



Employee Rewarding and Its Affect to Motivation

Jonna Einesalo

58 1719 0070

**SUBMITTED IN THE PARTIAL FULFILLMENT OF THE REQUIREMENT FOR
THE DEGREE OF MASTERS IN BUSINESS ADMINISTRATION
INTERNATIONAL PROGRAM, GRADUATE SCHOOL OF BUSINESS,
SIAM UNIVERSITY, BANGKOK, THAILAND**

2018



Title of Research: Employee Rewarding and Its Affect to Motivation
Author: Jonna Einesalo
ID: 58 1719 0070
Major: Human Resources
Degree: Master in Business Administration (International Program)
Academic: 2018

This Independent study has been apporved to be partial fulfillment of the requirement
 for Degree of Master in Business Administration in International Program, Siam
 University, Bangkok, Thailand


.....
 Asst.Prof.Dr. Om Huvanand
 Advisor

Date.....

.....
 Assoc.Prof.Dr.Jomphong Mongkonvanit)
 Dean, Graduate School of Business
 Siam University, Bangkok, Thailand


Date..... 21 June 2019

ABSTRACT

Research Title : Employee rewarding and its affect to motivation
Researcher : Jonna Einesalo
Degree : Master of Business Administration (International Program)
Major : Human Resources
Advisor : 
 (Asst.Prof.Dr. Om Huvanand)
 / /

This study was conducted to find out about the rewarding systems: intrinsic and extrinsic incentives. The aim of the research was to figure out about the extrinsic and intrinsic motivation in certain job position by gathering, comparing and analyzing the relevant information and results. I chose to do this independent study because I work in financial industry and my position is the same as the people I interviewed. I am also interested in human resource management and find motivation related things interesting. The study consists of four parts: the Literature Review, Methodologies that are used, Facts and Findings that are made using the interview and Conclusions that are found as a result. The research method is qualitative research. The qualitative method was chosen because in that way it was possible to get information that is based on experience. The aim of the research is to produce knowledge based on experience. Four people took part to the interview. They are working in a bank in Finland, their title is Service Advisor and they work in different banks. The average age was 25 and the average length of their career is 4 years. All of them were woman. There were some similarities about the answers. For example, all of the answerers thinks that they are not satisfied with their salaries and only sales indicators in their job are the most important factors when considering our performance. Some people are more motivated about extrinsic rewardings than others are. Employer should find a good balance between these two rewarding methods.

Keyword: Rewarding, Extrinsic, Intrinsic, Motivation, Human Resources



There were some similarities about the answers. For example, all of the answerers thinks that they are not satisfied with their salaries and only sales indicators in their job are the most important factors when considering our performance. Some people are more motivated about extrinsic rewardings than others are. Employer should find a good balance between these two rewarding methods.

Keyword: Rewarding, Extrinsic, Intrinsic, Motivation, Human Resources



ACKNOWLEDGEMENT

My sincerest thanks goes to Dr. Om Huvanand, Lecturer of MBA Graduate School of Siam University, Bangkok, Thailand. His guidance helped me to write this paper and he pointed me to the right direction at the beginning.

Thanks to Dean Jomphong Mongkonvanit who has also been very helpful. I would also like to thank Dr. Vijit who helped me in the beginning my independent study.



CONTENTS

Abstract.....	A
Acknowledgement	B
Contents.....	C
List of figures	D
CHAPTER 1	7
INTRODUCTION	8
1.1 The importance of study.....	9
1.2 Objectives	9
CHAPTER 2	10
THEORY.....	10
2.1 Rewards and incentives	10
2.1.1 Extrinsic incentives.....	10
2.1.2 Intrinsic incentives.....	11
2.1.3 Comparing extrinsic and intrinsic incentives.....	13
2.2 Motivation theories	15
2.3 Things affecting work motivation	16
2.3.1 Personality	16
2.3.2 Features of work.....	17
2.3.3 Work environment.....	17
2.3.4 Financial and physical factors.....	18
2.3.5 Social factors.....	18
2.4 McClelland's three needs	19
2.5 Employee satisfaction.....	20
2.5.1 Measuring employee satisfaction	21
CHAPTER 3	22
METHODOLOGY	22
3.1 Research method	22
3.1.2 Validity and Reliability.....	22
CHAPTER 4	24
FACTS AND FINDINGS.....	24
4.1 Background information	24
4.1.1 Current situation.....	24
4.1.2 Intrinsic rewarding.....	25
4.1.3 Extrinsic rewarding.....	26
4.1.4 Other questions.....	28
CHAPTER 5	29

CONCLUSION AND DISCUSSION	29
5.1 Conclusions.....	29
ANNEXES	31
REFERENCES.....	33



LIST OF FIGURES

Figure 1 "Three nonfinancial incentives that are even more effective motivators than the three highest rated financial incentives"



CHAPTER 1

INTRODUCTION

The basic idea of this independent study is to find out about the rewarding systems. The questions asked were for example: what is wrong about the rewarding system, what is good about the existing system and how the rewarding system should be changed. The aim of the research was to figure out about the extrinsic and intrinsic motivation in certain job position by gathering information and comparing and analysing the answers. Motivation and rewarding is an interesting topic so that is why I chose it. The subject was found near my own surroundings and interest.

Intrinsic and extrinsic incentives are two general rewards that motivates people. Extrinsic motivation arises from outside of the individual while intrinsic motivation arises from within.

Four people took part to the interview. Each of them are working in a bank in Finland and their title is Service Advisor. They are all working in a different bank. The average-age of the people who answered the survey was 25 and the average length of their career is 4 years. All who answered were woman. It is clear that the more years you have experience, the more thoughts you have about the field. It was emphasized that it is necessary to focus on the current situation.

The research method is qualitative research. This method was chosen because that way it was possible to get information that is based on experience. The aim of the research is to produce knowledge based on experience. In qualitative research, it is not aim to strive to statistical generalization, it is about describing certain phenomenons and trying to understand the actions around it.

Motivation explains why we do things we do. Motivation refers to psychological process that underlie the intensity, direction and persistence of behavior or thought. Intensity is the amount of effort invested into the activity.

Extrinsic incentives results from the potential or actual receipt of extrinsic rewards. Extrinsic rewards are usually financial. Money, recognition or a promotion that represents a "payoff" that

is received because some task is performed well. (Kinichi & Fucate, 2016, p. 147). These kind of incentives are “extrinsic” because they are external to the work itself.

Intrinsic motivation occurs when an individual is "turned on to one's work because of the positive internal feelings that are generated doing well, rather than being dependent on external factors for the motivation to work effectively". We create our own intrinsic motivation by giving ourselves intrinsic rewards like self-praise, satisfaction and positive emotions. It is a nonfinancial compensation.

1.1 The importance of study

The main purpose of the study is to investigate main criteria of employee motivation, improve current situation through analysis and application of theory and to explore the topics of employee motivation and job satisfaction along with finding out key motivational factors for employees. For example, which motivators affect job performance and employee satisfaction the most.

The goal of this study is also to gather information from employees for future comparison and identify basic needs and motivational factors which managers are not able to see.

1.2 Objectives

The results of this study can be used to develop managerial work. All of the information does not always go from employees to leaders, because the topics can be sensitive.

The aim is not only to find negative things but also to genuinely hear about the developing ideas of employees and refine them to use. It is not meant to create new methods; it is about finding ways and suggestions about creating better system into workplace.

After this research, it would be ideal to create a development plan which will consist of practical recommendations based on theory that could improve current situation and bring more benefits for people and organization.

CHAPTER 2

THEORY

2.1 Rewards and incentives

Every company needs a strategic reward system for employees. There are four areas in this system: compensation, benefits, recognition and appreciation. Many companies are missing some of these areas of compensations and the elements that are addressed may not be properly aligned with the other strategies of the corporate. (Beirne, 2015).

Rewards are earned as a result of an employee's performance. These positive outcomes are aligned with organizational goals. A reward follows, when an employee helps organization to achieve a goal. Intrinsic and extrinsic incentives are two general rewards that motivates people. (Beirne, 2015).

Organizations should provide intrinsic as well as extrinsic incentives. There are many other ways to reward employees than just money and bonuses. Employees that are motivated to have more responsibility at work can be motivated when they are given some new and harder task than before. They feel that they are good and they want to show what they are capable of. Job rotating gives some variety, motivation and autonomy. It can reduce boredom and increase innovation. It also helps employees to understand their work contributions. If employees are not motivated, it affects to productivity. Absenteeism is also thing that shows when employee is not satisfied and motivated to do the given tasks. (Beirne, 2015).

2.1.1 Extrinsic incentives

Extrinsic incentives results from the potential or actual receipt of extrinsic rewards. Extrinsic rewards are usually financial. Money, recognition or a promotion that represents a "payoff" that is received because some task is performed well. (Kinichi & Fucate, 2016, p. 147). These kind of incentives are "extrinsic" because they are external to the work itself. Other people control whether or not they are granted and they decide the size of insentives. In earlier eras work was usually routine and bureacratic; extrinsic rewards were often the only motivational tools in organizations and not many of them was offered. Pay is an important consideration for most

workers when they accept a job, so these kind of rewards remain significant for workers. Unfair pay is usually a strong de-motivator. However, after people have taken a job and unfairness issues are settled, extrinsic rewards are now less important. Day-to-day motivation is more strongly driven by intrinsic rewards. One of the most strongest and common motivators in a work place is recognition. Studies shows that recognition contribute more to job satisfaction than financial incentives. (Thomas, 2009).

Extrinsic motivation occurs when we are motivated performing a behavior or engage in an activity not only to earn a reward, but also to avoid punishment. In following examples, the behavior is motivated by a desire to gain a reward or avoid an adverse outcome:

- Studying because you want good grade
- Competing in a contest to win a scholarship
- Cleaning your room to avoid being reprimanded by your parents
- Participating in a sport to win awards

If you need someone to do something, like a kid to do their homework, people usually start by offering some type of reward like a special treat or toy. This is a great example of extrinsic motivation; the behavior is motivated by a desire to gain an external reward. Extrinsic motivation is focused purely on outside rewards, unlike intrinsic motivation, which arises from within the individual. (Cherro, 2016).

2.1.2 Intrinsic incentives

Intrinsic motivation occurs when an individual is "turned on to one's work because of the positive internal feelings that are generated doing well, rather than being dependent on external factors for the motivation to work effectively". We create our own intrinsic motivation by giving ourselves intrinsic rewards like self-praise, satisfaction and positive emotions. It is a nonfinancial compensation. The satisfaction and other psychological reactions that a person receives from the job itself or from the psychological environment in which the person is working. (Kinichi & Fucate 2016, p. 147).

Workers are usually asked to self-manage to a significant degree and to use their intelligence and experience to direct their work activities to accomplish important organizational purposes. Employees add value like this today: innovating, problem solving and improvising to meet the conditions they encounter to meet needs of the customers. (Thomas, 2009).

There are four steps in self-management process. The first one is committing to a meaningful purpose. After that comes choosing the best way of fulfilling that purpose. The third one is making sure that one is performing work activities competently and then making sure that one is making progress to achieving the purpose. Every step requires a worker to make a judgement about following things:

1. The degree of choice they have for doing things the right way
2. The meaningfulness of their purpose
3. The competence of their performance
4. The actual progress being made toward fulfilling the purpose

These four judgments are the key factors in workers' assessments of the value and effectiveness of their efforts and the contribution that they make. When it is positive, these judgements are accompanied by a positive emotional charge and these are the intrinsic rewards that employees get from the work they are doing. It can range from quiet satisfaction to an exuberant "Yes!" These reinforcements keep workers actively engaged and self-managing in their work. (Thomas, 2009).

There are multiple ways managers can do when they need to help their employees with their intrinsic motivation. First, it is important to provide a meaningful work. It is vital to provide opportunities to show employees competence in their areas of expertise. As a manager, you should allow employees the opportunity to connect with those with whom they serve to obtain valuable feedback. Offer them opportunities to reward themselves frequently and allow them to make choices through a high level of autonomy. Facilitate professional development so that workers can expand on their level of knowledge. Finally, give them a path to monitor their progress with milestones along the way. (Hartzell, 2003).

Recognition and celebration are only adders; it does not work as an alternative to a base pay. Together with a solid pay approach, recognition and celebration is an effective way to make rewards communicate effectively. (Zingheim & Schuster, 2000, p. 188-191).

There are six types of recognition:

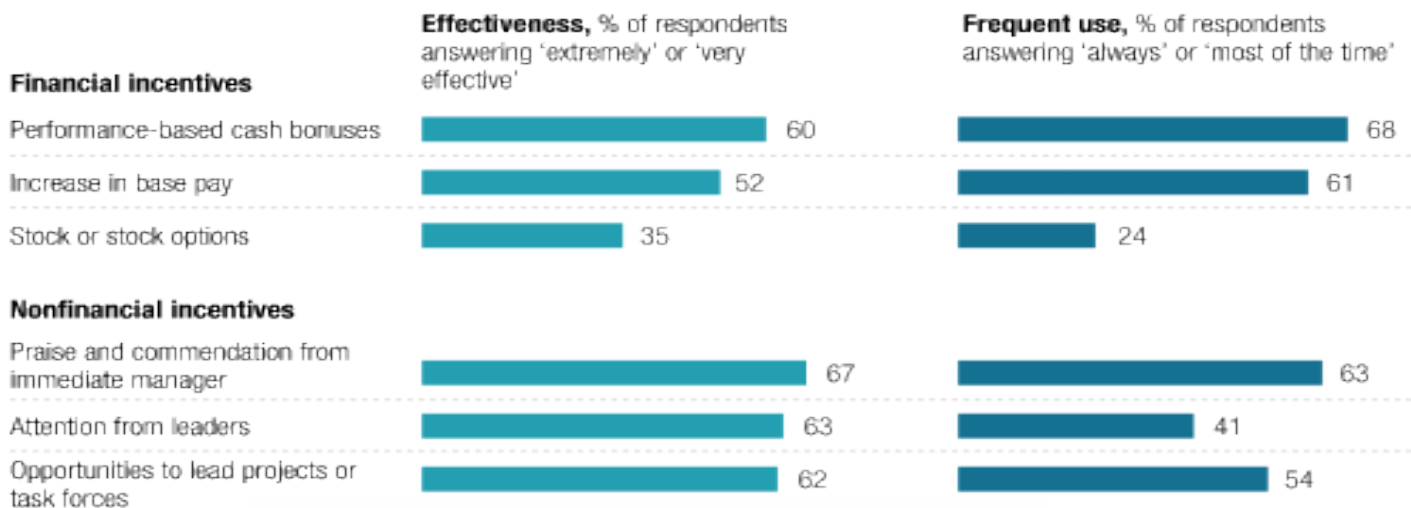
1. Verbal and written recognition: for example a personal thank-you note or expressions of praise. It costs nothing and it makes people feel good about themselves.

2. Work-related recognition: educational and training opportunities, a special project assignment, lateral or vertical career opportunities or special office and work equipment.
3. Financial recognition: such as; stock options, stock grants and cash.
4. Social recognition: like dinners, parties, and articles in newspapers.
5. Symbolic recognition: T-shirts, coffee mugs, sculptures, jackets, plaques etc. The importance does not lie on the monetary worth but on what the recognition symbolizes.
6. Tangible recognition: include gift certificates, meal tickets, merchandise, trips and tickets to entertainment events.

Non-cash recognition can be meaningful to the employee since it can be customized or personalized easily. It also gives the company a possibility to distinguish themselves from other employers due the fact that other companies cannot imitate it. People like to share their achievements with others and have it recognized. When the need is satisfied, it works as an excellent motivator. When used correctly recognition is a cost-effective way of enhancing achievements and enable people to feel involved in the company culture. (Zingheim & Schuster, 2000, p. 193-194).

2.1.3 Comparing extrinsic and intrinsic incentives

Many studies have shown that people with satisfactory salaries, some nonfinancial motivators are more effective compared to extra cash in building long-term employee engagement, job functions and business contexts. Financial rewards usually generate short-term energy boosts and that can have damaging unintended consequences.



Source: June 2009 McKinsey global survey of 1,047 executives, managers, and employees from a range of sectors

Figure 1. Three nonfinancial incentives that are even more effective motivators than the three highest rated financial incentives. (McKinsey&Company, 2009).

The main difference between these two types of motivation is that extrinsic motivation arises from outside of the individual while intrinsic motivation arises from within. Research also shows that the two types of motivation can differ in how effective they are at driving behavior. There are studies that show that offering excessive external rewards for an already internally rewarding behavior can lead to a reduction in intrinsic motivation. This is called the overjustification effect. In one study where children who were rewarded for playing with a toy they had already expressed interest in playing with, became less interested in the item after they were externally rewarded.

Extrinsic motivation can be beneficial in some situations, however:

- Can induce participation and interest in something in which the individual had no initial interest.
- Can be used to motivate people to acquire new knowledge and skills. Once these skills have been learned, then people may become more intrinsically motivated to pursue the activity.
- Can be a source of feedback, allowing people to know when their performance has achieved a standard deserving of reinforcement.

Most people would suggest that intrinsic motivation is better, but it is not always possible in every situation. People simply have no internal desire to engage in an activity in some

situations. Excessive rewards may be problematic, but when it is used appropriately, extrinsic motivators can be a useful tool. It can be used to get people to complete a work task or school assignment in which they have no internal interest. (Cherro, 2016).

2.2 Motivation theories

Motivation is tricky to understand because you cannot really see it or know it in someone else. Motivation explains why we do things we do. Motivation refers to psychological process that underlie the intensity, direction and persistence of behavior or thought. Intensity is the amount of effort invested into the activity. Direction means what an individual is attending to at given time. Persistence represents for how long that activity is the focus of one's attention. (Kinichi & Fucate, 2016, p. 146).

It is important to understand about motivation if you want to direct your behavior towards achieving personal goals or to manage others in the pursuit of organizational goals. Our personality, values, and needs motivate us to behave in ways that satisfy our needs and goals. (Kinichi & Fucate, 2016, p. 146).

Motivating employees and doing the right decisions is what leaders do. A good leader listens to their employees and makes changes if it is necessary. They also have to make clear to everyone what they have to do and how much they have time to do that. Leaders should keep their employees motivated by for example rewarding them and giving them feedback. The best leaders work hard and are committed to the success of their organizations.

Motivation is important because it is the fuel that drives to high performance and good results. There are five reasons why managers should care about motivating their employees:

1. Join the organization. Managers are willing to motivate high quality job applicants to come to work for them.
2. Stay with the organization. According to research, employees are more likely to leave the company when they are higher performers, compared to average performers. Managers want to motivate talented employees to remain with the company in good and bad times.

3. Be engaged at work. There are usually lots of competitiveness. It is crucial that managers motivate their employees in the ways that lead to engagement.
4. Perform organizational citizenship behaviors (OCBs). OCBs represent behaviors that go beyond the official duties or requirements of one's job and are positively related to other important OB outcomes.
5. Help others. Cooperation and collaboration are key in today's workplace. In pursuit of organizational goals, managers want to motivate employees to help others. (Kinichi & Fucate, 2016, 147).

There are many ways how employers can kill their employee's motivation. Keeping people passive is one thing. Criticizing employees in public or making people feel stupid when they ask questions are things what you should not do as an employer. Having minimal personal contact to the employee is also a thing that can make people less motivated towards their work. It can be seen in a way that no one cares about your job and your achieved goals does not mean anything to the organization. (Dr. Dheera Phong-anant, 2016).

2.3 Things affecting work motivation

Work motivation consist of many things; employee, the work itself, the work environment and how these things are interacting together.

2.3.1 Personality

Personality is what makes people unique. Personality as a concept means characteristics, attitudes, values, intelligence and the ways people behave in situations. (Ojanen, 2014, p. 40). Personality is considered as permanent thing that does not change during a persons' life. That is why we can point out that personality is important to pay attention to, when we talk about work motivation. Individuals are motivated by very different things. Some people recognize their motives and for some, the reasons may come from far, like what is their parents' attitude toward working.

There are three sectors that are most significant when it comes to work motivation:

1. Interests
2. Attitude
3. Needs

Interest have an influence on how some things affects to behaviour. A person who is genuinely interested in the work he does, is more likely to achieve more, compared to a person who doesn't like his job that much.

Attitudes are usually determined by interest. If a person decides before doing it that the task is disgusting, it usually is. In a work community, environment affects to attitude. If an employee feels good in community, he is more likely to make an effort in his job and is more likely succeeded. If an employee things that his work is not appreciated, he may perform the job, but is unwilling to put much effort to it. He may think that regardless of the result, he is still treated the same. (Viitala, 2007, p. 17-19).

2.3.2 Features of work

An employee may experience that he is motivated, but the features of work are effecting wether the motivation is fulfilled. As a good job, can be considered a job that has enought challenges, reachable incentives, acknowledged goals and the work environment is good. (Viitala, 2007, p. 17-19). All of the factors are extrinsic motivation factors. When one of the factors are negative, it is affecting to all others. For example if goals are unrealistic or unclear, it is more likely to affect to an employees work performance and reluctance may occur. In addition, if one employee has a bad attitude, it may be contagious to others.

2.3.3 Work environment

Financial, social and physical factors includes to work environment. Financial factors are salary and social benefits. Physical factors are work conditions, work arrangements and safety at work. In many countries, these factors are almost taken for granted. There can be laws and regulations that are made to protect employees. Work environment has a big significance about the productivity of the work. Renewal of the work environment and activities for

employees can cost a lot of money. It can be argued that it costs more not to have these kind of things. For example in Finland it is roughly estimated that "queasy" work places costs Finland about 21 billion euro per year. The amount is because of sick leaves, productivity decreases and the opportunities that are missed because of these things. (Dunderfelt, 2012, p. 21).

2.3.4 Financial and physical factors

As a point of view of employees, financial factors consist of salary and social benefits. Salary usually consist of base salary and also be added bonuses and personal supplement. Salary can have a symbolic meaning to a person: it can be a signal about the responsibility of the work, a signal of a demanding job or a signal of how to manage the job. (Viitala & Jylhä, 2006, p. 234). It is difficult to say what would be the ideal salary and how much people should earn. Usually people may think that higher pay should produce better results. However, scientific evidence indicates that the link between compensation, performance and motivation is more complex: even if we let people decide how much they could earn, they probably would not enjoy their job more. (Chamorro-Premuzic, 2013).

Physical factors means the work environment and the tools that are used. It is important that the employee gives the employer good and updated work tools. Old and bad working tools lowers the effectiveness and therefore lowers motivation. Most important things are not the most fancy work tool, but the fact that the employee gets good introductions and enough knowledge to use the tools. (Kauhanen, 2006, p. 60).

2.3.5 Social factors

Social factors are big part of the functional totality. Relationships and interactions between people are the things that defines the atmosphere at work. Every employee has his or her own characteristics and everyone is an individual. Different people brings different challenges. The manager is the one who is in charge about the work atmosphere and he should get involved to all the conflicts as soon as it emerges. (Dunderfelt, 2012, p. 15-20).

2.4 McClelland's three needs

Psychologist David McClelland proposed the acquired needs theory, which states that three needs - achievement, affiliation and power - are the key drivers of employee behavior. He believes that we are not born with our needs, rather we learn or acquire needs as we go about living our lives.

- Need for achievement, the desire to excel, overcome obstacles, solve problems and rival and surpass others.
- People, who are motivated by this need, prefer working on challenging, but not impossible, projects or tasks. They like situations in which performance is due to effort and ability rather than luck and like to be rewarded for their efforts.
- Need for affiliation, the desire to join groups, be liked and to maintain social relationships
- People motivated by this need like to work in teams and in organizational climates characterized as cooperative and collegial. They usually are not the best managers because they tend to avoid conflict, have a hard time making difficult decisions without worrying about being disliked and avoid giving other negative feedback. These kind of people may not like to stand out.
- Need for power, the desire to influence, teach, coach or encourage others to achieve (Kinichi & Fucate, 2016, p. 150).
- People with a high need of power like to be in charge. They enjoy being in control of people and events and they appreciate that they are recognized for this responsibility. The power need drives people to prefer goal-orientated projects and they want direct feedback.

People vary in the extent to which they possess these needs. Often there is one need that dominates the other two. McClelland has identified a positive and negative form of the power need. Positive side includes institutional power. It is the desire to organize people in the pursuit of organizational goals and help people obtain the feeling of competence. The negative side is called the need for personal power. People who have this need want to control others. They often manipulate people from their own gratification. (Kinichi & Fucate, 2016, p. 150).

McClelland's acquired needs can be used to motivate employees. Applying the theory entails appealing to the preferences associated with each need when you:

1. Set goals
2. Provide feedback

3. Administer rewards
4. Assign tasks
5. Design the job

(Kinichi & Fucate, 2016, p. 151).

2.5 Employee satisfaction

Employee satisfaction or job satisfaction is how satisfied or content employees are with their jobs. It is usually measured using an employee satisfaction survey. These surveys include topics such as; compensation, perceptions of management, flexibility, workload, teamwork, resources. These are all important to companies who want to reduce turnover and keep their employees happy, but employee satisfaction is only a part of the overall solution. In fact, for some organizations, satisfied employees are people the organization might be better off without. (Buffet, 2016).

People management at work is an integral part of the management process. To understand the importance of people is to recognize that the human element and the organization are synonymous. Well-managed organizations usually see an average worker as the root source of quality and productivity gains. These kinds of organizations do not look to capital investment, but to employees, as the fundamental source of improvement. An organization is effective to the degree to which it achieves its goals. An effective organization will make sure that there is cooperation, commitment and satisfaction within the organization. (Customsights, 2016).

Employee satisfaction and employee engagement are similar concepts on the surface, and many people use these terms interchangeably. Employee satisfaction covers employee's basic concerns and needs. It is a good starting point, but it usually stops short of what really matters. (Buffet, 2016).

Passion, commitment, and most importantly, discretionary effort - engaged employees are motivated to do more than the bare minimum needed in order to keep their jobs. By contrast, satisfied employees are merely happy or content with their jobs and the status quo. For some, this might involve doing as little work as possible. (Heatfield, 2016).

2.5.1 Measuring employee satisfaction

Employee satisfaction is usually measured by anonymous employee satisfaction surveys that are administered periodically to gauge employee satisfaction. In an employee satisfaction survey, following areas are looked at:

- Understanding of vision and mission
- Management
- Teamwork
- Empowerment
- Communication
- Coworker interaction

Second method that is used to measure employee satisfaction is meeting with small groups of employees and asking the same questions verbally. Either method can contribute knowledge about the degree of satisfaction to managers and employees. (Heatfield, 2016).

With carefully chosen questions that do not lead to particular answers, an employer can get the feel employees satisfaction, happiness, and engagement. Satisfaction survey is good to have at specific intervals, for example annually. Then an employer can track employee satisfaction over time to see if it is improving. (Heatfield, 2016).

It is important that employer must commit to making changes in the work environment based on the employee responses to the survey. This is the bottom line for employers who are considering administering a survey to employees. The employer must also be committed to reporting the results to employees. Additionally, the employer should be committed to making changes to the work environment, with the help and involvement of employees and teams of employees. (Heatfield, 2016).

CHAPTER 3

METHODOLOGY

3.1 Research method

The aim of the research is to produce knowledge based on experience. The research method is qualitative research. The qualitative method was chosen because in that way it was possible to get information that was based on experience. In qualitative research, it is not aim to strive to statistical generalization; it is about describing certain phenomena and trying to understand the actions around it. (Tuomi & Sarajärvi, 2009, p. 85).

The research method is good to use in cases where the material is limited and usually only based on the group. (Liukkonen, Jaakkola & Suvanto 2002, 306). Interview gets opportunity to gather information deeply and it reduce misunderstandings, for example it is possible to explain the questions more. The sampling is very small in the research and because of that it is also wisest to do interviews. (Hirsjärvi & Hurme, 2000, p. 35).

In qualitative research, it is essential that the interviewees know a lot about what they are interviewed about - in this case their jobs. All of the interviewees has had at least couple of years of experience in their job and that particular position, Service Advisor.

3.1.2 Validity and Reliability

The aim of the research was to figure out about the extrinsic and intrinsic motivation in certain job position by gathering information and comparing and analysing the answers. The main question is what kind of things motivate employees on their work place and how their employers should change these things and does rewarding employees motivate to better performance. The meaning is to map the knowledge and the thoughts of the interviewees about all the means of rewarding - extrinsic and intrinsic.

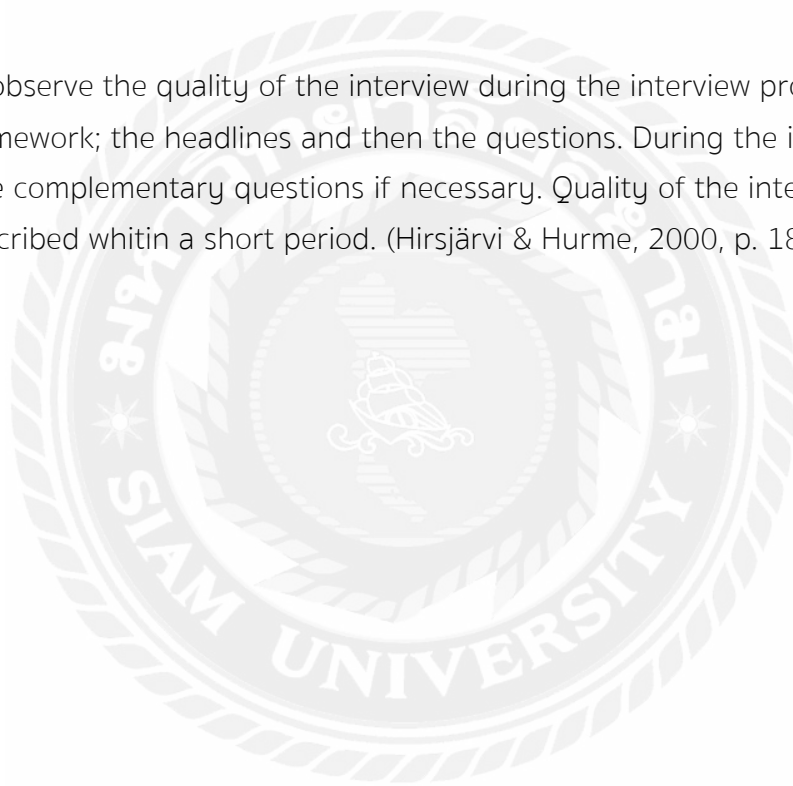
In the research, it is aim to find out answers to these questions:

1. What is wrong about the rewarding system?
2. What is good about the existing system?
3. How the rewarding system should be changed?

When the reliability of the research is estimated, the terms validity and reliability is used. Validity measures competency, and tells if there has been measured what was the aim to measure. Reliability shows whether the research can be repeated over and over again and the results and findings are almost identical. (Hirsjärvi & Hurme 2000, p. 186–187).

The body of the interview is divided into sections and into many sub-questions. The questions are formed in the way that it does not lead the respondent to answer the way the asker wants to. It is used many questions like "do you feel" or "do you think", so that the respondent would understand her own answer to be a valuable part of the research and would only answer personally.

It is important to observe the quality of the interview during the interview process. It all starts with the good framework; the headlines and then the questions. During the interview, it is important to make complementary questions if necessary. Quality of the interview will be better if it is transcribed within a short period. (Hirsjärvi & Hurme, 2000, p. 184–185).



CHAPTER 4

FACTS AND FINDINGS

4.1 Background information

Four people took part to the interview. Each person is working in a bank in Finland and their title is Service Advisor. They are all working in a different bank. The average-age of the people is 25 and the average length of the career is 4 years. All of who answered were woman. It is clear that the more years you have experience, the more thoughts you have about the field. It was emphasized that it is necessary to focus on the current situation.

4.1.1 Current situation

Generally, the rewarding system is well known along the people working these companies. There seems to be a lot of different kind of incentives.

"Yes. It is part of our contract and it carries a lot of weight in our regular development discussion". (Interview 1)

" Yes, at least most of them, like a fund for the employees, salary, events, culture- and exercise "notes", incentive rewards." (Interview 2)

"For example we have a bonus system that is tied to our targets. There are also all kinds of competitions and rewards". (Interview 3)

Rewarding system plays a key role in the financial sector. The answerer things that the rewarding system indicates how well she does her job and the supervisor uses it to measure the succes. For her it provides a tool, which she can use to keep track on her performance. (Interview 1). One of the answerer even said that the reward are so good that she really things that it is wise to stay in that company. (Interview 3).

It was asked if the rewarding system can be changed somehow. One of the answerer was quite happy and did not know how to change it (2).

Interview 1 had a point that should be changed: "Now it measures only how much we sale but not the time we spend on back office work. I would change the system so that one indicator would measure the time we spend on all the other staff without customers (preparing / back office)". Interview 3 said she would like to have extra-money if she performs well at her job, for example sells certain amount of funds in a month.

4.1.2 Intrinsic rewarding

It seems to be common that supervisors in the banks gives the employees enough feedback.

"My two previous supervisors were very good at giving feedback. I haven't seen my new supervisor that much and because she is rarely at the office I would say that not enough feedback from her." (Interview 2)

When it was asked that do you think you get enough feedback from your team/colleagues, there were quite different answers.

"If there is a problem I always get help and everyone thanks if I have done something for them. I wouldn't say we give proper feedback that often to our colleagues." (Interview 2)

"Usually we are so busy that we don't have time to go through our cases. But if I ask or if somebody sees that I am doing something wrong, they will tell me." (Interview 1)

"I don't get enough feedback form my colleagues. If I want some feedback, I need to ask them". (Interview 4)

Then there was a question about the development: is the development of an individual noticed in the company, or are only results noticed?

"The colleagues notice the development on an individual but the company usually notices only the results. Of course there are so many employees in our company that it would be impossible to notice everything." (Interview 2)

"I would say that only result are noticed..." (Interview 3)

How does it feel to get feedback? Does good feedback motivate to better performance? The answers to this question were quite what I expected them to answer. People need feedback at work, weather it is good or developing, there should always be leaders and coworkers who advise you and cares about your performance.

"Well, feedback is always welcome. It's important for my continuous learning." (Interview 1)

"If I get good feedback it surely motivates me to do my best in the next time as well. Appreciation feels always nice." (Interview 2)

"I always want to get feedback from my work. I think it motivates me". (Interview 4)

I think that it is sad if someone really thinks that he or she is not appreciated in the company they work. It was asked to the interviewees what they think about themselves being appreciated or not in the bank.

"Sometimes. Usually I get the most feedback from my customers not from the company." (Interview 2)

"Not very much. I think it depends on the boss, how he shows the appreciation to you." (Interview 3)

"In the position where I am I feel that I am quite appreciated". (Interview 1)

Generally, the answerer's recognize the intrinsic incentives and they feel that it would be okay if there were at least a little bit more intrinsic incentives in the company they are working. They could not clearly specify what kind of intrinsic incentives especially.

4.1.3 Extrinsic rewarding

There are many extrinsic motivations because we do things for many different reasons (e.g. get paid, mitigate risk, gain influence, received rewards, gain status, avoid punishment, receive praise, peer pressure, etc.).

None of the answerer were happy about the salary they get. One were optimistic that her salary could be higher but I think it will get better after she graduates (Interview 2). Interview 4 though that she will apply soon for a new job where to get much better salary. It is not fair that the pressure and the expectation are high, but the reward you get is very low. The average salary of a Service Advisor in Finland is about 2000 euros (75.000 baht) before taxes. Answerers would be satisfied if they get atleast 2500-3000 euros before taxes.

Staff benefits in the company were quite the same in every bank. Generally, there were no suggestions, how it should be changed. Many people hopes that the employers would give them even a little reward like wine bottles or movie tickets more often.

There are some differences; other employees do get motivated much more easily than others do. Some might be happy to get a movie ticket when they get one from the job they have done well and some would not be motivated at all.

"We have discounts on the restaurants near our office and we also get some culture notes with which we can buy for example tickets to different events etc." (Interview 2)

"The benefits we have are much better than in many other companies but I have heard that our benefits have been a lot better earlier." (Interview 4)

There was also same kind of answers in the question "Are employees who has been working long time in the company, rewarded properly?"

"I do not personally know how the rewarding system differs when it comes to length of the career. I have heard that you will get some extra vacation days or even weeks if you have worked there long enough. For me some extra vacation days would be good enough." (Interview 1)

"I don't know if I'm right person to answer this since I haven't been working in our company for a long time yet. I know that if someone have been working there for example ten or twenty or thirty years they will get some reward but I don't know what the reward is." (Interview 4)

"Not good enough. You should be working in the same company like 50 years before getting any reward. And when you have worked like 10 years, you get flowers and an ugly painting. Not very motivating". (Interview 3)

These kinds of incentives do not motivate young people to stay in the same company for a very long time. If you get a one-week vacation when you have worked in the same company for 30 years or so, it is not that good of a motivation.

4.1.4 Other questions

What do you think what is the best way to measure the work results?

"I realise the importance of the targets of the company but it could be wise to measure also the customer satisfaction and maybe the wellbeing of the employees as well." (Interview 2)

"Charts/sales indicators. It is shown how well you are doing your job." (Interview 3)

"Sales indicators in our job are the most important factors when considering our performance but besides that there could be incentives like advising customer successfully or time used for back office work." (Interview 1)

Employees who answered to the questionnaire thought that employees have an opportunity to influence on the decision making process of the reward system. The last question in the questionnaire was: "How often a reward should be handed so that it would motivate?"

"At least twice a year. More often if the reward is something smaller (for example those movie tickets.)" (Interview 2)

"There are certain achievements that should be rewarded e.g great customer feedbacks. But it is hard to say how often" (Interview 1)

CHAPTER 5

CONCLUSION AND DISCUSSION

5.1 Conclusions

An employee reward system should motivate employees to perform at their highest level. Is it possible to say what kind of rewarding system or systems actually are the best?

I think that employers should more talk about these rewarding systems and get to know their employees better and ask questions. People are different; some people are more competitive than others are and competitions motivate them. Some people appreciate more extrinsic than intrinsic incentives.

Rewarding system should be fair to every employee. There is no right or wrong system, you should just figure out the best for the employees. Ask for input from your staff and let them help you create a system that works for you. The employer should be committed to making changes to the work environment, with the help and involvement of employees and teams of employees. It is important to share your motivating thoughts or your motivational tips. It will benefit every leader. Motivation is what give them the energy to constantly seek to improve their self-motivation as well as motivating other people.

Rewarding system plays a key role in the financial sector. A lot of selling is involved in financial sector. The job is sometimes very pressing. As one of the answerers said, she would like to have extra-money if she performs well at her job, for example sells certain amount of funds in a month. People, who does not care about intrinsic motivation and rather appreciate money, would be motivated more if they got extra money. Others would be motivated and happy if his or her boss just says "well done, you sold well last month".

All of the answerers thinks that is very important to get feedback from the employers and from the colleagues. It seems to be common that answerers get enough feedback from the boss. Colleagues should give much more feedback to each other. It is important to have discussions and speak openly if there are things that bother or should be changed.

None of the answerers were happy about the salary they get. It is well-known that financial sector in Finland is not well-paid if you work at "basic" job there. I think that all knew that before they went to work to the industry. Maybe we can assume that they care more about intrinsic rewards; it is appreciated in Finland if you work in financial industry. Only if you succeed very well or have good contacts so you can advance in your career, then you have access to bigger salary and bonuses.

Nowadays people usually does not have a long career in the same company. They are used to switch companies unlike our parents generation. Our parents might have been motivated only about the basic salary and they were happy that they got a job were they can possible be for the rest of their lives until the pension age. Work offered workers few intrinsic rewards, so that extrinsic rewards were often the only motivational tools available to organizations.

Companies usually gives rewards to the employees who have served certain amount of years in the company. Younger people are not very motivated about these kind of rewards. They might never be in the same company for 10 years.

Like one of the answerers said "sales indicators in our job are the most important factors when considering our performance but besides that there could be incentives like advising customer successfully or time used for back office work." It seems to be common that sales indicators are the only thing that are noticed. Back in the days about 10-20 years ago the rivalry was not that hard when you were working in a bank. It was enough if you served the customers well, you didn't have to sell everyting to the customer and not feel much pressure about the sales. "I realise the importance of the targets of the company but it could be wise to measure also the customer satisfaction and maybe the wellbeing of the employees as well", says on of the answerers. Bosses only clap on your shoulder when you have done good sales results. They do not care enough about other indicators.

Extrinsic and intrinsic motivation are both important ways of driving behavior.

Extrinsic rewards remain significant for workers, because pay is an important consideration for most workers in accepting a job, and unfair pay can be a strong de-motivator. However, after people have taken a job and issues of unfairness have been settled, we find that extrinsic rewards are now less important, as day-to-day motivation is more strongly driven by intrinsic rewards.

REFERENCES

- Bainbridge, C. (2014). *Extrinsic motivation*. Retrieved from <https://www.verywell.com/extrinsic-motivation-1449181>
- Beirne, S. (2015). *The best ways to reward employees: Having an effective reward program in place can help solve many of your HR issues*. Retrieved from <https://www.entrepreneur.com/article/75340>
- Buffet, W. (2016). *What is employee satisfaction?*. Retrieved from <http://www.custominsight.com/employee-engagement-survey/what-is-employee-satisfaction.asp>
- Chamorro-Premuzic, T. (2013). *Does money really affect motivation? A review of the research*. Retrieved from <https://hbr.org/2013/04/does-money-really-affect-motivation>
- Cherro, K. (2016). *What are extrinsic motivation and rewards*. Retrieved from <https://www.verywell.com/what-is-extrinsic-motivation-2795164>
- Dewhurst, M. & (2009). *Motivating people: Getting beyond money*. Retrieved from <http://www.mckinsey.com/business-functions/organization/our-insights/motivating-people-getting-beyond-money>
- Dunderfelt, T. (2012). *Konttorikemiaa*. Kauppakamarin kustannus.
- Feigenbaum, E. (2010). *Extrinsic motivation factors*. Retrieved from <http://smallbusiness.chron.com/extrinsic-motivation-factors-1971.html>
- Hartzell, S. (2003). *Reward systems & employee behavior: Intrinsic & extrinsic rewards*. Retrieved from <http://study.com/academy/lesson/reward-systems-employee-behavior-intrinsic-extrinsic-rewards.html>
- Heatfield, S. (2016). *Employee satisfaction - Make employee satisfaction surveys succesful*. Retrieved from http://humanresources.about.com/od/employeesurvey1/g/employee_satisfy.htm
- Hirsjärvi, S. & Hurme, H. (2000). *Tutkimushaastattelu teemahaastattelun teoria ja käytäntö*. Gaudeamus.
- Kauhanen, J. (2006). *Henkilöstövoimavarojen johtaminen*. WSOY.
- Kinichi, A. & Fucate, M. (2016). *Organizational Behavior*. GE Prussia.
- Mondy R. W. (2014). *Human resource management*. (13th Ed.). Pearson.
- Ojanen, M. (2004). *Persoonallisuuspsykologia*. Helsinki: Edita Publishing Oy.

- Thomas, K. (2009). *The four intrinsic rewards that drive employee engagement*. Retrieved from <http://iveybusinessjournal.com/publication/the-four-intrinsic-rewards-that-drive-employee-engagement/>
- Tuomi, J. & Sarajärvi, A. (2009). *Laadullinen tutkimus ja sisällönanalyysi*. Finland: Tammi.
- Viitala, R. (2007). *Henkilöstöjohtaminen - Strateginen kilpailutekijä*. Helsinki: Edita Publishing Oy.
- Viitala, R. & Jylhä E. (2006). *Liiketoimintaosaaminen : Menestyvän yritystoiminnan perusta*. Helsinki: Edita Publishing Oy.
- Zingheim, Patricia K & Schuster, Jay R. (2000). *Pay people right*. California: Jossey-Bass Inc, 388.



ANNEXES

Annex 1: questionnaire

Basic information:

Age:

Sex:

Length of the career in the company:

Situation now:

Do you know what kind of rewarding system is in your company?

Do you think that these motivates you? Why/why not?

Do you think it should be changed somehow?

Extrinsic rewarding:

Do you think that your salary is good enough?

What kind of staff benefits you have in your company?

Do you think that staff benefits are good enough?

Are employees who has been working long time in the company, rewarded properly?

What would be a good extrinsic reward? (*Anextrinsic reward* is an award that is tangible or physically given to you for accomplishing something)

If money, what would be your ideal salary?

Intrinsic rewarding:

Do you think that you get enough feedback from your supervisor?

Do you think that you get enough feedback from your team/colleagues?

Is the development of an individual noticed in the company, or are only results noticed?

How does it feel to get feedback? Does good feedback motivate to better performance?

Do you feel that your work is appreciated in your company?

Do you recognize intrinsic rewarding in your company? (Intrinsic rewards are the non-physical rewards)

Do you think there should be more intrinsic incentives in your company?

Other questions:

What do you think what is the best way to measure the work results?

Should employees have an opportunity to influence on the decision-making process of the reward system?

How often a reward should be handed so that it would motivate you?