on their needs of recognition for their performances. If the rewards are not matched to these, the employees will search for a job elsewhere where they are rewarded accordingly (Phillips et al., 2008). Based on the findings, we can propose that the subject is not as simple as suggested. The process of motivation is complex (Armstrong, 2006). Every individual has different set of needs due to preferences, career and life goals, and situations in their private life. Individual needs must be fulfilled for to employee to feel motivated. It is therefore important for organizations to get to know its employees and to be able to offer them the rewards that their needs require. Important question for future studies is whether this kind of individual reward system will be beneficial for the organizations, or will it cost more than it benefits.

Nevertheless, this solution might not always be enough. From the results of the study it can be propose that besides from working conditions employees are highly affected by their private life situation. For example, sickness in family or one’s partner moving to a new city or country can affect an individual. Both motivation for work can be lost, or job might need to be changed even if the individual is still motivated to work. It was identified that if an individual has had a lot of changes in its private life, there could be strong resistance to more change. For example, almost nothing could have made one of the respondents to consider changing job, because there had already been many changes in the private life and the individual did not want any more. Therefore, a standardized answer to how organizations should implement and offer reward systems to employees is hard to illustrate.

A clear answer to the research question: How can reward packages be used to motivate employees in the hotel – and insurance industry? cannot be generated from this study. Which rewards to use or how these rewards should be used depends highly on the employees’ life situation and needs that they have. This is something every organisation needs to research themselves. However, suggestions for the rewards that motivate the employees working for these industries can be made. For insurance industry the importance seems to lay on good pension plan, which is something the employees work with in their everyday work life and therefore they understand it’s importance. In the hotel industry the importance of pension plan is not remarkable. The employees working for this industry seem to appreciate the work-life
balance and the safety brought by base pay. Besides this, a flexibility is highly appreciated in the both of the industries.

Based on the results a clear connection between reward systems and motivation can been illustrated. From six interviews, five interviewees admitted that rewards influence their motivation positively. They make them feel happy, appreciated and willing to work harder even in challenging situations. Furthermore, there appears to be a connection between reasons for employees to change job and reward systems. For example, some interviewees had changed job because they were offered a career development opportunity at another job. Another interviewee admitted that if a higher base pay would be offered that would be highly attractive. If an unmotivated and dissatisfied employee were to be offered a reward package at another job they would consider changing and most probably accept the other job.

Interesting was to see that both of the organisations included in the study seemed to have highly motivated employees who were not considering changing job. This was expected from Max Matthiessen, since insurance industry had one of the lowest employee turnover rates (Statistics Sweden, 2006 and 2016). Surprising, was that the employees at Generator Hostel, that belonged to the industry that had high employee turnover rate (Statistics Sweden, 2006 and 2016), seemed to be more motivated to stay in their organisation than the employees at Max Matthiessen. Our own proposal for the reason is that the Management at Generator Hostel was doing an excellent job with motivating the employees and making them feel appreciated and motivated. There were no money rewards offered at Generator Hostel, but all of the interviewees highlighted that they had fun at work. Both of the studied organisations worked a lot with flexibility, which made it accessible for the employees to have a pleasant work-life balance. We believe that flexibility and work-life balance are highly important for employee motivation.

The foundation, direction and aim of this study were formatted with a belief that they would be achievable. Even though no clear answer to the research question could be illustrated, we still believe that the aim was reached, since the clear connection between reward systems and motivation was illustrated. What we did not take into consideration in the beginning was how much the individual’s receiving the rewards will affect the results from the study and therefore a generalized answer cannot be presented. However, the study is qualitative of nature and therefore no generalized answers are needed for the study to be complete. The aim was to gain deeper understanding on the subject and we believe that this was accomplished. More focus could have been addressed on the difference between extrinsic and intrinsic motivations, since it was one of the sub-questions. More material should have been gathered on this specific subject, so that comparisons between these motivations could have been made. We admit that it was highly ambitious to choose to include this comparison as a part of the research. The subject itself would need a study of its own. Besides this, a different model of the categories of rewards should be used if the question of extrinsic and intrinsic motivation is to be addressed. As mentioned there was an unbalance between the amount of extrinsic and intrinsic rewards in the model used in our research.

The results from this study can be used for the purpose of highlighting the subject: reward systems. It is costly for organizations to offer the rewards, but it can be even more costly for organization to lose valuable employees (Kappel, 2017). The result clearly states that employees consider rewards to be important when they consider changing job. Now when these results have been illustrated, it would be interesting to develop a similar study and use
quantitative approach. This kind of study would gather more information and hopefully generate an answer that can be generalized and used in organizations. However, as mentioned the individual and his/her life situation, needs and goals are highly affecting the motivation, which might make a quantitative study hard to conduct, since results that can be generalized might be impossible to find. Therefore, our other suggestion is to conduct more qualitative studies on different industries with more individuals having different backgrounds. We believe that this kind of studies would lead to deeper understanding of the subject.
REFERENCES


Fitz-enz, J. (1997). It's costly to lose good employees. *Workforce; Costa Mesa*, 76(8), pp.50-51


## APPENDIX A

### 2. Number of employees by branch of industry and terms of employment

<table>
<thead>
<tr>
<th>Branch of Industry</th>
<th>Employees (full-time)</th>
<th>Yearly Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail and Repair shops</td>
<td>419,600</td>
<td>2,4</td>
</tr>
<tr>
<td>Hotel and Restaurant</td>
<td>72,900</td>
<td>9,5</td>
</tr>
<tr>
<td>The Education System</td>
<td>47,700</td>
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</tr>
<tr>
<td>Credit Institutions and Insurance Companies</td>
<td>76,300</td>
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<tr>
<td><strong>Total All Industries</strong></td>
<td><strong>2,308,700</strong></td>
<td><strong>3,5</strong></td>
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</table>


### 2A - B. Number of employees by branch of industry and terms of employment. Business sector 4th quarter of 2016

<table>
<thead>
<tr>
<th>Branch of Industry</th>
<th>Employees (full-time)</th>
<th>Yearly Change, %</th>
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</thead>
<tbody>
<tr>
<td>Retail and Repair shops</td>
<td>479,462</td>
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<td>Hotel and Restaurant</td>
<td>112,755</td>
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<tr>
<td>The Education System</td>
<td>62,741</td>
<td>8,2</td>
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<tr>
<td>Credit Institutions and Insurance Companies</td>
<td>83,479</td>
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</tr>
<tr>
<td><strong>Total All Industries</strong></td>
<td><strong>2,620,896</strong></td>
<td><strong>1,9</strong></td>
</tr>
</tbody>
</table>

*Table 10. Statistics Sweden report: Short-term employment 4rd quarter of 2016.*
14. Proportion of hires and separations of permanent employees in relation to total number of permanent employees by industry. Private sector, 4th quarter of 2006

<table>
<thead>
<tr>
<th>Branch of Industry</th>
<th>Hires, %</th>
<th>Separations, %</th>
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</thead>
<tbody>
<tr>
<td>Retail and Repair shops</td>
<td>2.5</td>
<td>2.8</td>
</tr>
<tr>
<td>Hotel and Restaurant</td>
<td>3.9</td>
<td>5.4</td>
</tr>
<tr>
<td>The Education System</td>
<td>2.3</td>
<td>2.0</td>
</tr>
<tr>
<td>Credit Institutions and Insurance Companies</td>
<td>1.3</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Total All Industries</strong></td>
<td><strong>2.4</strong></td>
<td><strong>3.0</strong></td>
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</tbody>
</table>


11. Proportion of hires and separations of permanent employees in relation to total number of permanent employees by industry. Business sector, 4th quarter of 2016

<table>
<thead>
<tr>
<th>Branch of Industry</th>
<th>Hires, %</th>
<th>Separations, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail and Repair shops</td>
<td>2.8</td>
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</tr>
<tr>
<td>Hotel and Restaurant</td>
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<td>The Education System</td>
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<tr>
<td><strong>Total All Industries</strong></td>
<td><strong>2.8</strong></td>
<td><strong>3.5</strong></td>
</tr>
</tbody>
</table>

APPENDIX B

Max Matthiessen

Leave the Company

![Mind map of reasons to leave the company]

*Extrinsic:*
- Not delegating work tasks
- Same work tasks
- Monotonous work
- Nothing to do
- Too demanding work

*Intrinsic:*
- Negative attitude
- No trust
- Blaming others
- Bored
- Not enjoying the work

Stay in the Company

![Mind map of reasons to stay in the company]

*Extrinsic:*
- No good base salary
- No trust
- Negative atmosphere
- Stop developing
- The feeling of being unmotivated

*Intrinsic:*
- Success
- Recognition
- Holidays
- Acknowledgement
- Flexibility
- Development
- Freedom
- Responsibility under freedom

Table 13. M.M Leave the Company Mind map.

Table 14. M.M Stay in the Company Mind map.

Generator Hostel
Leave the company

Table 15. G.H Leave the Company Mind map.

Stay in the company

Table 16. G.H Stay in the Company Mind map.