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Rewarding Store Managers

- Do personal differences matter?

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Abstract

Bachelor thesis in management control, School of Business, Economics and Law, University of Gothenburg, spring 2008.

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Title: Rewarding Store Managers – do personal differences matter?

Background and research problem: Reward system is today a common tool for companies to make sure their employees achieve their goals. An interesting aspect is how companies reward their store managers who have a complex role because they ought to handle goals set by the superiors and requests from the employees. When it comes to the framing of the reward system, the complexity of the role as a middle manager is appealing. The personal differences, concerning the employees' personalities, are another aspect the companies need to take in consideration when it comes to the reward systems framing. With this background our research problem is as follows: *How to reward store managers? Specific interest will be put into how personal differences and complexity in the role of a middle manager influences store managers' perception of reward system.*

Purpose: To understand how the store managers experience the reward system in relation to their own situation and interest.

Methodology: This thesis is based on a case study with two cosmetics- and health companies, Kicks and The Body Shop. For the empirical data, interviews have been made with store managers at the two companies. We have also taken use of scientific literature for the theoretical background.

Conclusions and results: When the purpose with a reward is to motivate the store managers to perform their very best, it might be difficult for the companies to find the right measurements for the specific company. It is also of great importance to make sure that the store managers understand what goals they have to achieve. Concerning a well functioning reward system, there are two factors to take in consideration. The first one is the complexity of the role as a store manager; and the second one is the existing personal differences, regarding the store managers opinions and references about the reward system.

Suggestions for further research: Because the companies in this thesis are dominated by women, it would be interesting to make a comparison concerning the reward system with a company dominated by men. Another interesting aspect is what impact cultural differences might have on the reward system's framing.

Keywords: Reward system, store manager, complexity and personal differences.

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1. Introduction

In this first chapter, we will give the reader background information about compensation systems and the problems concerning the subject. This will further lead to the research problem and the purpose with this thesis. The chapter will end with the disposition of the thesis.

1.1 Background

Companies strive for effectiveness in their organizations, where the key factor for success is committed and motivated employees. Customers that are well aware of their preferences and very price conscious today characterize selling organizations.¹ We find this interesting and for this thesis, we will assume that this puts a lot of pressure on the companies of today, to always be on the edge and continuously improve their effectiveness to increase their profit. Another challenge, we presume and take in consideration when writing this thesis is, that today, companies have to handle the competition from both global and local competitors that constantly forces companies to evaluate their business to make sure they have the right focus and strategies.

Most companies use some type of systems to make it easier for the management and for the employees to evaluate the results of the company, also evaluate how they reward their employees. These systems can also work as a motivational factor for employees to navigate them in the desired direction and because of that generate a good profit for the company. There are both monetary and nonmonetary rewards associated to these reward systems. The difficulty is how to link the employees' performances to suitable rewards.² That is, how the board of directors handles the development of a method that motivates and evaluates the employees' performances with a suitable reward system. There are a couple of definitions of reward systems, in this thesis we chose to consider a reward system to be a way for the management to reward and show appreciation to their employees for their performances. The variety of rewards that a reward system might contain of, differ from organization to organization and can be all from monetary bonuses to diplomas and gift vouchers. The process of developing a reward system that fits into the particular organization can be complicated though the organization consists of a unique set of individuals with different goals and requests; this is one of the complexities of reward systems. It is therefore important to develop a reward system with the employee's values in focus to be able to reach the maximum effect.³ The employee's position and personal preferences are essential factor to bear in mind when it comes to deciding what type of rewards the system should include. As an example, we believe that an employee who already has a relatively high salary may not appreciate monetary rewards as much as nonmonetary rewards, for example a higher position or a day off.

From the employers' point of view, the purpose with a reward system is to get the employees work hard and make them fully understand what is expected from them. The

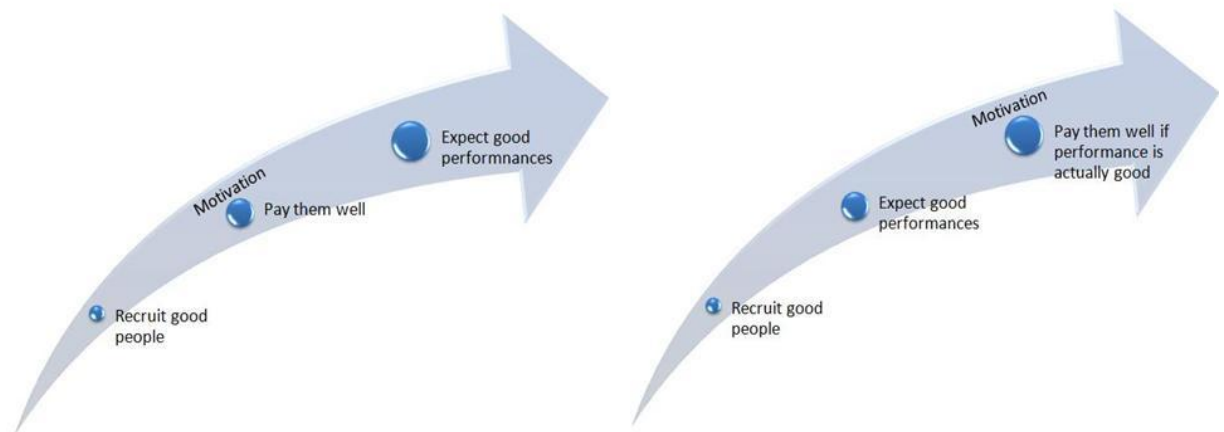
¹ The compensation handbook – A state-of-the-Art Guide to Compensation Strategy and Design, Lance A. Berger and Dorothy R. Berger, Fourth Edition, McGraw Hill, pp. 313.

² Management control systems, performance measurement, evaluation and incentives, Merchant et al, pp. 25.

³ Ibid, pp. 31.

supervision can use a reward system to manipulate employees to act in a certain way and make them think they perform in their own interests, but in fact, their actions are an effect of a well-developed strategy by the board of directors.⁴ In contrast, from an employee's point of view a reward system can be used to motivate and drive them to work harder. The key to successful management is a reward system that goes in line with the goals of the individual person. When designing a reward system, there are some standpoints to consider. For example, it is important to reflect over whether the reward should be based on individual performances or performances made by the whole collective further if it should be monetary or nonmonetary rewards.⁵

There are two philosophies concerning how to compensate the employees. The first one argues that if good people are recruited from the beginning, you can pay them well and expect good performances from them. The second one suggests that instead of paying good people well, you should pay them *if* they manage to perform according to the company's desire. According to the first philosophy, a reward system is not necessary because, when you recruit you should make sure you have the right person on the position. In our definition of rewards, we assume the salary increases to fall under this category. See image below.⁶



The figure illustrates the two philosophies concerning how to compensate employees.

The reward system for CEOs and supervisions are today widely spread and often talked about in media, not always in a positive way. Concerning reward systems there have been many different scandals throughout the years, for example, when companies have given too high bonuses to their CEOs. We found it interesting to learn more about rewards concerning stores and in particular store managers though you hear less about reward systems among these kinds of middle managers. The situation for a middle manager could be a bit frustrating though they have expectations from both higher supervision and their own employees. Because of these different anticipations and the attempts to give satisfaction to all of these requests, a middle manager could often get a feeling of

⁴ Lecture Sven Siverbo, the 22 January 2008

⁵ Management control systems, performance measurement, evaluation and incentives, Merchant et al, pp 505.

⁶ Management Control systems 10th edition, Anthony & Govindarajan pp. 515-516.

loneliness.⁷ These managers together with their staff are those who execute the decisions concerning sales and all types of store activities made by the board of directors. A big responsibility is put on these store managers, who often consider their stores like their own. This is one of the reasons many choose reward systems to control and motivate the store managers to perform maximum. We further suppose that because of the globalization, stores and in particular, store chains are constantly growing in amount of stores and countries where they are active. Because the competition has been more global and the Swedish stores no longer only compete with other Swedish stores, it is of great importance for store chains to find a concept that is working both national and international if they want to stay on top. This makes it important for the companies to recruit the right kind of people who understands and is able to communicate this to the customers in an appealing way. However, the Swedish market do not only consists of Swedish owned companies but also of companies with foreign ownership. Depending on how the mother companies view their employees, it might influence how the reward systems are formulated in the certain company.

1.2 Research problem

How to reward store managers? Specific interest will be put into how personal differences and complexity in the role of a middle manager influences store managers' perception of reward system.

1.3 Purpose

The aim with this thesis is to understand how the store managers experience the reward systems in relation to their own situation and interest.

1.4 Disposition

Introduction	The initial chapter will discuss the background of reward systems. It will further present the thesis problem and the thesis purpose.
Methodology	This chapter describes the procedure and the different choices of methods used for this thesis. We further argue about the selection of a case study and why choosing interviews for gathering of data. In this chapter there will also be a discussion concerning the criticism of the sources and the credibility of the study.
Theoretical framework	In this chapter the reader will find the scientific theory, which is the foundation of this thesis. The theories presented in this chapter are the ones used when writing the analysis.
Empirical studies	The Empirical chapter consists of interviews from store managers within the chosen companies. The empirical information is very important for this thesis and together with

⁷ Ny som chef, Vibits Karl-Johan, Eberhard Martin, pp. 114-115

Introduction

the scientific theories; it will form the base for our analysis, which enable us to draw conclusions in the end.

Analysis

The Analysis will interpret the empirical data and help us get a better understanding of the results from the empirical studies. With help from the theory we will debate and draw own conclusions concerning the empirical data.

Conclusions

In this chapter, we will present the central points and arguments found, during the process of this thesis. We will therefore be able to answer the research problem. This chapter will end with recommendations.

Further research

This final chapter will state some examples for further research.

2. Methodology

This chapter describes the mode of procedure and the methods used to be able to fulfill the purpose with this thesis. We will also present how we made the choice to use these certain methods and the motives behind these certain choices. In the end of this chapter, we will discuss the credibility of the thesis.

2.1 Research approach

This thesis will look into a specific phenomenon namely store managers and their situation concerning reward systems. We have not chosen to make a broad study with several companies, though our aim is to look deeper into a couple of store managers specific situation and their opinions regarding their evaluation. The choice to study store chains is made because we wanted to compare different store managers' individual opinions concerning their evaluation. Though a store chain has the same system for all of their stores, we are able to do this comparison. Our decision to do a qualitative case study is based on the fact that we aim to direct our focus on insight, exploration and interpretation.

To get a better understanding of reward systems and the theories behind this subject, we started to read a great deal of scientific literature written on reward systems and management. After reading about important theories concerning the subject, we started to gather qualitative data through interviews.

2.2 Case study

The aspiration is to get a better understanding of the store managers' situation concerning reward systems; therefore, we consider a case study to be the most suitable method to use when writing this thesis. A case study is appropriate when the information from the participants cannot be judged from veracity but from credibility, as in our case when using interviews for our gathering of data. The ambition is to clear the thesis from wrong conclusions rather than finding the correct or true interpretations of the gathered information. There are both pros and cons with case studies; one advantage is the possibility to look closer into a specific topic. One problem is the fact that the information gathered is depending on the investigator oneself and its interpretations of the information given from the respondent. Another problem could be that case studies might simplify factors with the consequence that the reader will draw the wrong conclusions. Despite these difficulties, the choice was taken that a case study would be a good option for this thesis.⁸

2.3 Selection of companies

Kicks and The Body Shop are the selected companies for the interviews. In the process of choosing companies, the most vital was to find companies, centrally controlled and organized with a store manager who has a superior manager. This criterion was of great importance for us to be able to study how the store managers handle the pressures from both superior managers and the store managers own employees. Kicks is a Swedish company and The Body Shop has its origin in England and they are both large store chains

⁸ Fallstudien som forskningsmetod, Merriam Sharan B, pp. 20-24, 43-49

widely spread in Sweden and Gothenburg, we considered them suitable for our thesis. In the beginning of the writing process, the expectations were to find differences between how the culture is linked to the reward system, though the variations between the two chosen companies' cultures were not as apparent we did not consider them worth mentioning. Our starting-point, when selecting companies was that, the cosmetic and beauty business is a fascinating business, as more and more people cares about their good looks and skincare. Due to this, we think this business has potential to expand, which makes it more interesting to look into.

2.4 Selection of managers to interview

To obtain the best information we needed for the thesis we decided to interview the store managers and their superior managers. The reason for this was to get a better perspective of the store managers' situation and understand what expectations the supervisors have on their store managers. The thesis focuses on the store managers and their situation concerning reward systems, and the two selected companies for the interviews are The Body Shop and Kicks. The aim with the interviews is to get an idea of what the store managers responsibilities are, their goals and how they get motivated to perform their very best. As people have individual goals and needs we decided to interview as many store managers as possible to obtain a more relevant analysis and a broader picture of their situation. To understand the store managers' situation better we found it important to interview the superior managers as well, because they are the ones deciding the criteria and the goals the store managers should fulfill.

As the head offices are situated in Stockholm, there was not an option to make an interview face to face because of the time limit. After establishing contact by telephone, we decided to send our questions by e-mail and follow-up with a telephone interview if it was a need of explanations concerning the answers. The choice to send an e-mail with the questions has several disadvantages, for example, the answers could be more formal than verbal, it could take long time before receiving the answers, and it is easier for the respondents to avoid questions that might considered difficult and sensitive.⁹ We made the choice to do e-mail interviews despite these disadvantages, because we regarded the answers to the questions be based on facts rather than their own opinions and consequently, interpretation was not of great importance.

The choice to interview respondents in Gothenburg was made for geographical reasons. We did not take contact with our respondents through the head offices as they could make a strategic choice to let us talk to preferred middle managers. Instead, we took contact with the store managers directly ourselves. With a request from the respondents we have name them by false name.

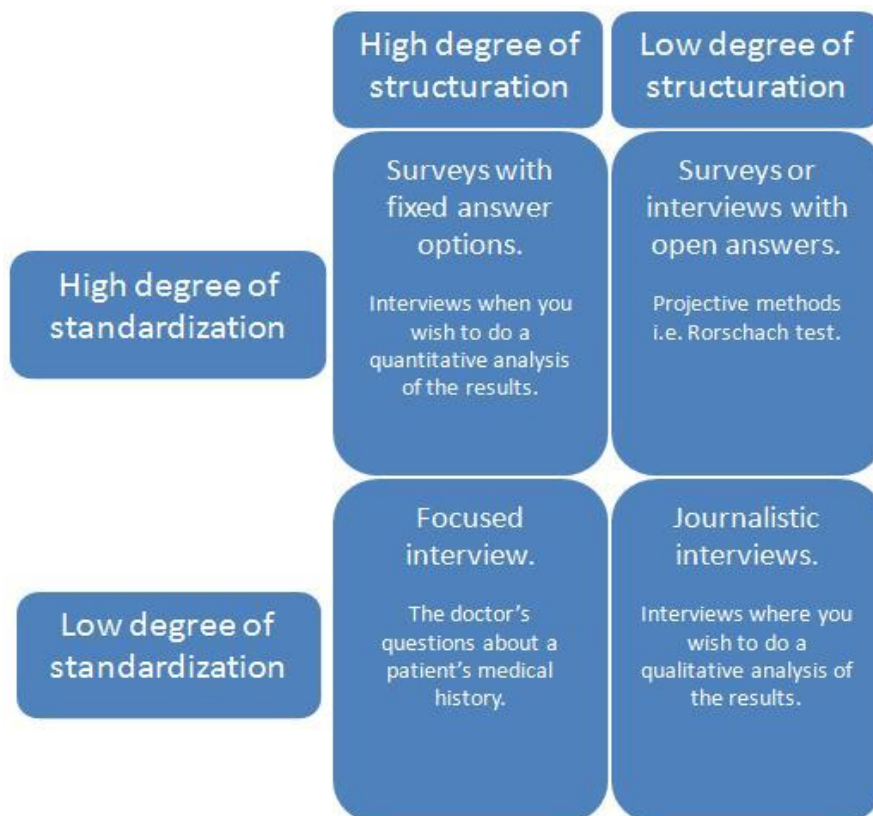
2.5 Interviews

For this thesis, individual interviews are more effective because you are able to meet the respondent face to face and see special expressions and body language, which can be useful to be able to make a correct interpretation of the answers when analyzing them afterward. When making these types of interviews it is important that the investigator

⁹ Intervjuteknik, Häger Björn, pp. 137-138.

carefully listen to the respondent and give the respondent time to answer. It is also important for the investigator to listen to if the respondent is trying to avoid a certain topic and avoid the subject in one way or another. As an investigator you ought to understand why the respondent answers as he/she does by listening to the respondent. Could it be that there are concealed connections within the subjects?¹⁰

When formulating the interview guide we tried to apply open questions because it helps the respondent to give more detailed and useful answers, a difficulty with this method is that it might be more difficult to interpret and compare the answers with each other.¹¹ We chose these types of questions nevertheless though they would give us the flexibility we needed when interviewing the store managers. The information we searched for was much depending on personal preferences and needs. When using bound questions with already given alternatives for the answers, this information could be hard to identify. The questions that give the investigator more or less responsibility to formulate the questions, this is called standardization. The other category is called structuring and explains how free the respondent is to interpret the questions based on his/her own attitude or earlier experiences. Structuring is all about how much space you leave for the respondent to respond. In an unstructured interview, the questions leave a lot of space for the respondents to develop their answers. In our thesis, we use standardized interviews and that means that we ask the same questions to all the respondents to be able to compare the answers in a correct way.



¹⁰ The Long Interview, McCracken Grant, pp. 33-40.

¹¹ Som man frågar får man svar, Andersson Bengt-Erik, pp. 73

*The figure illustrates in what extent the respondent is free to interpret the questions asked from an investigator.*¹²

We further use the method for qualitative interviews as a base for this thesis. There are different ways to ask questions, either they can be asked in a certain order or asked in a random order like an open discussion between the investigator and the respondent. The definitions are high degree of structuring respectively low degree of structuring. Moreover, occasionally the investigator does not prepare questions in advance and the purpose with this type of interview technique is to discover and identify the respondents' thoughts and opinions concerning different subjects. To succeed with an interview and obtain coherence the investigator has to guide the respondent, but clearly not control the respondent so that he/she is misled in any way. We made the choice to guide the respondent through the interview without controlling the answers by telling the respondents what to say. As we sometimes during the interview understood that the respondent did not had a fully understanding about certain theoretical terms used for our questions.

When making the interviews it is important to be prepared, before the interview carefully read your questions, and be critical to what exactly you are supposed to ask the respondent. It is vital that the questions cover all the aspects' of the subject and with anticipation give, the answers needed for the purpose with the interviews. Too many questions can make the respondent bored and take a lot of useful time that is why the questions need to be thought through to get the most out of the respondent in the least amount of time. Another important thing is to have questions, which cannot easily be misunderstood by the respondent, and risk due to that to get the wrong type of answers.

In the book "*Intervjuteknik*" it is explained that when taking notes by hand, your writing speed affects the speed of the interview and the respondent will formulate oneself in a clearer way.¹³ The negative with only taking notes during the interview is that it sometimes might be difficult to write it down on paper, and hard to retell quotes. Taking use of a Dictaphone is an alternative to write by hand, this way you can reassure that everything the respondent says is correctly comprehended. The reason for not using a Dictaphone when making our interviews is that it could influence the answers of the respondent in a negative way, in our case this could make our empirical work less useful though we wanted to have spontaneous answers that a recorder could prohibit.¹⁴ We made the choice to write down the answers during the interview and afterwards rewrite them into a more coherent text. This technique demands that you carefully listen and make sure you interpret the answers correct and being able to follow up the interview with telephone interviews is therefore very good.

¹² Forskningsmetodikens grunder – Att planera, genomföra och rapportera en undersökning, Runa Patel and Bo Davidson, third edition, pp. 71-72.

¹³ Häger Björn, Intervjuteknik, pp. 141

¹⁴ Forskningsmetodikens grunder, Att planera, genomföra och rapportera en undersökning, Patel, R och Davidson, P. pp 82-83

2.6 Criticism of the sources

When writing a scientific thesis it is very important to ensure that, the sources used in the thesis are credible. The credibility is important concerning the interviews and the literature used in the written thesis. When using these types of sources it is of great importance to be objective when interpreting and using the information given. This is something we during the whole process of writing the thesis writing had in consideration. It is also important to take use not only of one specific source to get an objective picture over the subject, which we also have taken in consideration when writing this thesis though we have tried to find different sources concerning the same subject. Similarly it is important that the sources used are not elderly, which can make the information less credible and in some cases wrong, though research are in constantly progress.¹⁵ Concerning the criticism of our interviews, we did not give the store managers the questions in advance, which we consider would make the answers and reflections more spontaneous. One might question the choice to send questions by e-mail to the head offices as they get the chance to carefully think through their answers. This is something we understood when receiving the answers, which were short and not very distinctive. We did not see an alternative as they were very busy and even the e-mail took a long time to receive.

2.7 Credibility of the study

When writing a thesis it is of importance to consider the credibility of the study, though the readers are supposed to get an informative and credible opinion of the thesis. Concerning a case study the awareness of being critical to the observations and evaluations are important to have a high credibility.¹⁶

Reliability is how reliable the results from the empirical study are, when a high degree of reliability is attained, the results are very similar.¹⁷ Though different influences, like chance might appear when making empirical studies, this can be difficult to attain. In our case, when using interviews as method for gathering of data, we need to take in consideration that the degree of reliability is much depending on the credibility of the respondent and the investigator. This can have a negative influence over the credibility of the thesis when the respondent and investigator might lack experiences from interviews. During the interview, the investigator makes a lot of own judgments which make the reliability difficult to attain.¹⁸ Both of the writers' of this thesis have been present as far as possible when making the interview, this to make the interview more reliable though we have been able to compare our notes afterwards. Because of this, the notes from the interviews are not based on only one individual person's thoughts, preferences and observations, which help to make the thesis more reliable. We did not have a Dictaphone during our interviews that was something we took in consideration concerning the credibility of the thesis and the capability to correctly interpret the respondents' answers. When making one of our interviews our respondent mentioned that the fact that we did not have a Dictaphone made her feel more comfortable and relaxed, this was one of the reasons we had in mind

15 Vetenskaplig metod, Ejvegård Rolf, pp. 62-66.

16 Fallstudien som forskningsmetod, Merriam Sharan B, pp. 174,176

17 Samhällsvetenskaplig metod, Halvorsen Knut, pp. 42

18 Forskningsmetodikens grunder, Att planera, genomföra och rapportera en undersökning, Patel, R och Davidson, P. pp. 100-101

when deciding whether to use a Dictaphone or not. If the respondents feel comfortable during the interview we suppose they will give us better answers though they feel they more comfortable.¹⁹ Another way to make this thesis more reliable is to take use of open questions and not try to direct the respondent's answers in any direction. We tried to formulate the questions in a way that would reduce the risk that the questions could be misunderstood. If there has been any obscurity in some way, we have been able to make contact with the respondent afterwards and correct any misunderstandings. Besides the empirical data collected through interviews, we have been taking use of different literature for our theoretical framework that will give the thesis a higher credibility. We have not been taking use of any secondary data, only primal data that can make the credibility higher.

¹⁹ Forskningsmetodikens grunder, Att planera, genomföra och rapportera en undersökning, Patel, R och Davidson, P. pp. 100-101

3. Theoretical framework

In this chapter, we will present the important theoretical notions concerning management and reward systems. These theoretical concepts will assist us when analyzing our empirical data and further draw conclusions considering our research problem.

3.1 Introduction

A reward is something the company use to show their employees appreciation and a way to make the employees motivated to work in the companies' interest. Reward systems then became important to be able to create a work force focused on the companies' objectives.

Former research has focused much on reward systems regarding middle managers. A reason could be that the subject reward systems is rather sensitive because it concerns evaluation of the companies' human capital and is aimed to direct people into desired directions. It might be difficult to recognize reward systems, even though most companies are using one. This is because it is often informal and the companies do not want to share information that can be used by a competitor. In Sweden, there exists collective labor agreement about payment and thoughts about the importance of justice on the Swedish labor market that has slowed down the development of reward systems. Even in Sweden, the new individual labor market has made the questions about rewards actual.²⁰

3.2 Management

The word power has almost a negative sound for many, which could depend on our culture background and the fact that we have the apprehension that all men are equal. The word power can be hard for especially Scandinavians to use and there are not many managers admitting they like the power their job is giving them.²¹ It might look like a manager has a lot of power when he/she decides who is going to perform a certain task. In fact, when it comes to finding the right person for the right place there are many factors to take in consideration. The conclusion that can be drawn is that the role as a manager does not correspond to the general opinion of this position and from this point of view, the role as a manager can be embellished. A manager differ from a coworker, a coworker is a part of a group, only responsible for a certain work area and have only their own requests to satisfy. A manager, on the other hand, is responsible towards all the members in a group and the total amount of work tasks needed to be performed. As a manager, you are supposed to handle many problems and make the different part of the organization to work together as a whole. In addition, you ought to have a wider perspective on things and plan the strategies and goal lying ahead.²²

Sweden classifies as a feminine country, which means that in conflicts the solution is often compromising and negotiation. In Sweden, people in general are committed to the democratic values. Employees are freer to make own decisions, not necessarily go through their superior manager when taking an initiative. The creativity the employees have is

²⁰ Controllerhandboken, Lars A Samuelson, pp. 108-111.

²¹ Ny som chef, Vibits Karl-Johan, Eberhard Martin, pp. 15-16

²² Ibid pp. 37-43

something that the employer can utilize.²³ Further, the *Tall poppy syndrome* in Sweden called “*the Jante law*” is an often-used expression and stands for modesty.²⁴ Modesty is another thing we suggest is showing that the Swedish management style is not too much about boosting around.

An interesting question concerning management is how the manager should make the employees motivated and involved in their working tasks. It is important to find the specific factor that gives the individual employee inspiration. This can be hard, as it is difficult to exactly understand a person’s needs and driving force. Employees can have very different personalities; they might differ concerning age, education and ambition but also the ability to work independently. One person can also have a bigger need to discuss ideas and be guided by the superior manager than another one. It is therefore of importance for the manager to never generalize employees and their needs.²⁵

3.3 The role of a middle manager

All managers and middle managers have their specific work tasks. These might differ from business to business but there are still things that are the same concerning every manager.²⁶ Since there has been a trend towards more decentralized organizations and a higher demand for effectiveness and productivity in companies, since the 1990s, the role of the middle manager has changed. According to the book “*Mellanchefer, från ledningens redskap till verksamhetens motor*” the author has a quite strong opinion concerning the middle managers situation, she claims that their situation changed from mostly being a tool for the board of directors, to become the engine in the organization.²⁷ This new situation has put the middle manager in a somewhat difficult position where they are supposed to handle the pressure from their higher supervisor, economic responsibility, resistance from subordinated and customer demands. The middle manager can often be in a situation where his/her responsibilities are vague and the middle manager could find oneself trapped between reducing costs and responsibility for performing good figures. The working environment for a middle manager can be described as balancing between different interest and principles, for example trying to find the balance between working independently and working under control from higher supervision. When having a situation where the middle manager is placed in the middle of its subordinated and its own manager it is important to have the right approach to the situation and not become a “transparent chief”, who only delivers messages between the two of them.²⁸ If this is the case, the middle managers could be trapped in a situation where they lack own arguments and consequently receive less confidence from both the higher supervisor and the subordinates.

The importance of independency vary between different middle managers but can work as a motivational factor, the concept of a leadership adapted to a certain situation is something that is actual for middle managers. An efficient leader needs to handle different

²³ Ny som chef, Vibits Karl-Johan, Eberhard Martin, pp. 18

²⁴ Wikipedia the 26 Maj 2008, http://en.wikipedia.org/wiki/Tall_poppy_syndrome

²⁵ Ibid, pp. 123-124, 127-128

²⁶ ABC för mellanchefer, Franzén Härje pp. 12

²⁷ Mellanchefer Från ledningens redskap till verksamhetens motor, Drakenberg Margareth pp. 8

²⁸ ABC för mellanchefer, Franzén Härje pp. 12, 102-105

styles of leadership to be able to deal with the different demands from specific situations. For example a middle manager can be put to manage people from different countries and backgrounds, with other views on leadership and the middle manager then need to adjust his/hers leadership to avoid misunderstandings between the employees, which might cause uncertainties in the group. Avoiding uncertainty in a group can be one of the most important tasks of a leader, though misunderstandings are known to cost a lot of time, money and damage the group. Communication is therefore very important for a middle manager as his/her position in the organization might lead to uncertainty if not handled the right way. To have a clear communication with the subordinates helps to avoid uncertainty among the group, it is equally important to have a good communication with its superior manager. The superior manager is the one who values the work of a middle manager and gives them blessings and resources. This manager often has a very hectic schedule though he/she can be in charge over many managers. Moreover it is important to create a good relationship with superior manager as he/she is the one supposed to be the middle managers resource and support in both its personal and its organizations development.²⁹

A model that could help to bring clarity to the complexity of the middle managers situation is the model by Chelladurais.³⁰ According to Chelladurais there are three leadership behaviours concerning the middle managers actions. They are, *prescribed leadership behaviour*, *actual leadership behaviour* and *expected leadership behaviour*. Two of these behaviours are depending on expectations from different parts of the organization, both from the board of directors and the subordinated. Actual leadership behaviour is depending on the middle manager oneself and its own characteristics and experiences, it also depends on the middle managers personality and capacity to be in charge of a specific group of people. When the store manager has clear directives from the superior managers of what to do or not do, their leadership task would probably be easier. If they do not have clear directives the situation might be more focused on trying to act according to the subordinates' expectations apprehensions about leadership, which could vary and be complicated to handle. Middle managers spend much of their time interacting with its employees, which is supposed to make the employees more motivated.³¹ This interaction is also one of the things that make the middle managers work worth doing. To see the employees getting developed, both personally and professionally is something that gives joy and satisfaction in the middle managers job. As a middle manager the challenge is, getting the goals of the company work together with the goals of the employees. When managing to achieve this, create well results this gives the middle manager a feeling of contentment.³²

3.4 Reward systems

A reward system is a type of control system, the reward is the carrot in the "*carrot or the whip*" and the reward could be both monetary and nonmonetary.³³ Reward systems are

²⁹ ABC för mellanchefer, Franzén Härje pp. 38-41, 50, 68-72

³⁰ Mr Chelladurais has worked with science on the subject of leadership at the University of Western Ontario, Canada.

³¹ Mellanchefer Från ledningens redskap till verksamhetens motor, Drakenberg Margareth pp.122-124

³² Ny som chef, Vibits Karl-Johan, Eberhard Martin, pp. 13-14, 123-124

³³ Controllerhandboken, Lars A Samuelson, pp. 109-110

used to motivate and make the employees aware of the importance of reaching the goals set by the company. Merchant and Van der Stede describes the importance of reward systems as *“Incentive systems are important because they inform and remind employees as to what result areas are desired and motivate them to achieve and exceed the performance targets”*³⁴. A manager’s total compensation for his/her work usually consists of three things, salary, benefits (retirement and healthcare for example) and incentive compensation. The compensations might differ among companies and businesses; this is why there is difficult to make any generalizations regarding reward systems.³⁵

3.4.1 Purpose of rewards

The purpose with reward systems is to motivate the employees to improve their capability to perform better. The aspirations are to increase the productivity and become more competitive, this by reducing costs, increasing selling and increasing profits. If the reward system does not have an effect on the employee’s behavior, the system is a failure. The purpose is to create a common goal for both the company and the employees so they can identify themselves with the company to create a certain feeling of belonging. The company culture is linked to the reward system and the culture ameliorates if the reward is in reasonable proportion to the individuals performances.³⁶

3.4.2 Monetary reward

According to Merchant and Van der Stede money has an important symbolic value and further they mean that *“It reflects achievement and success, and it accords people prestige and, sometimes, power. Some people even seem to use monetary rewards as a measure of their own self-worth.”*³⁷ Through the years, companies have used monetary rewards to motivate their employees³⁸, two of the categories of reward systems are salary increases and short-term rewards.³⁹ The salary has been considered as the most motivational factor a company takes use of to attract employees.⁴⁰ Salary increases are given to employees at all levels and often the increase includes the adjustments of the cost-of-living and the inflation. Furthermore, the increased salary is based on what the employee has performed and what he/she will improve and perform in the future. This increased part of the salary is considerable small but make a difference in the end as they are paid with annuity.⁴¹ The monthly salary is supposed to create involvement and motivation to perform according to the company’s interest.⁴²

Short-term rewards are based on a period less than a year. A frequently used type is bonuses closely connected to short-term results.^{43, 44} They are distributed when the goals are achieved, when they are surpassed, the bonus gets bigger and if the goals not are

³⁴ Management control systems, performance measurement, evaluation and incentives, Merchant et al, pp 393.

³⁵ Management Control Systems, Robert N. Anthony & Vijay Govindarajan, pp 506.

³⁶ Belöningsystem – nyckeln till framgång, Smitt R., Wiberg L., Olwig B., Riegnell G., Sjöstrand M., pp.s 76.

³⁷ Management control systems, performance measurement, evaluation and incentives, Merchant et al, pp 404.

³⁸ Controllerhandboken, 7th edition, Samuelsson L., pp. 133

³⁹ Management control systems, performance measurement, evaluation and incentives, Merchant et al, pp 394.

⁴⁰ Controllerhandboken, 7th edition, Samuelsson L., pp. 121.

⁴¹ Management control systems, performance measurement, evaluation and incentives, Merchant et al, pp 396.

⁴² Controllerhandboken, 7th edition, Samuelsson L., pp. 121.

⁴³ Ibid pp. 123

⁴⁴ Management control systems, performance measurement, evaluation and incentives, Merchant et al, pp 396.

fulfilled the bonus can be reduced or even default. Depending on business, the bonus can be based on individual or collective performances. The individual bonus is a tool, to motivate the employees to reach short-term goals. The advantage with this type of reward is that they are often based on goals regarding results that are easy to measure. A large bonus can facilitate when recruiting new employees. A group reward can lead to more loyalty and a sense of responsibility within the group of employees.⁴⁵

From the company's point of view it is cost effective to have a part of the employees' salaries based on however the company's goals are reached or not. However, from an employee's point of view it can feel safer to have a larger part of the salary that is fixed.⁴⁶ Employees that are accepting a salary, partly based on their performances, are more willingly to work harder. A good way to frame a reward system is to have the individual's goals in mind and concatenate them with the company's long-term goals. It is very important to continuously follow up how and evaluate how it is going for each individual in a meeting between consultant and manager for evaluating performances of the employee.⁴⁷

3.4.3 Nonmonetary rewards

During the 1990s there were a change in the way companies view rewards, from mostly involve money they expanded to also include rewards such as recognition and nonmonetary rewards. When asking employees what type of reward they prefer they probably would say money, but this is not the only effective way to reward people. An extra holiday or recognition for their performances motivates many employees. The *"Compensation Handbook"* says that *"recent surveys shows that being recognized for a job well done is the most often mentioned motivator to do a better job"*⁴⁸ they also mention other things like a *"challenging work"* and *"knowing that my opinions matter"* as motivating for the employees. Non-monetary rewards can supplement an already existing monetary reward system if the manager wishes to strengthen the performance towards a certain object. There can also be wise to use non-monetary rewards in the introduction phase of a new system when the measurements are new and the historical evident that the new system is well suitable are small. It is much easier to withdraw a non-monetary reward than a monetary reward. Non-monetary rewards are also easier to "promote", people do not talk about the money they earn but a non-monetary reward are more visible and can be shown to family and friends. This makes non-monetary rewards useful when fulfilling the need for recognition. There are many types of non-monetary rewards and some examples are earned time off, travels, merchandise but also symbolic awards. The symbolic awards has two purposes namely awareness and recognition. These awards do not have lot of financial value and they might not improve performances but work as a symbol for the employees to get a feeling of accomplishment. These rewards could contain nominations

⁴⁵ Controllerhandboken, 7th edition, Samuelsson L., pp. 123.

⁴⁶ Belöningsystem – nyckeln till framgång, Smitt R., Wiberg L., Olwig B., Riegnell G., Sjöstrand M., pp. 14.

⁴⁷ Lecture with Sven Siverbo 22 Januray 2008

⁴⁸ The compensation handbook – A state-of-the-Art Guide to Compensation Strategy and Design, Lance A. Berger and Dorothy R. Berger, Fourth Edition, McGraw Hill, pp. 242.

from managers and these nominations can be somewhat questionable in terms of credibility.⁴⁹

3.4.4 Group vs. individual rewards

When deciding about rewards the board of directors have to consider whether they are going to use group rewards or individual rewards. There are pros and cons with both of them. When using group rewards, individuals can take advantage of the system and act like free riders. Free riders could be a problem though they trust that others perform well and then they gain the promised reward without trying to make an effort themselves. When this phenomenon appears, the purpose to make employees more motivated by rewards will to a certain degree lose its purpose. Therefore each individual has to have a certain amount of control over its colleagues, hence a smaller group is to prefer. Beside the free rider-problem the individual can have trouble understanding what exactly his/hers contribution to the reward has been and because of that lose their motivation.

The reason for using an individual reward system is that the employees will get a better understanding of the reasons for being rewarded, which will contribute to higher motivation. An example when a combination of individual rewards and group rewards have an effective result is when basing the total group reward on the overall groups results but bases the individual reward on the part each individual has an effect on.⁵⁰

3.5 Goal congruence

A high level of goal congruence within an organization is something every organization strives to achieve. Goal congruence means that the choices made by an employee based on his/hers interest and personal goals should be concatenated with the company's goals. This might be difficult to achieve. However, an organization contains of people with many different personal goals, which may not work towards the goals of the company in whole. There exist formal systems for example, budget control and strategic plans. There are also informal processes like work ethic, management style and culture that influence the behavior of the persons in the organization. When discussing the informal processes there are internal and external factors. An external factor can be the work ethic, which includes peoples certain attitudes towards work and doing a good job. These attitudes could be cultural and rather local. There could also be a certain attitude together with a specific industry for example the railroad industry, which has different norms comparing with the airline industry. When looking at the internal factors the most important factor is the culture in the company. This includes a person's common beliefs, norms of behavior and shared values. Often the culture within an organization remains unchanged over many years and this can make actions become rituals. People might say things like, "this is the way things are done here" or "we just don't do that here".⁵¹ Even if the persons saying that does not remember the reason for doing it in that particular way. Another internal factor is the management style; often the employees' behavior can be linked to their superiors' behavior and management style. The style of the managers can differ from person to

⁴⁹ The compensation handbook – A state-of-the-Art Guide to Compensation Strategy and Design, Lance A. Berger and Dorothy R. Berger, Fourth Edition, McGraw Hill, pp. 241-253.

⁵⁰ Controllerhandboken, 7th edition Samuleson, Lars A pp. 134

⁵¹ Management Control Systems, Robert N. Anthony & Vijay Govindarajan, pp. 62.

person and therefore also the management style of the organization as a whole. This factor is of importance for the goal congruence. Something very important when working towards the goals of the company is to actually know what the goals are and what actions need to be taken to achieve these goals. Because there might be many channels to receive, information from this might be different to achieve even if there exists written documents like budgets. There is not always the information given from a superior manager is clear and understandable and the messages could sometimes conflict from one another.⁵²

3.6 The controllability principle

The Controllability principle means that an employee should not be hold accountable for something they do not fully control. This principle is of vital importance to be able to achieve the effectiveness the reward system are supposed to grant and the purpose with this principle is that employees should not be given extra rewards for only good luck. One measure that is frequently used in reward systems is the profit, which is affected by factors that in some ways are uncontrollable. Differences in customer demands and competitor actions are examples of these uncontrollable factors. Even if there occur uncontrollable factors, which influences the measurement, the manager can take positive actions towards there factors. Moreover, if the managers should be totally protected towards these types of uncontrollable events the question is, if they would be motivated and fully use the influence they have.⁵³

⁵² Management Control Systems, Robert N. Anthony & Vijay Govindarajan, pp. 63

⁵³ Management control systems, performance measurement, evaluation and incentives, Merchant et al, pp. 33, 533-535

4. Empirical study

This chapter will describe the chosen companies, Kicks and The Body Shop, their organizational structure and their business culture. This is to give the reader a better understanding of the specific companies. We will further present the results from our interviews with the selected store managers.

4.1 Introduction

The information written about the companies is taken from their respectively homepages and therefore we do not have any footnotes in the business presentations. To help the reader more easily follow the empirics that we have given false names, the respondents at Kicks are called Barbara, Dorothy and Jenna and the respondents at The Body Shop we call Delilah and Ursula.

4.2 Business presentation Kicks

The company Kicks was grounded in the year of 1991 by Kooperativa Förbundet (KF). In the year of 2002, Åhléns AB bought the company, and Kicks is now a part of the Åhléns AB, which is part of the group Axel Johnson AB, owned by Antonia Ax: son Johnson with family. Åhléns AB contains of four business areas, fashion, beauty, home and media and is a leading retailing corporate group in Sweden. Kicks is the Nordic leading company within the area of cosmetic. They have 114 Kicks' stores in Sweden, one in Norway and 12 in Finland. Kicks' business idea is to serve the clients with a wide selection of make-up, perfumes, skincare and hair care. They sell many of the leading brands on the market, Dior, Lancôme, Elisabeth Arden, Clinique, Clarins, Biotherm, Nouba, Shiseido etc.

The employees at the Kicks' stores are educated make-up artists and/or skin therapists, this is important to be able to guide and help their clients in the best way. Today they also have started beauty salons and hair salons in some of their stores to give the customers a total experience, while visiting one of their stores. One of the respondents, Jenna, tells us that the idea that Kicks should be a service minded company, was one of the main reasons for her when applying for Kicks. She further told us that Kicks constantly want to change and develop their business, which makes the job exciting. One thing Barbara mentioned, the second respondent, because she thinks that Åhléns has a lack of service-minded employees she hoped that Kicks still will keep their service mind, even if they is a part of a greater concern (åhlens AB). The Kicks club is a manner for Kicks to keep their customers; it is created to benefit the clients with special offers and special discounts.

4.2.1 The organizational structure

From April 1, 2008, the corporate group changed their group CEO, the president is now Thomas Axén and he is also the CEO for Åhléns AB. The organizational structure in Kicks is according to all the respondents top down managed. However, the opinion is that the distance between the store managers and the CEO is short and do only consist of the district manager. Åhléns AB frequently uses dialogs between the supervisor and the subordinates, which according to them will strengthen the motivation and make the subordinates aware of their performances and possibilities within the company.

Two of the interviewed store managers have a very good relationship with their superior manager; daily they have telephone contact and once a month they have meetings face to face. The store managers use their supervisor to discuss fast decisions, deficiency reports, questions concerning employees, administrative difficulties etc. She has a communicative role and gives the store managers tips and advices. On the other hand, Barbara does not agree to this and aspire that her supervisor could give her more useful advices. Once a week they talk to each other by telephone and once a month, they meet up for a meeting. She feels that the relationship is good but she told us, *“If something happens I do not know if she would be by my side as I would like her to be”*.

To have a close relationship to the other store managers are appreciated among all the respondents. They give each other tips and advices on how to solve different problems in the best way. Dorothy and Jenna have a close relationship to other store managers as they have contact with store managers within the company a couple of times a day.

4.2.2 Business culture

The business culture within Kicks has changed since they became part of Åhléns AB. Before the acquisition, when Kicks was owned by KF, there were only 50-60 stores in Sweden and it was a lot smaller than today, with a more familiar feeling. At meetings, they were so few they all could stay in a small conference room with everyone knowing each other. Nowadays it is larger and not considered as familiar as before but according to our respondents, there is a good feeling and good communication in the company.

4.2.3 The working environment for a store manager

Concerning the store managers working environment it can be described as quite hectically for all of our respondents. They are all trying to be a support for their employees but at the same time do their office duties and be in the store selling. All of the respondents feel a huge responsibility and have a great concern for their store. When discussing what they think of their role as a store manager, the respondents think of themselves as a leader more than a chief.

4.2.4 Goal congruence

The three interviewed store managers at Kicks were asked what goals they have got from their supervisor and what goals they are trying to achieve. Their answers varied and the first respondent Dorothy, explained that she experienced that the goals she had to achieve were leadership, business thinking, handling the budget and the employees. She further told us that some of the key figures she was trying to accomplish were the average purchase, volume of sales/worked hours, volume of sales/square meters and percent of customers becoming club-customers.

Dorothy's own goals for the store were to get the beauty salon in use and be profitable. Because this is a rather new part of the store, she wanted to make it visible and known by the customers. To attain this goal she planned to cooperate with hotels nearby and eventually put flyers with commercial about the salon in every customer's bag. Her other goal was to improve the volume of sales. As the store is in process of a shift towards a much younger generation of employees, she believed this influenced the volume of sales

since some of the knowledgeable employees had retired and been replaced by much more innovative and younger employees who lacked experience.

Our second respondent Jenna considered her most important goals were profitability, business-thinking, average purchase, selling, volume of sales, working hours and percent on salary. This store manager likewise the previous one pointed out that one of her more important goal was the beauty salon and getting it in use with profit as soon as possible. Beyond this, her goals were to have the most benefiting store with the highest service. Jenna wanted to have better profit and reduce the costs and the working hours. She further told us that she did not give priority to her financial goals now though the goals the store was focusing on are different from month to month. One might focus on many things, in a store like this, but she said, *"We have to keep what we are good at and modify the things we are not as good at"*. Further Jenna explained that she focused on goals on a more short-term basis.

The third store manager, Barbara, had a broader view of the goals from her supervisor than the two other ones. She explained that her primary goals were to focus on being a good leader and as long as the employees were satisfied with her and the figures she said, *"Everything is ok!"*

Her own goal for the store was to be *"Gothenburg's best store"* and always improve the figures. Unfortunately, we did not get the chance to develop Barbara's significant meaning of this quote further.

4.2.5 The reward system's framing

The reward system at Kicks is working in the same way for all their store managers. Each month Kicks has competitions for all the stores, stated by the board of management. If they reach budget one month a bonus accrues the store and is distributed to all the employees and the store manager. The bonus can be gift vouchers, cakes etc. The top ten stores also receives points according to how good they achieve the goals and extra points during the months of June and December. The store with the most points in the end of the year wins the whole competition, and gets bonuses.

There is also held certain Region competitions, where the goal can be to reduce the wastage for instance. The board of directors decides the bonus and it is often just the honor.

There is another type of bonus which is only accrued the store manager. She receives a bonus each month, if she reaches the goals, half of the bonus she will get in the end of the month with the salary and the other half is locked. This locked part is distributed only if the store manager reaches the goals throughout the whole year and is connected to the holding, they can maximum receive one and a half monthly salary.

Out of the three respondents, only Barbara had thought about modifications of the used reward system. Higher discount for all the employees including the store manager, it should be 20-25 percent instead of today's 10 percent. A kickoff occasionally is appreciated too. With *"Kickoff"*, we interpret that she means a sort of reunion or gathering with the whole

company or the store managers where they can get inspired and motivated to further do a good job.

When asked whether it is necessary with an individual based reward system or not, despite the monthly salary, two of the respondents felt they had not a need for this individual based system. They told us they had not even thought about it. This was something Jenna had thought about and she wished the reward system would have a more individual touch.

When asking how free they felt to make own decisions they all made it clear that, if you stay within the frames, there are a lot of possibilities to make your own changes. Further, they mention that it is easy to give their supervisor with propositions concerning a new idea. There are some ideas or propositions; they all felt was no point in bringing up with the supervisor because they were all outside the limits for what they were permitted to do.

4.2.6 Motivational factors from a store managers perspective

The interviewed store managers' pointed out their employees as the most motivational key factor. They all thought that working with driven, competent and skillful employees was very inspiring. Dorothy described herself as a very competitive person and what motivated her was to go out for a new store that demanded hard work and figures to improve. When that mission was done and the store reached the goals with marginal's she *"got bored"* and wants to move on and go out for another store. For Jenna the business was very motivating, she said that this business is very interesting and develops continuously, *"large and fun with all the brands"* and all this components together creates an exciting work environment. The third respondent, Barbara, had worked a long time within the company and the thing that motivated her was the employees. Received missions from her superior for example, give help to another store, was another motivating factor. The year-based-bonus was another thing that she strived for and it was important for her to reach the goals, improve the figures. She added that sometimes *"it is strange that you stay, instead of opening your own business"* as she is very involved in her work and the store.

We asked the question what the best thing about their job was and their answers were slightly different. *"The variations of work tasks"* were a repeating keyword for Barbara concerning what she thought attracted her to work as a store manager. She is focused when she is working and prefers working under pressure. Further she said, *"I think Kicks sees me as a very important asset to this company"*, referring to her long experience as a manager. Helping the employees to develop themselves was also an important aspect for one of the store managers. She thought the job gave her stimulation when she saw things an employee could improve to make better performances at work but also as an individual to motivate them to achieve better sales figures.

The negative aspects of work were also different, Dorothy commented on the lack of time. Jenna experienced it to be a bit lonely as a store manager, from time to time. She gave us the explanation that as a store manager, you are the only one in your store in that position. Even if you have a quite close relationship with your employees, there are things that you cannot share or talk about with them. In these cases, Jenna and Dorothy appreciated the possibility to make a phone call or have lunch with a store manager from another store. The third respondent had a slightly different point of view. She got bored quite easily so one

thing that could make her stay in a store for a longer time was a raised salary. She had also a more practical critic and that was about unfair goals on sales. She thought that a small store with a volume of sale much lower should not have almost the same goals on growth in percent as a store with higher volume of sale. At the end, she added that she wanted the company to make the relationship with the stores less black and white. She said, "Now we are just a store number".

4.3 Business presentation The Body Shop

The Body Shop International was founded in England in 1967 by Dame Anita Roddick and was in some way revolutionary in the sense that they were combining business with good values and ethics. The Body Shop International is a global manufacture chain and has more than 2100 stores in 50 countries. In the year of 2006 The Body Shop International was bought by L'Oréal, after the acquisition the business will continue as normal without any significant changes. The Body Shop consider the acquisition as a possibility to further expand the business and take use of L'Oréal for support to be able to expand on the market. The Body Shop is a value based retailing corporate group selling skincare, hair care products and make-up. Their hallmarks are products, which are not tested on animals and contain natural ingredients. They work for human rights and adjust their business to environmental standards.

The Body Shop Sweden was established in the year of 1979, as a franchise business owned by one private investor. The Body Shop Sweden have today 55 stores, one reason for the rapid expansion in Sweden is that franchising are about 60 percent of the total 55 stores. Since last year, The Body Shop Sweden has become part of The Body Shop International but still there are stores left that are managed as a franchise. After becoming international they no longer allow more people to open a franchised The Body Shop-store, in fact they are in process to make all The Body Shop stores in the country corporate-owned.

Our respondents at The Shop, Delilah and Ursula, experienced the time after they had become part of The Body Shop International as very good. They both think there is a much better order and manor in the organization now, the company invests more money into the business, for instance reconstruction of the stores.

A specific word The Body Shop would like to be associated with is the word *Passion*. They have five values connected to their business which are *Protect the planet*, *Support community trade*, *Against animal testing*, *Defend human rights* and *Active self esteem*. The Body Shop is also involved in environmental questions. When talking to Ursula she pointed out that they are working towards a goal to be total carbon dioxide neutral by the year of 2010. This goal will be reached by turning of the lights in the coffee-room, or turning of the computer when not in use. The specific values within The Body Shop are something the store managers' value high and are very important to them. The Body Shop declares at their website that they believe every woman has the right to feel fabulous. Ursula explained that their values and their ethical view are two of the things that make them stand out among their competitors. When talking to their customers they try to inform them about these values and make them understand as Ursula explains, "when buying

products from The Body Shop, even if they are a bit more expensive, they actually are making a charity”.

4.3.1 The organizational structure

The organizational structure in The Body Shop Sweden is according to both Delilah and Ursula top down managed. The Head office is now called a service office though they consider themselves to serve their stores, as they are the ones who are bringing in the money to the company. The store managers have a district manager who they are in contact with as their closest manager. This system has recently changed and the management has increased the amount of district managers that will help the contact with the stores. The store managers we talked to have a new district manager responsible for thirteen stores. The expectations on her and the new system is high, the store managers hope to be able to meet with her at least ones a month. Delilah felt it was a bit hard to get feedback with the old system though the questions were discussed on meetings with all the store managers. She now believed the new district manager would act more like a person to discuss different problems and actions with. The Body Shop Sweden has got a new CEO, which they are very pleased with. After the shift in ownership to The Body Shop International, the store managers are able to attend international meetings with store managers from other parts of the world, which is very motivating and stimulating. Ursula was saying, *”She now has got an actual feeling of the size of The Body Shop”*. The relationship with the other store managers was very important and they often talked a couple of times a day, discussing problems with their employees and other questions that affect the daily work.

4.3.2 Business culture

Concerning the business culture Ursula meant that there are a certain type of people working at The Body Shop and it did not take long until she understood if a person were suitable for The Body Shop or not. The persons working at The Body Shop needs to be humble, encouraging and have a feeling for other people. As an example, she told us how they wanted to give the buyer a better self-esteem, something that the company advocated Selling a product to the price of a person’s self-esteem is not the right thing to do; they like to sell more than only makeup, a customer that shines when leaving the store is very encouraging. They treat all the customers who are attending their shops in the same way despite appearance. Further Ursula said, *”you will never know who has got money”*. When talking culture with our respondents Delilah pointed out that she have had people working in her store that had working in England before coming to her store. She thought that these employees had a different view concerning leadership, *”In England the culture is much more hierarchical and the employees are more tightly controlled”* Delilah said. When being a part of The Body Shop International they will now take use of the program used in England, when they recruiting new employees.

4.3.3 The working environment for a store manager

The working environment for the store managers at The Body Shop is very hectic, Ursula said *”I am constantly stressed and have hard time letting go, I am a person in need of being in control”*. Other than this the two store managers were trying to get time to motivate their employees, constantly checking the figures and off course be in the store selling. The

store managers at The body Shop, when thinking of their role did see themselves more of a leader than a chief.

4.3.3 Goal congruence

When asking the respondents about the goals from their supervisor the goals Ursula told us about were the key figures. The ones she points out as important were, increasing selling in percentage, SEK/customer, product/customer and membership in The Body Shop club. Ursula believed it is important to concentrate on the things you are good at to get a better result. In her store, she considered themselves good at make-up consultancy and memberships-evenings, why this is a focus for her. Everyday-goals are a method Ursula worked with and considered very valuable and more understandable for her and the employees. Each day she had broken down an annual goal to a smaller and more concrete goal, one example is how many club-members they had to enroll a certain day when the total goal for the whole year was five percent. Other goals Ursula used to break down into a more concrete goal were SEK/customer and products/customer.

Her coworker at the other store, Delilah clarifies the goals she had got from her supervisor were to increase the selling, launch herself and make the store more visible to the surroundings, also increase the average purchase. She also had goals on key figures such as SEK/customer, product/customer. Except from this, she thought it was important to focus on customers and make-up.

Delilah's personal goals for the store were that the customers would see and appreciate her store and choose to shop in her store. She worked hard to get all the employees committed and one of her goals was that everyone did their best and the goals she puts up for her employees would be understandable and achievable.

4.3.4 The reward system's framing

According to the service office, the purpose with the reward system is to give the store manager the possibility to be individually rewarded for doing the "little extra" despite the regular work tasks. This appreciation is supposed to create motivation for the store manager to develop the success of the store further. This shows that, as a store manager you have a large impact of the stores' success both financially and for the group of employees. The reward is supposed to increase the store manager's passion, involvement and put even more energy into the work. The ordinary salary follows the agreements set by the union "*Handelsanställdas förbund*". Despite the salary, there are two types of monetary bonuses. One monthly bonus is distributed to all the employees in the store including the store manager herself, if the store reaches the set goals for their sale. This bonus is based on how well the store performs over their budget counted in percent. The other bonus is a specific bonus only for the store manager based on the result of the store throughout the whole year and how many percent over the budget the store achieves. This bonus is without any upper limit based on percent. Ursula told us that this bonus was very depending on how much you had been able to save during the year. For example, she was often working herself instead of calling someone of the other employees to save money. According to the service office the system of today is not giving the total effect they are hoping for, it has not been updated for a long time, they are now in process with a new

system as the ownership has changed and new guidelines has been given. The expectations are that this new reward system should become more modern and simplified.

The present bonuses are in some way unfair according to the store managers. There are things that neither the store managers nor the employees can rule over, for example, when the company opens new stores nearby. There is a high probability that these newly open stores take customers from the old ones. This make it more difficult for the already established stores to get a bonus as the sale might diminish even though they put more effort into their job. It can also depend on the location speaking of the selection of customers, as Delilah points out, the majority of her customers are only passing through and because of that, the situation is different comparing to a store located in a department store. The new reward system that is in progress will be fairer according to the service office though they want to attain a win-win situation where the whole company, the store and the individual store manager, will gain from the system. Within the new system, there will be a chance for the store manager to have an impact on the budget, not only through the result of the year but also through higher volumes of sale, keeping down the costs of employees for example. The reward system will be divided into monthly, a six month period and on a yearly basis, this to give the store manager a more rapidly effect of their performances.

There is also a chance to receive a reward at the international meetings when the company rewards stores that have been extraordinary and managed their specific goals.

Except from these monetary rewards, they have sale competitions within the stores, which is very motivating for the employees. The prizes can be of different character, for example, candies, gift vouchers, but sometimes it is the honor. Because of the tax rules, the store managers cannot buy too expensive prizes or give out products from the store. Other nonmonetary rewards are for example, diplomas for being a good seller. It can also happen that another store manager can give diplomas and appreciation, which is of high value. There are also competitions for all stores in Sweden and sometimes all around the world, where they can have a specific campaign for a product with international commercials. In these cases, there is more a question of how the stores work with a campaign, for instance how the store engages the campaign in the society.

4.3.5 Motivational factors from a store managers perspective

When talking to the respondents concerning their motivation and what factors that keep them motivated to do their job it is not the bonuses they first mention, even if they both points out that they of course wants to get paid for the work they do. What they both feel very motivating is the connection with the customers. Without the contact with the customers, Ursula said she never would work as a store manager. The office work is not what motivates her. For them both it is important to reach the goals and receive good figures. Delilah says she gets inspired by figures on sales for example and says that those figures will make her motivated to work even harder. Furthermore, Ursula talks about how she loves to see the customers are cheered up and inspired when leaving the store. She thinks it is inspiring to give the customers an experience when visiting the stores, and she thinks that this is something unique for The Body Shop. Because The Body Shop has their

five values and their ethical aspects this is something the store managers and their employees constantly work on and inform the customers about. Delilah thinks there is always something new to learn concerning the products or The Body Shops values, for example when they have a certain campaign, there is a lot of information about the products they are supposed to sell and the story behind it. They both feel this is motivating and make the work more interesting and motivating. Both of the respondents also appreciate the international meetings once a year where they get to learn and see how other countries work.

While talking to Ursula about other potential reward systems or other factors to measure their performances she would like to have a more individual measurement. She would like her district manager to look into what exactly she is doing for the company and how she personally can influence the work, not so much on figures and budget. An example is the cooperation with the organization "*Droppen*",⁵⁴ where people donate blood. The donators receives a free make-up at the The Body Shop, this is Ursula's way to draw new costumers to her store. They both thought that their supervisors should look more to each store's prerequisite. Another suggestion Delilah gave was that the bonuses could be based on factors like the makeup, customers' evening or how well you manage to receive pleased customers.

⁵⁴ <http://www.geblod.nu/blc.aspx?PagelId=328>, the 28,May, 2008

5. Analysis

In this chapter, we will discuss the empirical study related to the scientific theory and analyze our main topic reward system, regarding the complexity of the store managers' role and personal differences.

5.1 The complexity of the store manager's role

In the starting process of this thesis, we had an idea of the role as a store manager as diversified and complex; by studying scientific literature, we understood this could be the case. We will further carry on a discussion about this complexity related to reward systems.

5.1.1 Management

In the book "*Ny som chef*"⁵⁵ the authors describes that the word power more or less has a negative sound in many managers ears and it states that numerous managers not admit they are fond of the power their position provides them. Further "*Ny som chef*" tells us that Sweden is classified as a feminine country and is characterized by modest people, which do not like to boast about his/her position. The expression *the Tall poppy syndrome*⁵⁶ as in Sweden called "*the Jante law*" is something well known and when interviewing the store managers at Kicks and The Body Shop, we understood that they had a very modest attitude towards their role as a manager. We consider they all fall under the expression, *the Tall poppy syndrome*, however based on their personality the extent might differ. Concerning the store managers' personalities, we experienced them very different from each other, which we believe should influence the reward system's framing. One thing they all mentioned during the interviews was that they were competitive. Is this individual characteristic required for store managers in general, something a store manager develops along the way or in our case only a coincident? We wonder if there is a connection between the store manager's competitiveness and the degree of how well the reward system is functioning. We suppose that without the competitiveness, the urge and motivation to achieve the set goals could be lower. Because one of the purposes with a reward system is to make the store managers strive for better figures, we reflect on that the reward system might lose some of its effectiveness if there is a lack of competitiveness. We base this thought on our belief that store managers without this quality might not find it interesting to chase figures and other set goals. We consider this must be something companies should be aware of when framing their reward systems, to be able to maximize the system and achieve appealing results.

Referring back to the expression, *the Tall poppy syndrome* and the fact that managers in Sweden do not like to show off their position, we noticed that the store managers rather see themselves as a leader instead of a chief. We find this interesting and would like to reflect how this might influence the reward system, and preferred rewards. From the store managers' perspective, we interpret that a leader is closer to the employees and less "bossy" than what they consider a chief to be. We further argue that Merchant and Van der Stede explain that the word power to be more linked to the title chief.

⁵⁵ Vibits Karl-Johan, Eberhard Martin, (2004) *Ny som chef*, Kristianstads boktryckeri AB

⁵⁶ Wikipedia the 26 Maj 2008, http://en.wikipedia.org/wiki/Tall_poppy_syndrome

We consider a chief is tougher in its role as a manager and might consider a monetary reward motivating enough, to be able to achieve the set goals. When it comes to a leader, we view this role gentler and as the store managers, they think, being less “bossy”. We believe these different views of a leader might influence the reward systems’ effectiveness in the sense that a leader and a chief might appreciate different types of rewards. Further, that monetary rewards are evidently, appreciated and motivating but we also consider that a person who sees him/herself as a leader also could appreciate other types of rewards. For instance, the store managers might put a lot of energy on their employees and might appreciate a “tap on the shoulder”, more than money, for this extra care and concern.

5.1.2 The role of a middle manager

According to the theory, there has been a shift in the role of a middle manager, from only being a tool for the board of directors to become the engine of the organization.⁵⁷ The middle manager’s situation can be described as a bit problematic, meaning that they are always put in the middle of someone’s opinions and requests, constantly trying to please everyone. The store manager’s employees have expectations on them as a manager but at the same time, they have goals from their superior manager as well. When talking to Barbara we got a confirmation of the fact that the complexity of a middle manager exists. While answering some questions, she stopped and said, “*hmm how do I express myself without saying too much...*” We suggest that the reason she acted this way was the complexity of her role and the fact that a middle manager constantly wants to have a good relationship with everyone.

In the theoretical chapter, we are writing about Chelladurais’ three leadership behaviors concerning the middle managers actions. These behaviors can be connected to the store managers’ complexity, which is always be put in the middle and the need for clear directions from the superiors to be able to perform their leadership role better.⁵⁸ One complexity we noticed while interviewing the respondents was the goal to perform good figures but at the same time strive for the goal to diminish the working hours. We believe it must be frustrating to have these two goals, which in some way counteract. In our opinion, striving for good results and at the same time constantly be thinking of diminishing the working hours must be a difficult task for a store manager. An example, when these two goals counteract is a situation where there are many customers waiting in line or customers leaving the store because of lack of service. When not having enough employees or time to help the customers as quickly as desired the goal to receive higher results might be hard to achieve, because of a too big focus on the goal to diminish the working hours. If the reward system measures both these goals, we suppose they might counteract and the reward system could be seen as complicated and hard to understand regarding which goals to focus on. According to us this example shows the complexity, Härje Franzén describes in his book, “*ABC för mellanchefer*”⁵⁹ is strengthen with the fact that the respondents says they do not have enough time for neither selling nor office duties. They affirm they have a lack of time when it comes to their employees, whom they all care for. This all together shows exactly the complexities Härje Franzén refers to.

⁵⁷ Mellanchefer Från ledningens redskap till verksamhetens motor, Drakenberg Margareth, pp. 8

⁵⁸ Ibid, pp.122-124

⁵⁹ ABC för mellanchefer, Franzén Härje, pp.12,102-105,

5.1.3 The role as a middle manager - A lonely role?

The middle manager's role as described in "*ABC för mellanchefer*" can be seen as lonely because of the complexity described earlier. Two of the store managers at Kicks brought up this opinion. They told us how they, as store managers, are in a position where they are a part of the team but at the same time need to be professional and keep distance not become too close of a friend with the employees. If the distance is too short, one can argue that it can create problems in situations when it is necessary for the store manager to make difficult decisions, for example, when it comes to resigning someone. Further, the book "*ABC för mellanchefer*" describes that it is of great importance that the middle manager do not become a "transparent manager", only playing the role as a messenger.⁶⁰ You might reflect around the fact that it might be better to have this "lonely role" as a store manager, to avoid becoming the "transparent manager", the messenger when being too close to either the employees or the superior manager

5.2 Personal differences

Within every company there are people with different backgrounds and experiences which might have an impact on the reward system and its effectiveness. We will further discuss these personal differences and how they influence the store managers' perception of the reward system.

5.2.1 Goals and expectations

The purpose with the reward system according to the head office at Kicks is to motivate the store managers to work towards well-defined goals. The purpose with the reward system at The Body Shop is according to their service office to give the store manager the possibility to be individually rewarded for doing "the little extra", despite their regular work tasks. We interpret the answer received from the service office that, the reward given is supposed to motivate and give passion to the store managers to be able to develop the success of the store. The purpose with the reward system at The Body Shop goes in line with the theory⁶¹, which explains that the systems should improve the store managers' capabilities to perform better. The aspirations are to increase their productivity and become more competitive.⁶² The question is how the reward system is working in reality and if the purpose is achieved. The Body Shop claims that their main topic is to reward the store managers for doing "the little extra", is this the case in reality? Ursula mentioned her desire to be evaluated for her personal specialties; she tries to reach the goals of the store, in the best way due to her capabilities. If the purpose with the reward system would be fully achieved, we ask ourselves why Ursula makes that statement. We believe that even if the aim with the reward system is clear, understandable and correct from the superiors' point of view, there is a failure in the way it is communicated to the store managers if they do not experience the reward system to be as the superiors proposed it to be.

⁶⁰ ABC för mellanchefer, Franzén Härje, pp. 102-105.

⁶¹ Controllerhanboken, Samuelson, Lars A, (2003), The Management Control Systems, Anthony N. Robert & Govindarajan Vijay, (2001), Management control systems, performance measurement, evaluation and incentives, Merchant and Van der Stede, (2007)

⁶² Belöningsssystem – nyckeln till framgång, Smitt R., Wiberg L., Olwig B., Riegnell G., Sjöstrand M., pp. 76.

Jenna wished that the reward system should be more individual. Something she hoped for was that the company would see her and all the extra work she puts into the store. The other two respondents from Kicks pointed out that they did not feel the need of an individual based reward, as they consider their monthly salary and the negotiation connected to it, to fulfill the same purpose. When talking to the store managers from The Body Shop they both thought that, the reward system should be based on the stores' specific situation and capability. As one of the store managers from Kicks, they would like to have rewards based on what they, as individuals are good at and their specific contribution to the store and the company. They believe that now the focus is a little too much on the budget and financial figures.

After talking to our respondents at Kicks, we did not consider the goals the store managers received from their superiors as well defined as they claim them to be in their purpose. Something we found interesting was that each store manager at the company had their own different view of what the goals from their superiors were. As described earlier Kicks purpose with their reward system is to motivate the store manager to work towards well-defined goals. This may not be fulfilled as we notice that the store managers have many goals to strive for. As discussed earlier some of them may even counteract, and that raise the question if the reward system at Kicks really is working as planned?

Two of the respondents at Kicks mentioned goals concerning the budget, other financial figures and customer focus as goals received from their superiors. One of the respondents gave us a very broad picture of the goals given from her manager is to keep the business going and to be successful. Due to this, the goals from the head office do not give us the impression of being clear. An explanation to the differences regarding the answers could be that the store managers have so many goals that they are not sure of which are the most important ones. One of the respondents, Jenna, explains that she has to make priorities regarding the goals and she does not prioritize the financial goals now. However, it is of importance to notice that her store is working very well financially, which could also be the reason for not prioritizing the financial goals. We are aware of the fact that the differences in the answers could be a coincidence. Even if we might believe that the goals could be too many, we are not the ones to judge how many goals the store managers should have. One possibility is that the role as a store manager needs to have all these different goals. Their position demands that they have to be aware of all of them to be able to navigate the store in the right direction. However, we consider that Kicks' superiors should have a more effective reward system if they had goals, which are more individually adapted. From our point of view, the current goals are now mostly concerning financial figures. With lesser goals, it could be easier for the store managers to focus, which should give more motivation and lead to better results.

Due to this, Dorothy and Barbara from Kicks seem to have more confidence both concerning their personalities and in their role as store managers, because the individual setting of wage will supply ones need of the individual reward. This could be a problem for Kicks when designing a suitable reward system for all the store managers. When there exist many personal differences among the managers and they have got different own goals and requests it can make the system seem unfair. By this, we allude to that if the supervisors

look at the personal qualities and reward the store managers on a more individual basis we imagine they would feel more boosted and perform better regarding all the goals. Delilah at The Body Shop assume that in her case they should take her odd store location and size in consideration when framing the reward system and the goals for example.

Referring to Delilah's thoughts concerning her store's odd location, we also like to reflect around the fact that it seems like the goals are the same for every store. We raise the question if the same goals are achievable in all the stores though they differ concerning size, customer demands and location. After talking to the respondents, we got the impression that the store's specific situation has an influence over what they choose as their focus. For example, Ursula tells us, "*It is important to focus on the things you are good at*". Is it a good idea to have the same type of key figures to strive for when the store managers might think the goals should be more adjusted to the specific store and its prerequisite. Barbara is also mentioning thoughts concerning this, she expresses how she would like the company to see the stores less black on white and instead take the individual stores situation in consideration.

5.2.2 The relationship with the superior manager

The two companies differ in how much time and effort the supervisor spend on each store manager. The opinions about this relationship at The Body Shop differ; Delilah thinks the previous district manager was responsible for too many store managers. According to her, the district manager had too little time and therefore they barely had any contact nor did she receive any feedback. Instead the district manager held district meetings with all the store managers in the region. On the contrary, Ursula thinks the previous district manager was superb, they had a good relationship and talked regularly, she also gave her advices. At Kicks, the opinions regarding the relationship with the superior manager are split as well. Dorothy and Jenna have a close and communicative bond while Barbara does not think the district manager fulfill the criteria for being a good manager. If the relationship between the store manager and the district manager is not what the store manager desire, we believe with high probability that this will influence the store manager's performances. For instance, some of them might feel the need for more guidance and support than store managers who have been on their position for a longer time and might feel more secure in their role. These differences might have an influence over the store managers' motivation and the way they are able to perform a good job and this is something we think The Body Shop and Kicks should bear in mind. We reflect around the thought that the store managers need to feel confident in their role and feel supported by their superiors to be able to perform their very best and work towards the company's goals.

When it comes to rewarding, it should be in the company's interest that there is a good relationship between the store manager and the district manager. The district manager is supposed to support and motivate the store managers towards more selling, in the same way the store manager motivates her employees to perform better. One of the company's main goals is to improve the volume of sales. We find this goal in close connection to the relationship between the store managers and their supervisors because if the store managers do not get as much motivation as they desire they might not feel it worth to strive for improved financial figures.

5.2.3 Motivation

According to Vibits and Eberhard, a leader might get motivated by motivating others. By finding the specific factor that motivates the individual employee, the store manager gets motivated herself.⁶³ This is interesting and all of our respondents mentioned this as a motivational factor for themselves. In different degree, they all spend much time inspiring, talking and motivating their employees. They told us that they found joy in seeing individuals developed and more focused on selling. We got the impression that they all appreciated this role. In some way, this goes in hand with the fact that the reward system is formulated and supposed to motivate the store managers. This discussion concerning motivation is something to consider when deciding what type of reward the reward system should consist. If you are not aware of what types of rewards that gives the most motivation, the reward system again loses its purpose. In our opinion, a monetary bonus is the first we have in mind when thinking about rewards and this is the opinion we received from our respondents as well. All of them expect a satisfying salary and this type of reward of course motivates them. However, two of them had the opinion that the individual part of the reward system is the increased salary, which, they negotiate with their superiors. The way the present reward system functions at Kicks and The Body Shop, one receives a monetary bonus when the goals are achieved. The bonuses are not a large amount of money but the employees find it motivating. Further, during the interview we understood that the motivational factors go beyond the monetary bonuses. We understood this when the store managers, while talking about what gave them motivation mentioned that they appreciated nonmonetary rewards such as cakes, a tap on the shoulder, diplomas or nice words from coworkers. Several of the respondents told us that these types of rewards are equally appreciated and motivating as the monetary bonuses. What we could understand from the respondents' answers was that there might be a wish for more non-monetary rewards.

Hereby we see proof of that the store managers seem to be as motivated of nonmonetary rewards as monetary. They would like to be evaluated based on their personal qualities, which at first sight seem not to have an impact on the profit. According to our point of view, in the end we assume these qualities have an equal influence over the store's success, as the ones measured in the present. When it comes to the framing of the reward system the question is if this is something, the head offices have missed. When The Body Shop talks about rewarding their employees for doing "the little extra", we interpret that this refers to motivating the store managers for putting some extra effort into the work, to improve the financial figures. Is there an option to add measurement? Like those, Ursula wishes, to be rewarded for her own initiatives. Ursula took the initiative to cooperate with "Droppen"⁶⁴ and gave free make-up styling to the ones attending. This initiative will not influence the financials figures at first sight but are still very important, which can make the store more successful in a longer perspective. We mean that putting more focus on these types of initiatives should increase the motivation, which would lead according to us that the profit would increase even more. Another example is Dorothy, who is planning to

⁶³ Ny som chef, Vibits Karl-Johan, Eberhard Martin, pp. 13-14, 123-124

⁶⁴ This is a place in Gothenburg, Nordstan where you give blood.

cooperate with hotels nearby the store to receive more costumers to the beauty salon. This is also an initiative based on doing “the little extra” and if this would get more attention from the superiors, it can lead to that more store managers following her example and this, would benefit the company.

5.2.4 The reward systems’ framing

Group reward is according to “*Controller handboken*” a good tool for creating a good team spirit and it leads to loyalty and responsibility within the group.⁶⁵ Kicks have group-based bonuses where the store manager and her employees are given the same bonus. We asked the respondents if they wanted a more individual reward system, as group-based rewards could create a situation where free riders could receive the same bonus as the ones doing all the work.⁶⁶ We consider that the free-rider problem exists in these stores, as some employees are selling products to the customers while some are at the cash desk. How do the store managers know which one of their employees, has performed better than another one? From what we could understand there is no clear way to know who have done what and in what extent. Despite this, in the end they all receive the group bonus. Jenna, at Kicks, told us that if she notices that one of her employees not work as hard as they could, she talk to them and solve the problem. Barbara talked about a new system where there might be less free riders, everyone have to achieve an individual goal first, then the bonus can be distributed to everyone.

When asking Kicks’ head office and The Body Shops’ service office if they evaluated the reward systems they both answered that no evaluation were made. We then ask ourselves how they know if their reward system is having the effect, they expect from it. Moreover, how do they know that their reward system is the most suitable and the most motivating one?

5.2.5 Goal congruence

As described in the theoretical chapter a high level of goal congruence is to strive for, within every organization. The reason for this is to be sure that the actions taken by the employees go in line with the company’s interest.⁶⁷ This is also one of the purposes with having a reward system. Due to this, when not having high goal congruence one can discuss if the reward system is working well. When stated what goals the superior managers have on their store managers, we are able to compare the individual’s goals to see if there exists goal congruence. As explained earlier both Kicks and The Body Shop use similar goals for each manager without further adjustment to the individual’s presumptions. Each respondent has personal goals she wants to achieve. There are certain goals that are common for all of our respondents. One of those is the goal to increase the financial figures, as this goal clearly goes in line with the goals expected from the supervisors. To a certain degree, we think that there is goal congruence within the companies though the store managers as well as the supervisors constantly have the goal to improve the figures to make the store more successful.

⁶⁵ *Controllerhandboken*, 7th edition, Samuelsson L., pp. 123.

⁶⁶ *Ibid*, pp. 134

⁶⁷ *Management Control Systems*, Robert N. Anthony & Vijay Govindarajan, pp. 62.

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At first sight, it seems like there is a goal congruence based on goals in the long perspective. However when taking a closer look into the store managers goals we noticed that many of them are more on short-term basis. For example, Jenna explained that her focus now is not to make priority of financial goals, further she says that her goals differ from month to month and that she focuses more on short-term. Ursula says that it is better to focus on things you are good at, to receive a better result. One of Delilah's personal goals is to get her employees committed and that they perform their very best. Barbara has, as a personal goal, to make her store the "*best in Gothenburg*". In conclusion, the store managers' personal goals differ tremendously from each other within the company. Due to this, we do not find the goal congruence especially high in any of the two companies. An exception from this is that there within The Body Shop exists high goal congruence concerning spreading their important values, values which permeate the whole company. This we understood by talking to our two respondents from The Body Shop who gave the impression of being very enthusiastic and motivated by these values.

6. Conclusion and recommendations

The aim with this thesis has been to understand how the store managers experience the reward systems in relation to their own situation and interest. In this last chapter, we will give the reader the conclusions and results we have been able to come down to while making this case study. Finally, we will give recommendations to Kicks and The Body Shop.

6.1 Conclusion

The purpose with this thesis is to understand how the store managers experience the reward systems in relation to their own situation and interest. We will here discuss our research problem, which has permeated this thesis. To remind the reader of the research problem, it is; *How to reward store managers? Specific interest will be put into how personal differences and complexity in the role of a middle manager influences store managers' perception of reward system.*

6.1.1 Conclusions concerning the complexity in the role of a middle manager

We see proof of a clear complexity in the role as a store manager after making this case study of Kicks and The Body Shop. We can draw the conclusion that there exists a complexity in the role as a store manager based on our interviews, which gave us a good image of this complexity. We see their working situation as very complex in the sense that they are supposed to manage a store with all the involving aspects. They put a lot of time and effort in trying to do this in the best way, at the same time take care of their employees, and please their superiors. Further, we noticed that the store managers were very modest about their role and do not want to be seen as a chief, more like a leader who supports and has a good relationship with her employees. This behavior suits what in theory as it is written in "*Nyckeln till framgång*" about Swedish managers, which is not to boast about ones position. What we observed was also that the store managers could have goals from the superiors that counteracted and this might lead to more frustration concerning their role as store manager. We suppose that this complexity and the leader style the store managers are applies will influence the reward system in certain ways. At first, they want to please everyone and therefore it might be difficult to reach certain goals, if there are some goals that counteract. Further, it is important to have a system with well-defined goals to help the store manager to know what to focus on. Non-monetary rewards such as a "tap on the shoulder", flowers and cakes are rewards the store managers say they appreciate. We think that the fact that they actually see themselves as a leader more than a chief might have an influence over the fact that non-monetary rewards are equally appreciated. This is why it is important that the rewards are suitable for the store managers.

6.1.2 Conclusions concerning personal differences

Store managers are different, regarding backgrounds and preferences, further they motivates by diverse factors, therefore it is of great importance for companies to understand and take these personal differences in consideration when framing a reward system. A reward system is supposed to motivate the store managers and if there are

personal differences among them, this could influence how effective the reward system is. In our thesis, we find many examples of how the store managers get motivation from different things. The biggest motivational factor, among all the respondents is the employees. Consequently, we therefore raise the question if the companies should reconsider their focus concerning their reward system, which now seem to have a too much focus on the financial figures. The general opinion among the respondents is that the most motivational factor is non-financial factors and not the key figures. There are some of the store managers though, who get motivation by seeing black on white how good the store performs comparing to the other stores within the company.

A reward system is destined to make the employees perform their very best. Therefore, the employees have to be motivated in their own individual way. Having the same criteria for everyone might not be the best solution when you might lose some people along the way, if they do not get motivation by the goals declared by the superiors. As a result, we believe it is of importance for companies to see to each individual and how their specific situation looks like when framing a reward system. By doing this one can also achieve the goal congruence which is so important in a company's progress and to be sure that the store managers strives for the same goals.

6.2 Recommendations

After been working with this thesis and now have more understanding about the complexity regarding the reward system, we would like to share some of our thoughts and reflections concerning this subject. Our recommendations to Kicks and The Body Shop is to make some kind of evaluations concerning the reward system, as we notice that there are many personal differences regarding what main factors motivates the store managers. What we observed is that some of them would like to be more appreciated and seen for these personal differences. We suggest that an evaluation of the reward system would give the two companies valuable information, which could make their system more effective and make sure the store managers is working in the right direction.

7. Suggestions for further research

During the writing process of this thesis, we have found many interesting areas worth further studying. We present our suggestions for further research concerning this subject.

Kicks and The Body Shop are two very feminine companies with a majority of the employees and the customers being women. We suggest an interesting comparison would be to compare these types of companies with a company where the majorities are men. It would be interesting to find out if there exist any differences in their perception of the reward system or if the framing and the motivational factors they experience would differ. Would the demands from the store managers regarding the monetary bonuses be higher?

When chosen these two companies, one of the criteria was that one of the companies would have its origins in another country, this to be able to understand how cultural differences might influence a reward system. Along the way, we understood that in our case there were not any significant differences concerning this. Though The Body Shop recently became a part of The Body Shop International, the English culture might have a bigger impact in the future, which would make it interesting to study.

We also think an interesting aspect one could study is how The Body Shop evaluates how the store managers mediate their specific values to their customers, for example concerning human rights. How important is it for The Body Shop that the store managers mediate these values to the customers. When having these, certain ethical values, how important does The Body Shop find it that the store managers are fully involved, and have a good understanding of these values. Finally, how do they measure this involvement?

In addition, it would be interesting to be able to draw general conclusions regarding how personal differences and the complexity in the role of a middle manager influence the store managers' perception of a reward system.

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Interview guide

As our interviews were held in Swedish, we used this following interview guide. For this reason, they are not translated into English.

1. Vad har du för bakgrund?
 - Har du jobbat som butikchef tidigare?
 - Har du jobbat i butik tidigare?
 - Har du jobbat inom detta företaget tidigare?
2. Hur kom det sig att du fick detta jobbet?
 - Varför tackade du ja till tjänsten?
 - Vad är intressant med ditt jobb?
 - Sökte du dig till detta företaget specifikt?
 - Hur länge har du jobbat som butikschef här?
 - Känner du att du är ett med företaget?
 - Känner du att det är din egen butik, ditt egna företag?
3. Vad är det första du tänker på när du tänker på ditt jobb?
 - Beskriv hur en vanlig dag kan se ut?
 - Hur fri är du att ta egna beslut?
 - Vad är du tillfreds med i ditt jobb?
 - Kan du nämna det bästa/sämsta med att jobba som butikschef?
 - Känner du att du hinner med dina arbetsuppgifter?
 - Tar du med dig ditt jobb hem?
 - Hur mycket tid lägger du ner på ditt arbete?
 - Hur fri anser du dig vara när det gäller butiken, skyltning, rea mm?
4. Vem är din närmaste chef?
 - Hur mycket kontakt har ni?
 - Hur ofta träffas ni?
 - Vad har din chef för krav på dig?
 - På vilket sätt upplever du att du kan komma med förslag som du får gehör för?
 - Har ni butikschefsmöten? Vad tas upp på dessa?
5. Vilka är dina uppsatta mål?
 - Är det du själv som satt upp dessa mål, eller vem?
 - Hur stöttar företaget dig i din personliga utveckling?
 - På vilket sätt upplever du att du har stöd från ledningen?
 - Vad har ni för utbildning inom företaget?
6. På vilket sätt arbetar du för att nå dina och butikens mål?
 - Har anställda ansvarsområden? Och vilka är dessa?
 - Hur motiverar du din personal? Kampanj, tävling...
7. Hur mäts dina prestationer?
 - Vad är det för slags belöningar, finansiella alternativt icke-finansiella?
 - Är det gruppbaserad eller individbaserad belöning? (Grupp=butiken lr grupp=butikschefer)
 - Vem beslutar om belöningen?
 - Vad anser du om det sätt som dina prestationer mäts på? (lättförståerliga?)
 - Vad skulle du vilja att din belöning omfattade och vad skulle den baseras på?
 - Vet du vilka mål som företaget har?
 - Vad motiverar dig till att jobba mot dessa mål?
 - på vilket sätt är du delaktig i budgetprocessen?

- Vad händer om du inte uppnår de uppsatta målen?
 - Är du motiverad till att göra ditt yttersta för företaget?
 - Är en del av din belöning individanpassad?
8. Hur stort är ditt personalansvar?
- Är det du som rekryterar butikspersonalen?
 - Hur ser du på din chefsroll?
 - Hur vill du förhålla dig till dina anställda?
 - Hur tror du att dina anställda upplever dig som chef?
 - Vem förknippar du dig mest med, dina anställda eller din chef?
9. Hur ser företagskulturen ut i företaget?
- Känns det som att alla är på samma nivå eller att distansen är stor i hierarkin?
10. Var tror du att du är om 5år?
- Har du något du vill tillägga?

The questions we asked the head offices are as follows:

- Utveckla syftet med ert belöningsystem?
- Vilka beteenden vill ni försöka styra med hjälp av ert belöningsystem?
Hur styr ni fram dessa beteenden?
- Vilken effekt får ert belöningsystem?
- Har ni några undersökningar som visar på att ni nåt ert mål / syfte med belöningsystemet? Om ja, vad visar de?
- Försöker ni individanpassa era belöningar och i så fall hur?
- Hur skulle ni vilja utveckla ert belöningsystem för att bättre motivera de anställda mot företagets strategi och mål?