



UNIVERSITY OF GOTHENBURG
FACULTY OF SOCIAL SCIENCES

Should I stay or should I go?

White-collar workers' perception of
compensation and benefit packages in relation to
work motivation and employee engagement

A case study at Volvo Car Corporation

Master thesis in Strategic HRM & Labour Relations

30 higher education credits

Author: Mikaela Jönsson

Supervisor: Bertil Rolandsson

Spring 2012

Acknowledgements

First I want to thank the department Compensation & Benefits at Volvo Car Corporation in Gothenburg that made this case study possible to perform. Especially thanks to Malin Milthon Edoff that has been my mentor at the company. She provided me with many valuable ideas for foremost the questionnaire and interview guide, but she also has challenged my thoughts, which broadened my perspective in a good way. Also, I wish to express my gratitude to Hanna Fager, who welcomed me to the company in the first place. She has been a great source of inspiration.

I would like to show my gratitude to all employees that took their time in answering my questionnaire and participated in interviews. Without you the study would not have been possible to carry out.

Finally, I want to thank my supervisor Bertil Rolandsson that has been a great support during the whole process. He has given me valuable feedback and new ideas when I have felt lost in the world of academia.

Thank you!

Gothenburg, June 2012

Mikaela Jönsson

Abstract

This master thesis describes how white-collar workers at Volvo Car Corporation perceive compensation and benefits packages and what it means to their work motivation and engagement. The case company is in need to attract and retain the right competences to reach its future vision and objectives, therefore it is crucial to have a motivated and engaged workforce. This is not merely a matter for Volvo Car Corporation, rather all organisations within the industry strive to have motivated and engaged employees that intends to remain at the employer. By exploring in what way compensation and benefit packages impact on work motivation and engagement and consequently what employees find to be of importance at work, are valuable findings for organisations within the vehicle industry. A case study was conducted at the organisation, with a combination of quantitative and qualitative methods to collect data. Motivation theories were used to describe the meaning of satisfaction at work. Equity theory and social comparison theory were applied on the results in order to make sense of the concept employee engagement. The results showed that the employees found compensations to be important for work motivation and engagement in the long run, but other factors such as work tasks and appreciation from managers and colleagues were of more importance. The employees appreciated benefits, but these were less important for work motivation. Nevertheless, benefits could contribute to comparisons among colleagues. A majority wanted to remain at the employer, although employees in the ages 21-40 were much more open-minded to change employer. Reasons for staying at the company were interesting work tasks and challenges in work, but also due to convenience and safety. The main reason for leaving the employer for another was higher salary.

Keywords

Compensation and benefit packages, work motivation, employee engagement, retention, equity theory, motivators, hygiene factors

Table of Contents

1 Introduction	1
1.1 Purpose	2
2 Earlier research	2
2.1 Pay for performance systems and pay satisfaction	2
2.2 Benefits.....	3
2.3 Impact of extrinsic motivators	4
2.4 Different age groups at work	4
2.5 Retention of employees.....	5
3 Theory	5
3.1 Motivation	5
3.2 Employee engagement.....	7
3.3 Relation between motivation and employee engagement.....	8
4 Method	8
4.1 Case study – questionnaire and interviews	8
4.2 Data analysis	10
4.3 Validity, reliability and limitations	10
4.4 Ethical consideration	11
5 Results	11
5.1 Questionnaire – employees’ preferences about rewards	11
5.1.1 Motivational factors at work and wanted benefits	12
5.1.2 View on compensations.....	13
5.1.3 Reasons for staying within the organisation	14
5.2 Interviews – perception of compensation and benefit packages	16
5.2.1 Desired benefits.....	16
5.2.2 Thoughts about salary and bonus	17
5.2.3 The meaning of compensations and benefits in relation to work motivation	18
5.2.4 Engagement for work	19
5.2.5 Different expectations depending on age and gender.....	20
6 Discussion	21
6.1 Motivation at work.....	21
6.2 Compensation and benefit packages – a matter of equity	22
6.2.1 Positive view on PFP systems.....	23
6.2.2 Tension between individual and joint perspective	24
6.3 The age perspective	24
6.4 Do engaged employees want to stay?	25
7 Conclusion	26
7.1 Final remarks – implications for the company	26
8 References	28
9 Appendix	31

1 Introduction

In today's fast-changing global business climate, organisations are facing a constant competition among each other to attract and retain employees with demanded knowledge, abilities and skills in order to remain profitable (Sturman, 2003). Employee turnover is a high cost, both in terms of money and in the loss of competences that can cause instability in the organisation. Total cost of an exempt employee is about the same amount as an individual's compensations and benefits for a year (Ramlall, 2004). One approach to reduce employee turnover is to emphasise employee engagement, which has become a popular concept within the management world. Employee engagement has the potential to be a decisive factor in organisational success, since it can have an impact on employee retention and loyalty, as well as customer satisfaction and reputation of an organisation (Lockwood, 2007). To have engaged employees is central for an organisation, since those employees are more likely to commit staying with their current employer and perform higher than people less engaged (Schaufeli & Bakker, 2004; Vance, 2006).

A way to retain employees is to reward them with compensation and benefit packages that are market competitive (Merchant & Van Der Stede, 2007). In addition, compensation and benefits packages can play a strategic role in developing performance and profitability of an organisation (Wah, 2000; Meyer et al., 2001). Ax et al. (2005) argue that one of the most common purposes for companies to have reward systems is to motivate employees to perform better. Compensations are all types of financial returns employees obtain as a part of the employment relationship, where the main compensation for employees and consequently the main cost for the employer is the salary. Benefits can be described as a payment to a third party on behalf of the employee (e.g. company car and competence development program) although the employee does not receive the benefit in actual cash payment. If a compensation and benefit package can influence performance and profitability, I want to explore if it also influences individuals' work motivation and employee engagement.

For a business to manage change, employees need to be committed towards the demand of rapid change (Dessler, 1993), and committed employees are a source of competitive advantage. When an organisation faces changes and turbulence it may be difficult to retain competences. It is therefore especially important with extrinsic motivators in order to keep needed skills within the company (Lawler, 1981, cited in Allen & Kilmann, 2001). But since compensations and benefits is a big cost for businesses, it is hence central for an organisation to know what its employees appreciate the most and highlight that (Carraher, 2011).

I will now introduce the case company of this report, Volvo Car Corporation (hereafter called VCC) that is a large manufacturing company in Sweden that is going through a lot of changes due to new ownership and a new business strategy. The strategy is to *build a global performance organisation and culture*. The compensation philosophy of VCC is pay for performance, i.e. an employee's performance shall reflect the salary outcome. In order to reach its future vision and objectives, the company is in crucial need to attract and retain the right competences. This is not a unique problem for just VCC; organisations in the whole vehicle industry strive to have motivated and engaged employees staying at the employer. What role do compensation and benefits packages play in this?

A case study at the organisation was made on white-collar workers in order to explore their perception of compensation and benefit packages. Also, the relation between compensations and benefits and work motivation, and employee engagement are studied. Since employee engagement and work motivation are connected to retention and loyalty of employees, these factors are important to be realised in a company that has to cope with intense global

competition within the industry. White-collar workers were chosen since this group possesses most pressures competences companies within the industry are competing of. I would argue that there is a lack of explorative research concerning perceptions of extrinsic rewards and the relation with work motivation and employee engagement in a Swedish setting. Therefore this case study is interesting in a bigger context and not only for VCC, since it is an illustration of supply of competences in today's vehicle industry.

1.1 Purpose

The purpose with this study is thus to explore white-collar workers' perception of compensation and benefit packages and describe what it means to individuals' work motivation and employee engagement at VCC.

In order to fulfil the purpose, two research questions have been developed:

- How do the employees describe their own preferences for rewards?
- How do the employees relate their compensation and benefit package to their work motivation and engagement?

As stated above there is, in my knowledge, a lack of explorative research in Sweden regarding white-collar workers' perceptions of compensation and benefits packages in relation with work motivation and employee engagement. In this master thesis there will therefore be openness towards potential patterns concerning differences in gender and age. This case study will contribute to a deeper understanding of how this impacts on individuals' behaviour and thus the business results.

Disposition of this report is as follows: after introduction previous research related to the topic of investigation is presented. Thereafter the theoretical concepts are introduced, followed by a method description. The method section illustrates how the case study was made. Validity and reliability of the study, as well as limitations are discussed. Further on, the results from the case study are presented, which then subsequently are analysed together with theories and earlier research in the discussion. Finally, conclusions are drawn by answering above stated purpose and research questions.

2 Earlier research

In this section I emphasise research that have been made earlier and that are relevant for the purpose of this study. Research about pay for performance systems, pay satisfaction and benefits are presented, followed by research concerning impact of extrinsic motivators, different age groups at work and finally retention of employees.

2.1 Pay for performance systems and pay satisfaction

There is a lot of research available about compensations and the relation between pay and the performance outcome of individuals and groups (see for example Lawler 1971; Meyer, 1975; Wood, 1996; Widener, 2006). Research about compensations in liaison with work motivation and employee engagement is however less common. Pay for performance (PFP) system is an issue often discussed when it comes to research about compensation. For example, an article describes the implications of a PFP system, and that it is more appropriate for certain positions, e.g. in sales and manufacturing, and less likely to be efficient in non-profit organisations, health care and governments, where performance is not

easy to measure and the motivation is more intrinsic (Glassman et al., 2010). Many success stories regarding PFP systems exist; one case is where the productivity increased with 30% after the adoption of PFP, whereas increase of job enrichment and employee participation did not make the productivity grow at the same level. On the other hand, organisations tend to implement a PFP system when facing performance problems and the system will often lead to more defined goals, training etc. which causes a general improvement of management practices. Therefore it can be hard to determine if it is the PFP system or the improved management practices that contribute to increased productivity in the long run. If this type of reward system shall be efficient, employees need to have defined goals and the job position must fulfil the characteristics of performance measurement (Glassman et al., 2010). The system tends to fail when employees do not feel that they get rewarded for their performance. According to research it is yet difficult for managers to know 'how much reward' that is enough. For example, Kauhanen and Piekola (2006) recommend a merit reward to be at least 5% of total compensation. Rynes and Gerhart (2002) discuss the impact of major pay changes, for example adoption of PFP or transfer from individual-based to group-based rewards. Then individuals tend to re-evaluate their fit within the organisation and the pay change can result in employees leaving.

Research about the link between performance appraisal and job satisfaction (Brown et al., 2010) and pay satisfaction (Duchame et al., 2005) are relevant for this thesis. Performance appraisal is a type of evaluation of an individual's performance at work and pay satisfaction is the contentment of an employee's salary for accomplished work. Duchame et al. (2005) claim that it is important to communicate an employee's performance pay in relation to the results of the performance appraisal in order to reach pay satisfaction. Further, if performance appraisal is not connected to pay it is still contributing to pay satisfaction, since the employee feels that the company cares about its employees and treats them fair. When individuals do not receive performance appraisal they tend to be less satisfied with salary, no matter if they have performance pay or not. The essential point is the practice of performance appraisal and continuous feedback, which is a vital task for the managers in an organisation.

2.2 Benefits

When it comes to research about benefits, Rynes and Gerhart (2002) argue that benefits have small impact in general on employees' productivity and performance. Often, benefit systems are standardised and are equally provided to all employees, hence the main weakness is that the systems do not meet the needs of an employee at certain times in life. Therefore, recurrent topic of discussion for many organisations the past years is to make their benefit offer diversified and more connected with employee behaviour and performance (Rynes & Gerhart, 2002; Carraher & Buckley, 2008).

For example, one study examines the relationship between employee turnover and attitudes towards benefits (Carraher, 2011), which reveals interesting findings within the research area of this report. The kinds of benefits that are of most importance differ from employee to employee (depending on gender, age etc.), between countries and across time. Therefore the author's suggestion for organisations is to conduct surveys regularly to be able to know what aspects of benefits that are important, along with having clear communication of the benefits' value and cost. Yet expectancies and equity of benefits shall be taken into account when seeking to retain employees. In the same study, pay and pay satisfaction were less important than benefits. However, for attracting employees pay was more important but in order to retain employees, benefits played a more vital role. Carraher (2011) and Dale-Olsen

(2006) argue that organisations need to emphasise employee benefits if desiring to keep competences. Another study examines the relationships between compensation package, work motivation and job satisfaction. The conclusions are that flexible pay of non-exempt employees neither motivates nor increases job satisfaction, but individualised compensations of exempt employees can be a source of work motivation. Besides, benefits do not motivate nor increase job satisfaction of employees (Igalens & Roussel, 1999), which are contradictory findings towards above statements of Carraher (2011).

2.3 Impact of extrinsic motivators

Since compensation and benefits packages can be viewed as extrinsic motivators, it is relevant to discuss the impact of extrinsic motivators here. Extrinsic as well as intrinsic motivators are subjects to a lot of investigations. Research argues that when employees perceive medium levels of composite extrinsic motivators, work effort increases. Thus, if the composite level is extremely high or too low, then the work effort and work motivation tend to decrease (Chang, 2003).

Historically, men and women have possessed different social roles in the society, where men have had a bigger responsibility for financial support. One can argue that these roles reflect the preferences for work attributes (Rynes & Gerhart, 2002). Though, earlier research on gender and pay importance (an extrinsic motivator) have found that there are no differences due to gender. But in contrast to this argument, a study made in Sweden indicated that men tend to value extrinsic motivators higher than women, which find intrinsic motivators more valuable in choice of future career. To work with something fun and interesting are the most important aspects for women's motivation whilst pay and prestigious jobs are the driving factors for men (Hagström & Gamberale, 1995). However, differences in gender and pay expectations are discovered in several studies that have shown that women's pay expectations are somewhat lower than men's (Stevens et al., 1993; Tromski & Subich, 1990, cited in Rynes & Gerhart, 2002).

2.4 Different age groups at work

In the last decades there is a growing debate about generational differences, especially when it comes to work place contexts. Surprisingly there are rather few studies made about generations at work. Age is often used interchangeably with generation, however most literature uses the concept of generations (for example Baby Boomers and Generation X). In this study I have however decided to refer to age groups of employees instead of clustering them into different generations. A study by Wong et al. (2008) examined whether motivational drivers and personality differ depending on what generation the employee belongs to. The results indicated on few significant differences between the generations. However, two minor differences observed were more related to age than generation, indicating that younger employees are less optimistic than older and when managing younger it is important to ensure that their preferences for a cooperative workplace environment are reached (Wong et al., 2008).

Costanza et al. (2012) have conducted an extensive meta-analysis of 20 studies about generational differences among employees at work. The three work-related criteria the authors examined were organisational commitment, job satisfaction and intent to turnover. The studies included in the analysis were all originated from the US, except from four that were conducted in Canada, Europe and New Zealand. The meta-analysis did indicate that generational differences in a workplace context probably do not exist. The differences that

did appear were rather connected to other factors than generations (Costanza et al., 2012). To conclude, what the research argues is that an employee's age group (or generational membership) does not impact on how the 'group' look upon work-related issues in comparison to other generations at the workplace.

2.5 Retention of employees

The main concern for a business when it comes to employee engagement is to retain people within the organisation. Studies looking upon retention of employees focus on different aspects, such as commitment (Romzek, 1990; Christensen Hughes & Rog, 2008), job satisfaction (Randolph, 2005; Deery, 2008), company culture (Sheridan, 1992; Meyer et al., 2010) and work place context (Glen, 2006). As discussed earlier, retention of talented competences is an important resource for companies in order to become and stay competitive. These employees want salaries that are comparable to other companies' salaries for similar work tasks in the same industry (Branham, 2001). One way for organisations to retain key competences during critical organisational transitions or labour market competitions is to emphasise compensations (Poe, 1998; Ermel & Bohl, 1997). On the contrary, Branham (2001) argues that when individuals have an interesting and meaningful work, good management and acceptable working conditions combined with a fair pay in comparison to the industry, the drive to leave the employer for another company to earn more money is weak.

To illustrate an example, one study focuses upon what factors that influence employee retention. Satisfaction or dissatisfaction with rewards and recognition, task identity, feedback, number of positions held at the company, age and position were the factors that affected the likelihood to stay within the organisation or leave. An interesting point is that flexible work schedule is one of the main reasons to remain at the same employer (Ramlall, 2003). Another study on retention factors reveals that job satisfaction, extrinsic rewards, constituent attachments, organisational commitment and organisational prestige were the most common reasons for staying at the same employer. Low performers and employees on temporarily contract mentioned extrinsic rewards more often than the permanent employees (Hausknecht et al., 2009). To conclude, there are many factors that affect the reasons for staying or leaving an organisation.

3 Theory

If we know remind us of the purpose with this master thesis; to explore white-collar workers' perception of compensation and benefit packages and describe what it means to individuals' work motivation and employee engagement. It is therefore a need of theories within motivation and employee engagement as a foundation for the empirical findings. The theories are tools to make sense of the employees' views upon rewards. When employee engagement and work motivation are at a satisfying level, these are factors that increase the likelihood for employees to remain at the same employer. Organisations that succeed in this will keep competences and hopefully, in the long run, be able to reach future business objectives.

3.1 Motivation

Motivation is a field that has been, and still is, subject to lot of research. For my study two well-established theories have been chosen: *two-factor theory of motivation* and *job*

characteristics model. In this report the view of motivation is to be seen from an individual perspective.

Being motivated means to be moved to do something. The level and orientation of motivation can vary a lot among people since it depends on the attitudes and goals that are the reasons for action. Ryan and Deci (2000) distinguish between different types of motivation, where *intrinsic* and *extrinsic* is the basic distinction. The concept of intrinsic and extrinsic motivation is relevant for the findings in my study, since I perceive compensations and benefits as extrinsic motivators. Intrinsic motivation is explained by doing something due to its own inherently interest and enjoyment. The classic case of extrinsic motivation is when a person feels externally propelled into action and where it leads to a separable outcome. To illustrate an example; tasks that educators want their students to perform are not always interesting and enjoyable, therefore knowing how to promote more active and wished forms of extrinsic motivation becomes an essential strategy for successful teaching (Ryan & Deci, 2000).

Already in the 1950s researchers examined what factors affect work motivation, where Herzberg's two-factor theory of motivation has been very influential within the field (Herzberg et al., 1959). The researcher developed two concepts called *motivators* and *hygiene factors* where motivators are variables that give satisfied work experience. According to Herzberg (1968) a person experiences job satisfaction when having responsibility, autonomy and feels pleasure from completing complex tasks at work. These are so called motivators. Additional examples of motivators are recognition, achievement and the work itself. Hygiene factors give a state of dissatisfaction and these are often connected to extrinsic factors such as salary, status, company cars and company policies. Even if the hygiene factors are fulfilled it does not mean that an individual is motivated, more in a neutral state, though the motivators need to be active in order to reach job satisfaction. I make a connection between hygiene factors and extrinsic motivation, since their meaning is rather similar. Intrinsic motivation and motivators are to some extent linked with each other as well, since the concepts deal with internal individual motivation.

Similar to Herzberg, Hackman and Oldham (1976) wanted to explore what factors that motivate individuals at work. They developed a model; the job characteristics model, that explains under what conditions individuals will be internally motivated to perform effectively in their jobs. With this model the researchers proposed a test of theory of work redesign, in order to determine when an enriched job will have beneficial outcomes. Focus is on the interaction between characteristics of jobs and people. The model consists of five core job dimensions, which in turn give psychological states. These psychological states are related to personal- and work outcomes. The relationship between the job dimensions and the psychological states as well as the link between the states and outcomes are based upon the assumption that individual growth need strength. The core job dimensions identified are *skill variety*, *task identity*, *task significance*, *autonomy* and *feedback*. These dimensions will be considered in the discussion of this article. Experienced meaningfulness of the work (cares about the task), experienced responsibility for outcomes of the work (an individual has performed well), and knowledge of the actual results of the work activities (learning) are classified as the three psychological states. When all these states are present, the individual feels positive work motivation that also is self-generated. Nevertheless, even if employees experiences the psychological states when the job conditions are good, those individuals with high growth needs react more positively than individuals with less growth needs (Hackman & Oldham, 1976). Two additional moderators were added into the model; knowledge and skills and job context satisfaction where the latter explains how satisfied the

individual is with job context including employment security, colleagues, management and rewards system. Compensation and benefit packages are part of the rewards system, but the theory primarily focuses on work motivation and not rewards. Yet it views compensation and benefit as part of job context satisfaction, therefore my choice to include this theory in the study.

3.2 Employee engagement

When looking upon the more collective constructive perception of work, I found the concept of employee engagement to be central. Many definitions of employee engagement exist; for example an individual's involvement and satisfaction with work, as well as enthusiasm for work (Harter et al., 2002). For this thesis, the description of employee engagement is the connection between the job of an employee and the strategy of an organisation, including the understanding of how crucial a person's job is to the success of the organisation (Lockwood, 2007). Employee engagement can be seen from emotional, cognitive and behavioural views. What the employee feels about the company and its human capital is emotional. Cognitive engagement is about an employee's belief about the organisation, the management and the culture. Behavioural is the amount of effort employees put into the work (Lockwood, 2007).

In order to make sense of the concept employee engagement, two theories within social science are used: *equity theory* and *social comparison theory*. These types of theories are often discussed when examining the case of compensations and benefits. Equity theory was developed by Adams (1963) and describes how employees aim to maintain equity between the inputs and outcomes of a job and the perceived inputs and outcomes of others. The amount of input an individual puts into a job can be based upon e.g. experience, effort, education and competence, whilst outcomes are salary levels, recognition, status symbols etc. Fair treatment is valued and makes people motivated to have fairness among colleagues in order to maintain a good relationship. Equity theory rests upon three assumptions; first, people develop beliefs about what a fair and equitable return is for contribution to a job. Secondly, individuals compare own exchange with the employer towards other people's exchange with employer. And lastly, if people believe that their rewards are not equitable in relation to what others receive, they will be motivated to take action to do something about it (Carrell & Dittich, 1978). Monetary rewards are often the cause of equity/inequity. Consequently, if an employee considers being underpaid it can lead to hostile attitudes towards the employer and colleagues, as well as a lower performance and decrease in engagement. In contrast to equity theory, *tournament theory* predicts that people strive harder to reach outcomes under a monetary structure that is hierarchical and where the pay differential is substantial and can instead increase work motivation (Milkovich & Newman, 2004).

Social comparison theory is based on the assumption that individuals have a drive to gain accurate self-evaluations. Individuals evaluate own opinions and abilities by comparing themselves to others in their environment in order to decrease uncertainty in these areas (Festinger, 1954). The theory states that individuals tend to compare themselves with other people that are similar and thereafter they make an evaluation of opinions and abilities. When differences increase between individuals, the comparison also tends to decrease. These comparisons with others can cause pressures of uniformity. If the uniformity leads to imbalance, there is a need for individuals to persuade others to change or change their own personal opinion (Festinger, 1954). By connecting the theory with the concept employee engagement, social comparisons can be applied on an individual's behaviour and actions towards colleagues, which in turn can have an impact on the employee's engagement for the company.

3.3 Relation between motivation and employee engagement

By comparing these two jointly constructed differences, I would argue that the theories of motivation are individual-related since work motivation arises from factors that impact on individual needs and characteristics. On the other hand, the theories of employee engagement relate to organisational surroundings, i.e. colleagues, managers and top management team. Therefore, I believe employee engagement can be perceived from a collective approach rather than from an individual. Tensions may be created between these two approaches within the organisation, especially when it comes to compensation and benefit packages.

4 Method

My research is in line with the pragmatic constructivist view of the world, hence I focus upon actions, situations and consequences where actors and their practices are in focus. Pragmatism uses several approaches in order to understand how problems are socially constructed, thus the research problem is at centre rather than methods (Creswell, 2009). I distance myself from positivism and accept a more realistic view on the research process, where I am aware of that I cannot take a neutral position towards the individuals involved in the process. Rather, the creation of knowledge is produced in interaction with the participants of the study. Compensations and benefits can be seen as a practice, therefore I want to understand how the actors in a pragmatic way make sense of this practice. By using several approaches in order to understand how the actors construct their reality, I aim to reach this knowledge.

4.1 Case study – questionnaire and interviews

This is a case study of a homogenous group of white-collar workers at a large manufacturing company (VCC) within the private sector in Gothenburg, Sweden. *Mixed methods research* was the chosen method, where both qualitative and quantitative data are used. Mixed method corresponds to the pragmatic research process described above (Creswell, 2009). I wanted to use a combination of methods since the research has an exploratory approach and I did not know what outcomes to expect. Flyvbjerg (2006) argues that case studies are a very relevant method for certain important tasks within social sciences and further claims that a combination of qualitative and quantitative methods is proved to be successful within case studies. My reason for using the case study approach was that I sought to find a rich description of the phenomena to be able to represent the findings from the participants' perspective (Somekh & Lewin, 2005). In this specific study the phenomena was the employees' perception of compensation and benefits. The case I have reviewed illustrates how white-collar workers' at a manufacturing company perceive rewards in relation to motivation and engagement, which is a relevant case in a bigger context. Since VCC is one amongst other within the vehicle industry that is struggling to manage intense global competition, the case analysed contributes with data that can be elaborated further and discussed in a broader context.

A cross-sectional survey was used, in form of a web-based questionnaire, representing a particular population at a particular time (Guthrie, 2010). Thereafter, in total 12 semi-structured interviews were performed with three employees from four different age groups. The reason for conducting a questionnaire (see appendix for questionnaire questions) was to get a first understanding of the preferences towards compensations and benefits among the employees at VCC. White-collar workers were chosen due to the vision of the organisation of becoming the employer of choice, hence this is the main group the company wants to

attract and retain due to the valuable competences the group possesses. The results from the questionnaire laid a good foundation for formulation of relevant interview questions and later interview guide. Besides, it gave guidance for me to focus on specific areas in order to get in-depth answers from the interviewees, based upon the different themes included in the questionnaire.

Krejcie and Morgan (1970) suggest sample size when collecting data from a big population, thus when the total population consists of 5000 respondents or more, the sample size shall be at least 357. Consequently, in this study, the number of 366 respondents out of a population of 5515 was in accordance with their table of sample size. Before the dispatch of the questionnaire, three informant interviews were made with respectively union presidents of *Ledarna*, *Unionen* and *Akademikerna*. The informants gave new insights and ideas for the upcoming questionnaire, and I was able to broaden my view upon the examined topic. Additionally, the questionnaire was pilot tested on 18 people. Feedback and ideas from the pilot study was taken into consideration and made the questions clear and improved the final version. The questionnaire was sent out by e-mail; using systematic sampling by choosing every 15th person from a list over all permanent white-collar workers located in Gothenburg, sorted by last name. Mainly close-ended questions were chosen, though some questions left space to give comments and a few questions had open answers. In total the respondents had nine days upon answering the questionnaire, and during this period one reminder was sent out. It had a response rate of 77% (281 respondents), with a final rate of 62% (227 respondents) since all did not finalise it. One reason for not finishing the questionnaire could be lack of time and confusion about the open questions.

When the results of the questionnaire had been analysed, formulation of interview questions based upon the findings from the quantitative data was made. It resulted in four themes that formed the interview guide; work motivation, rewards, employee engagement and retention. I want to emphasise the main purpose for conducting interviews: to get a deeper understanding of how white-collar workers relate their compensation and benefit packages with motivation and engagement. Main focus was hence put on the qualitative results due to the exploratory approach of the study.

The form of semi-structured interview was good for the purpose of the thesis since the aim was to gain insight from a rather open discussion with the interviewees, though still have a structure to follow (Creswell, 2009). Semi-structured interview can be defined as an interview with the purpose of collecting descriptions of the life world from a respondent with respect to interpreting the meaning of the phenomena (Kvale, 2007). 12 interviews were made with employees representing different functions within the company. The interviewees consisted of six female respondents and six male respondents, systematically sampled from the list of the 366 questionnaire respondents. I wanted to have equal gender distribution to be able to compare the answers of the male and female respondents since the study was open towards potential differences in gender. By separating the sample into four age groups (21-30, 31-40, 41-50 and 51-60), I was able to divide the number of employees in one list with three to get the final interviewee sample. The reason for classifying the respondents into different age groups was because I also wanted to be open towards potential variation in answers within different age groups of employees. When one employee declined to participate in an interview, the person next on the list was approached. All participants had completed the questionnaire, except from one employee. I conducted the interviews at the premises of VCC, a couple of them in the café but most of the meetings took place in workrooms separated from the participants' department. It was important for me to build trust between the interviewee and me, for that reason I encouraged the participants to choose place for the

interview. The interviews lasted about 40-60 minutes and all of them were recorded and thereafter transcribed.

4.2 Data analysis

For the questionnaire, the results from the survey program (SurveyMonkey) were charted into diagrams, categorised and ranked, which created opportunities to discover patterns. I was able to transfer the results to MS Excel and work with the material in this program. The possibility to cross-tabulate different variables (for example female + 31-40 years old) made it easier to find potential differences regarding gender and age. By having several cross-tabulations I got a clear overview and could compare the results with each other and decide which combinations that yielded interesting findings.

Kvale and Brinkmann (2009) describe the analysis of an interview as the interspersing between the story told by the respondent to the interviewer and the final story the researcher tells the audience. I have used *meaning condensation* as method to analyse the interviews since this technique structures the empirical material in an easy way. Meaning condensation is made by compressing sentences of the interviewee's into shorter formulations and thereafter the main sense is rephrased into few words. It involves five steps: first, the whole interview transcript is read through and then the researcher determines the natural meaning units. Next, the meaning is restated as simple as possible. The fourth step is to interrogate the meaning units in relation to the purpose of the study, and the final step is to tie the very essential themes together into descriptive statements (Kvale & Brinkmann, 2009). By using this step-by-step method I was able to analyse all the transcriptions and catch the essential meanings from all interviews.

4.3 Validity, reliability and limitations

In mixed method research validity can be defined as employing strategies that address potential problem in data collection, data analysis and the interpretations that evolve from the quantitative and qualitative approach, as well as the conclusions drawn from this combination (Creswell & Plano Clark, 2011). I am aware of the subjective interpretations made, even if I as a researcher have tried to be as objective as possible to obtain valid conclusions. The theoretical framework was used as foundation for the questionnaire questions and interview guide, which according to Yin (2003) increase the validity of a case study. A potential validity problem is the fact that the interviews were performed and transcribed in Swedish. Later, from the meaning condensation analysis, the central themes were translated to English. During this process, I could interpret the meaning of specific words different due to language variations. Regardless, I would argue that these interpretations do not affect the end results of the study.

In order to increase the reliability of the study, several actions have been made during the process. The questionnaire was discussed with trade union presidents and thereafter pilot tested on internal (VCC) and external people to obtain different perspectives. A final judgement of the formulation and relevance of questions was then made by the researcher. A potential reliability problem can be the falling-off from the questionnaire; those employees (38%) that did not reply nor completed the questionnaire may have given different answers in comparison to the employees that participated. This could have a small impact on the outcome of the questionnaire, but in the end, I am satisfied with the response rate. Regarding the interview questions, a selection of relevant questions was chosen after discussions with the supervisors. All interviews were recorded and transcribed, which is important for the

reliability. I used a case study protocol during the collection of empirical data where reflections were written down, and these were valuable to have during analysis of, foremost, interviews.

Even though this study has been well prepared, I am aware of its limitations. One limitation is the chosen setting; the empirical collection was made in a Swedish context. If the study would have been made in another country or at another organisation, the findings would might have varied due to culture differences and/or company culture. It could be argued that additional studies need to be done in other countries as well. Due to the limited time available I was not able to conduct more interviews, nevertheless I believe that additional interviews would have been valuable to make more generalisations within the case company. Finally, one cannot ignore the fact that I as a researcher constantly make my own interpretations of texts and data, which the reader needs to be aware of. If any parts of earlier research or theories are misinterpreted I am thus responsible for that.

4.4 Ethical consideration

From an ethical perspective, it is essential that there exist a mutual agreement between the researcher and the people involved in the case study. Participants in the study have been informed about the purpose, how the information will be used, the respondents' anonymity and their contribution to the research. Since rewards can be interpreted as a sensitive and private matter, I decided to keep all the respondents' name and position in VCC anonymous. After agreement with the case company, a decision to reveal its identity in the thesis was made.

5 Results

Findings from the questionnaire and interviews will now be presented, where the results from the questionnaire aim to answer the first research question while the interview results focus on the second research question. In order to follow the results, we need a reminder of the stated research questions: 1) how do the employees describe their own preferences for rewards? 2) how do the employees relate their compensation and benefit package to their work motivation and engagement? The main theme discussed in the questionnaire findings is the employees' preferences for rewards, which is then divided into sub themes. These are motivational factors at work and wanted benefits, view on compensations and reasons for staying within the organisation. Next, the findings from the interviews are presented, which are at primary focus in this section. The main theme is perception of compensation and benefit packages with five sub themes: desired benefits, thoughts about salary and bonus, the meaning of compensations and benefits in relation to work motivation, engagement for work and finally, different expectations depending on age and gender.

5.1 Questionnaire – employees' preferences about rewards

The respondents consist of more men than women, reflecting the real setting in the organisation. Almost all units (*Design, Finance, Human Resources, IT, Legal, Manufacturing, Marketing Sales & Customer Service, Research & Development, Product Strategy & Vehicle Line Management, Public Affairs, Purchasing and Quality*) within VCC are represented, though Research & Development has the highest amount of respondents since it is the biggest unit. University/college is the most usual education and the age of 41-50 is most common among the participants.

5.1.1 Motivational factors at work and wanted benefits

The respondents are asked to identify to what extent different factors motivate them at work. According to the questionnaire appreciation from manager/colleagues, responsibility challenges in work and work tasks are the highest ranked factors. Also, salary, autonomy in work, benefits and feedback from manager/colleagues are ranked as motivating. Status and work environment are more motivational than non-motivational, though top management team is neither a motivated nor unmotivated factor (see chart 1). This result can be related to a similar questionnaire question where high salary and work tasks that feel meaningful are the most important factors at work when ranking six alternatives (high salary, autonomy in work, variety in work, feedback from manager/colleagues, work tasks that feel meaningful and favourable benefits). Favourable benefits are least important among these alternatives. A difference between women and men is that the female participants value to have work tasks that feel meaningful whilst men rate high salary first.



Chart 1. Motivational factors. 1: unmotivated, 3: neither unmotivated nor motivated, and 5: motivated.

82% out of all respondents consider that benefits shall be flexible and adaptable to individuals. Thereof, the answers are spread regarding what benefit the respondents would like to have the most. However, the most frequently asked benefit is company car, followed by the possibility to work from home. Additional vacation days and/or reduction of working hours are something that is wanted. Smartphone and IT equipment are also benefits that are ranked high, as well as house cleaning and free health care/dental care. Besides, many participants are asking about the possibility to test drive cars and to borrow cars after work, which is a rare benefit at the company today. The respondents are questioned to select three benefits that they perceive as most important out of a list of 18 benefits. Flexible working time, company car and additional vacation days are chosen as the most important benefits for the largest part of the employees. Work from home is on the fourth place, which also was wanted in the previous open question. There is a difference when comparing women and men; the female respondents appreciate flexible working time, followed by additional vacation days and work from home. Male respondents find that company car is the most important benefit, followed by flexible working time and additional vacation days. Employees within the age groups 21-30, 31-40 and 41-50 find flexible working time to be most important, while people within age group 51-60 considers company car to be most im-

portant benefit. They also believe the national and local occupational plan to be of importance, in contrast to the other age groups.

5.1.2 View on compensations

Male respondents consider, to a greater extent than female respondents, that salary has a positive impact on engagement. Benefits are not equally important as salary for engagement, both genders believe. Salary has as well a positive impact on retention at the same employer, whilst benefits are not so critical. The questionnaire has two questions about the company's short-term incentive program. The main part of the respondents answers that an incentive program has a positive impact both on motivation and engagement. Though 22% answers 'no' to the question if they are enrolled in the program and 38% answers 'do not know'. In fact, all employees at VCC are enrolled in the short-term incentive program.

Half of the respondents know to some extent what criteria the company practices for salary setting, while 18% do not know what criteria that are used. However, a majority (87%) think it is right with pay for performance systems. However, many respondents have reflections about such a system. Defined goals and clear definition of performance are needed, several argue. Some are critical towards PFP and discuss the role of the manager and the issue of fairness, as well as thought about a non-working system in reality. Comments from the questionnaire are:

“Too risky and not possible for managers to be fair to each and everyone.”

“It is however never done! It does not matter how good job you do. You get the same amount anyway.”

Hence the respondents believe it can be risky with pay for performance and it is hard for managers to treat the employees equally. On the other side, many do not believe it is a PFP system today, and no matter how good the individual performance outcome is they feel that everyone gets the same salary increase anyhow.

Most respondents seldom discuss salary with colleagues, whilst benefits are discussed sometimes with colleagues (see chart 2 on next page). There is no difference regarding gender and age when it comes to discussion of compensations and benefits with colleagues.

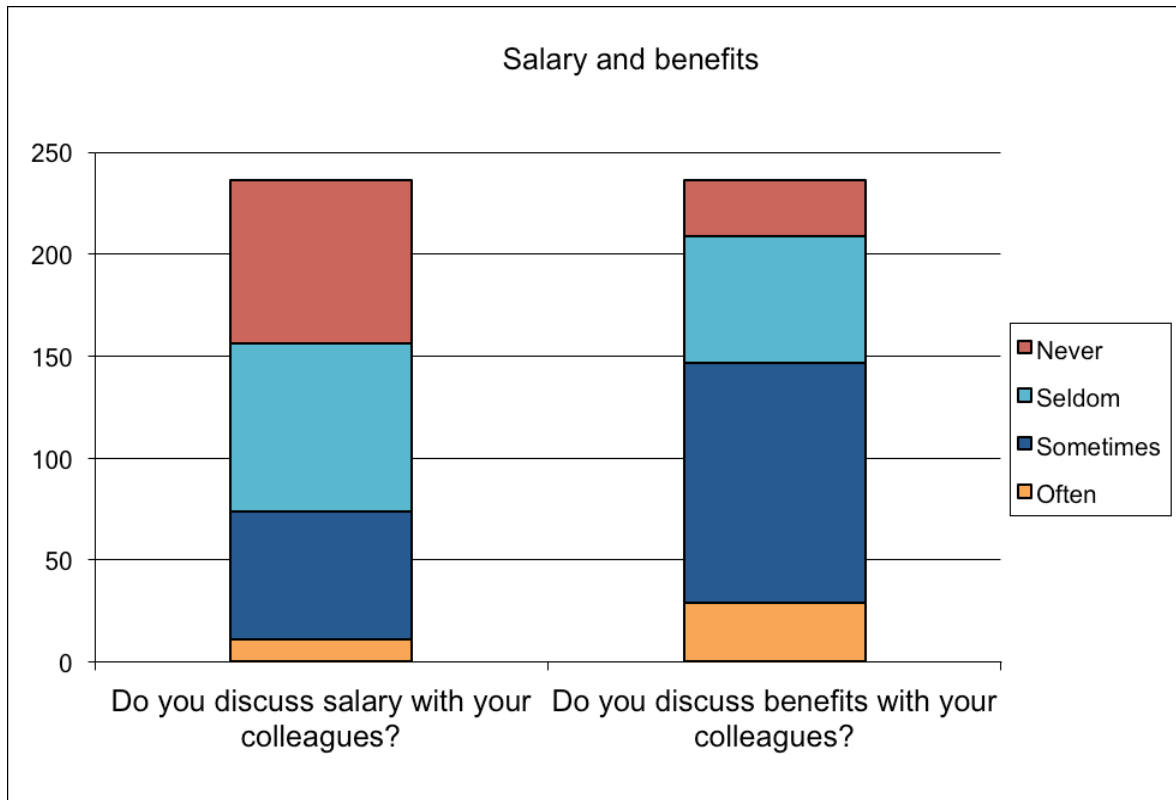


Chart 2. Salary and benefits. Response in number of respondents.

More than 50% of the respondents believe it is acceptable with 0 SEK in salary increase due to low performance, but the discussion of yearly inflation is recurrent. Men think, to a higher extent than women, that it is acceptable with no salary increase. There are no differences in perception about salary increases in the different age groups. Nevertheless, 90% of the respondents expect an increase in salary every year, because they work hard in order to reach their goals. Despite this, 67% do not consider they have a market competitive salary for the work they perform and some express that loyalty does not contribute to salary increases. On the other hand, several participants are satisfied no matter if the salary is market competitive or not. A questionnaire respondent expresses it like this:

“The true answer is that I do not know but I am satisfied. Salary is not a top interest and I do not know the levels outside VCC.”

The salary is not important as long as one feels satisfied with the current salary. Many do not have the knowledge of what salary levels there are in other organisations.

5.1.3 Reasons for staying within the organisation

The three most important factors for the majority when changing employer are higher salary, new challenges and flexible working hours (see chart 3). This follows the line from previous sections where all these three factors are ranked high for work motivation. Female respondents rank flexible working hours higher than the male respondents. The factor larger potentiality for my career is most common among the age groups 21-30 and 31-40. Within the age groups 41-50 and 51-60 higher salary is the most common selected factor. A contradictory finding towards the importance of higher salary is that with current compensation and benefit package the likelihood to change employer, only because of this package, is rather low. 31% believe that they will stay at the company more than nine years, while 26% believe

they will stay one to three years. The age group that stands out is 31-40 where the majority considers to staying one to three years within the organisation. In age group 21-30 and 51-60 the majority think they will stay four to six years respectively more than nine years (see chart 4). Male respondents consider staying within the organisation longer time than female respondents.

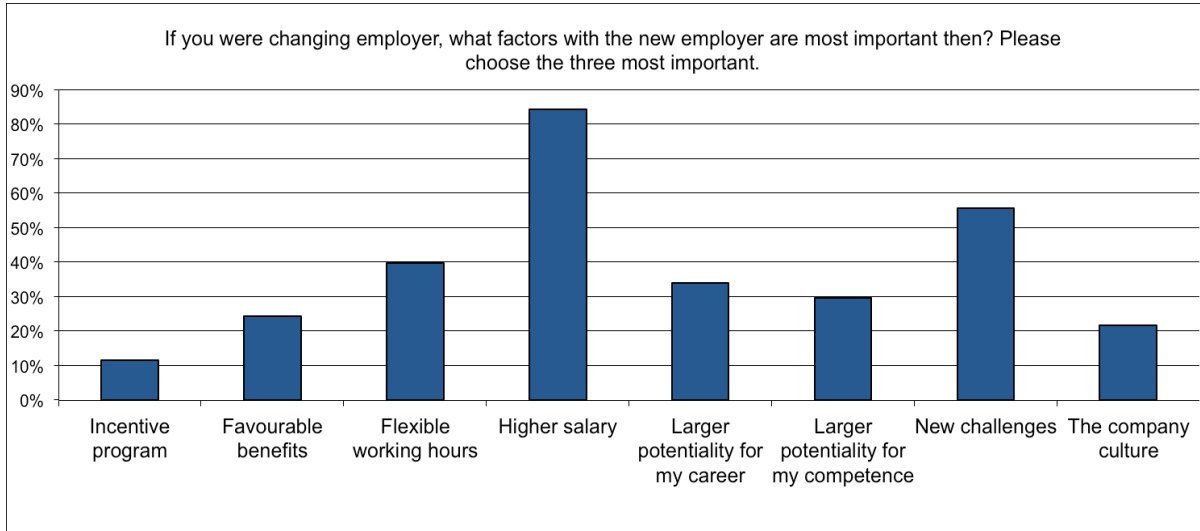


Chart 3. Most important factors when changing employer. Response in %.

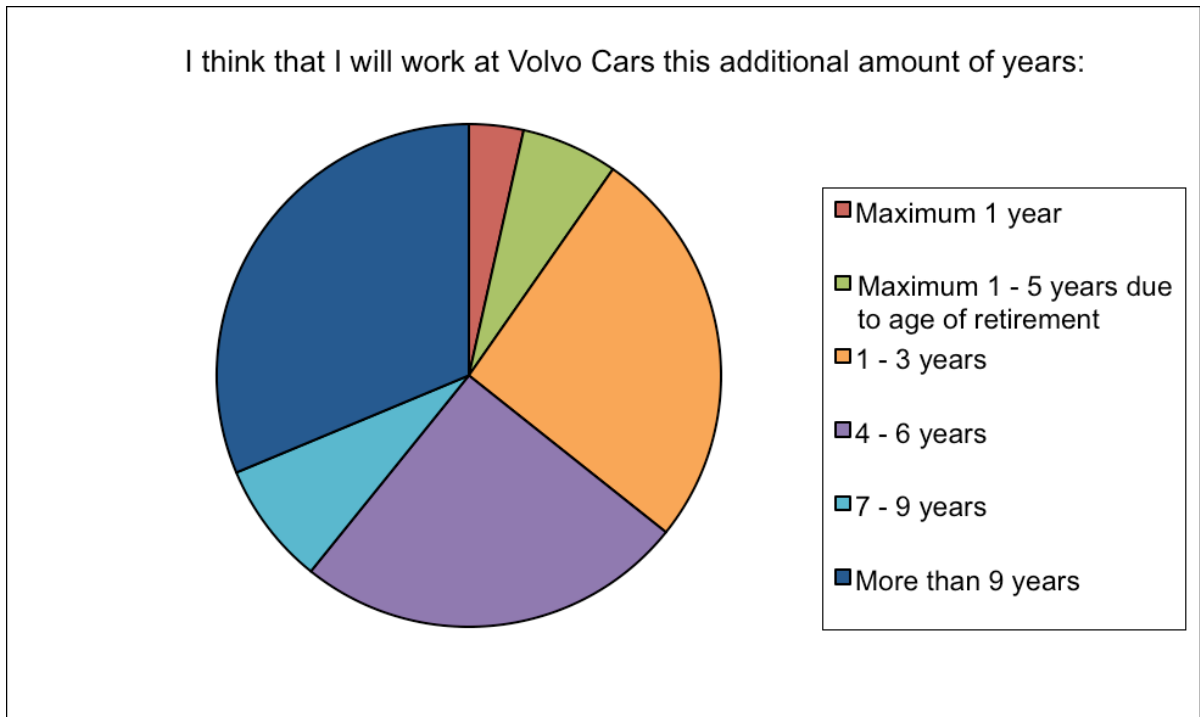


Chart 4. Staying at the same employer.

The respondents reflect upon how compensation and benefit packages shall be designed in the future at VCC. Lot of ideas and thoughts are presented, but a word that stands out is performance. Many feel that compensations and benefits shall be connected to performance to a larger extent than today, mostly on an individual level but also some thoughts about group level. Furthermore, much focus is on flexible benefits and individually adapted benefits.

Many consider that the company's offer shall be more attractive in general, in comparison to other organisations. Higher salary and higher bonus are factors that a part of the participants discusses. Though the other part focuses more on equal benefit distribution and the same bonus level for all employees. Several respondents describe the dilemma with manager vs. specialist role and respective career paths affecting the salary. They feel that manager positions are higher ranked in salary grade than specialist positions, which can become a problem in the future, if the specialists decide to leave due to low salary levels in comparison to other companies.

5.2 Interviews – perception of compensation and benefit packages

Now the time has come to move on to the next empirical stage of the study: the results from the interviews. Six women and six men, three from respectively age group 21-30, 31-40, 41-50 and 51-60 are participating in individual interviews. They come from different functions within the company, though everyone is working in Gothenburg. The majority of respondents in the age group 41-50 and 51-60 have been working at VCC for many years, with a mean value of 20 years. Most people within age group 21-30 and 31-40 have been employed for one year up to 17 years with a mean value of seven years. Each participant has a number in the text, i.e. the seventh person interviewed is simply called n 7.

5.2.1 Desired benefits

Wanted benefits are a matter everyone is open towards to discuss. To begin with, the age group 21-30 appreciates benefits that contribute to work-life balance, such as flexible working time, at most. Within the other age groups the thoughts are disperse. Many appreciate the car offer the most (company car and leasing car), but they consider it to be very expensive with leasing cars and some cannot understand the reason behind this high cost. The fact that few employees have access to company cars is an issue that is reflected upon. There is a high wish among a majority of the interviewees to have access to a Volvo car. A respondent says:

“We are a car manufacturer; the employees must be able to drive our cars. But it is not like that today. I drive another (car) brand because Volvo is too expensive.” (n 10)

Not being able to use the product the company produces is frustrating. The possibility to drive a Volvo is a benefit that is very desirable by the employees, but to a reasonable cost.

Several in the age groups 31-40, 41-50 and 51-60 are discussing flexibility as well, with benefits that enable for work-life balance. Some of the interviewees have the possibility to work from home, but not all. It depends on the manager and the company culture, they argue. It also depends on what types of work tasks they have, if it is possible to perform them at home or not. Both male and female respondents feel that they would like to work from home to a greater extent than what is accepted today. Many of the respondents do not know what benefits they have access to, and there is confusion about what actually is classified as a benefit. Everyone considers that benefits shall be adapted to individual needs, similar to the questionnaire findings. However, the benefits' value shall be somewhat the same for all employees no matter the job position.

5.2.2 Thoughts about salary and bonus

They believe that performance shall be one of the main factors for salary setting. Also, the job position is an aspect that must be taken into consideration. By having clear goals and evaluate these every year is the right way to conduct performance appraisal, several argue.

“I believe strongly on pay for performance. By setting clear goals and then follow up these. If you perform better it shall show.” (n 8)

When employees are performing well, there is a wish for appreciation and feedback. Pay for performance is a way of monetary appreciation. However, the respondents do not think that it is a pay for performance culture in reality at VCC today due to undifferentiated salary increases. Further on, results show that about half of the interviewees are rather negative towards bonuses – i.e. incentive programs. The other part finds bonuses as positive. There is no pattern in age or gender differences regarding the view upon incentive programs. Although, all interviewees consider that the distribution shall be more equal within the company, meaning that today the ‘top layer’ of VCC employees gets very much higher bonuses than the rest of the workforce. An interviewee reflects:

“If a company shall have an incentive program, the company must carefully consider how to design it. I believe the best is to have a bonus program that is equal for everyone.” (n 3)

Hence, an incentive program for everyone in the company but with equal distribution is desirable. Many consider that managers and employees that possess top positions are receiving too high bonuses, even during years when the company have struggled with sales. Several respondents get somewhat upset when discussing incentive programs and the inequity these bring. Bonus is seen as an appreciation of the work that has been done during the last year, but when the sums differ too much it can instead decrease individuals’ motivation. As a matter of fact they all feel lack of knowledge how the incentive programs work in practice. The largest part of the interviewees is not aware of the bonus payment for last year, which confirm the results of the questionnaire.

Several perceive compensations and benefits as a sensitive issue to discuss with colleagues. Nevertheless, compensation and benefit packages can contribute to comparisons among colleagues. Even if all believe in individual performance as the main factor for salary, some face unfair distribution regarding compensation and benefits when comparing with colleagues. The access or non-access to a company car is the most common subject of discussion. Different salary levels are also something that contributes to comparisons and can result in incomprehension towards employees’ compensations. Although, some respondents say that comparisons concerning compensations do not exist, since people ever talks about their income. A female interviewee says:

“If there is something that is taboo to talk about in this company, it is about salaries.” (n 11)

Salary is not a subject of discussion, and the company culture does not open up for it. But there is a wish for more transparency and openness when it comes to information about compensations. A male respondent reflects upon his experience from the work group:

“Some in the group are very private about compensation... while some, like me for example, are very open about salaries, because we want more transparency.” (n 6)

Even if the company culture does not invite to open salary discussions, there are employees that want to talk about compensations. Transparency contributes to an understanding of salary levels, but also to comparisons among colleagues.

The company's compensation and benefit package is not perceived as attractive today, yet it is hard for the interviewees to reflect upon how rewards can be designed in the future. To have an attractive compensation and benefit offer, the employer needs to emphasise benefits that are adaptable to individuals. Besides, several discuss the importance of individual rewards based upon performance. Many consider that the company does not have market competitive salaries, confirming the questionnaire results, then this can have an impact in the near future with competences leaving for other companies. A male respondent's reflection for future compensation and benefit package is:

“Focus on higher salaries and company cars, skip the rest. ‘Raise the salaries!’ is the first thing that comes up when our group discusses the future.” (n 10)

High salary and company car are important for the future compensation and benefit package in order for VCC to be an attractive employer. Other benefits have less significance, as well as bonuses.

5.2.3 The meaning of compensations and benefits in relation to work motivation

Salary is ranked as one of the main factor to work motivation in the questionnaire. However, the results from the interviews indicate that other factors contribute to work motivation as well. The work itself with its work tasks is the main motivator. Furthermore, own responsibility, appreciation and challenges within the tasks are mentioned by almost everyone. Ability to influence on own work, and consequently on others' work, is also seen as very important motivational factors. The male respondents are not considering the role of the manager, whilst several female interviewees emphasise the importance of a good manager to feel motivation at work. A female respondent says:

“It is extremely important that you have a good manager, I have experience from both; very bad managers and very good. I think it makes a big difference.” (n 4)

Based upon the respondent's previous experiences, the manager plays a significant role for motivation. When the manager is not living up to the role, it can create demotivation for the employees. Regarding demotivation, the interviewees feel a frustration over the amount of work and bureaucracy in decision-making when discussing unmotivated factors at work. In addition, many feel frustrated about administrative tasks that 'have to be done' but do not contribute to the end product. Salary is not mentioned by anyone as a cause to work motivation. Yet when asking how compensations impact on work motivation, the majority believes salary do influences on individuals' motivation. An interviewee answers:

“Compensations have an impact on motivation... because you know that you get a salary for accomplished work. But I think I would have done the same job with less salary, although I believe that you get a self-confidence and that you develop in your role with a good salary.” (n 1)

Even if the respondent would have less income, she believes she will perform equally well as today. Though a good salary contributes to confidence and security and a will to perform even better. In contrast to above statement, a male respondent's reply is:

“Salary has a very big impact... when you are struggling. My former schoolmates that are working at other companies can earn twice as much... then I am not satisfied with my salary.” (n 2)

When comparing own salary with ex-schoolmates' incomes, it gives a state of salary dissatisfaction. But on the other hand, some respondents think other factors are more essential in order to be motivated, such as well being within the working group and interesting work tasks. However, the majority considers that compensation is important for motivation in the long run. Those finding compensation to be very important for work motivation are mainly men. The interviewees are discussing the dilemma with compensation dissatisfaction. If an employee feels dissatisfied with the salary it can have a large impact on work motivation, since it could potentially result in displeasure for work in the long run and a feeling of not being appreciated. A respondent explains:

“If you are satisfied with the compensation it does not impact on your motivation, but if you are dissatisfied it becomes an issue and can decrease motivation.” (n 12)

As being satisfied with the salary, the motivation is somewhat in a neutral state, but when one is dissatisfied with the compensation it may contribute to demotivation. The discussion about benefits and their impact on work motivation are compendious; benefits are not as important as compensations for work motivation, but they still have an impact. Few of the interviewees, both men and women, believe it to be equally important as compensations, referring to the flexibility with working time and possibility to work from home. But benefits are more seen as added value to the employment, and nothing that one shall take for granted. There are no differences between the age groups and their view upon compensations and benefits related to work motivation.

5.2.4 Engagement for work

A lot of different descriptions are in use when the respondents explain what the concept employee engagement means for them. Common expressions for engagement are drive, enthusiasm for work and taking responsibility, as well as motivate colleagues and engagement for work tasks. The majority feel that they are rather engaged at work today and they also consider most of their colleagues to be engaged. A respondent reflects upon his engagement:

“It was actually Jacoby (the CEO) that influenced me. We had an event and he said it is three things that we shall focus upon. Our products, our products and our products. It got me thinking...” (n 9)

Hence the top management team impact to some extent on engagement, even if the majority of the interviewed talks about their working group and manager as a source of influence. The respondents whom are feeling that their engagement is somewhat low are lacking the right working tools in order to make a good job. Also, they express that they cannot handle the amount of work. Salary has a rather big impact on engagement, especially in the long run, similar to salary's impact on work motivation. An interviewee says:

“Salary has a big impact on engagement because it influences... a receipt from the company on how important you are and the work you perform.” (n 7)

The feeling of being important for the company and its success is related to salary, and when salary satisfaction is reached, engagement may also increase. Even though almost all respondents feel more or less engaged at work, only half of the interviewees are proud of working at VCC. The remaining part is uncertain. More men than women feel pride, but there is no pattern in age. However, everyone has a feeling of pride for the product and they advocate the importance of having knowledge of the products in order to feel pride of the

company. Several discuss the former benefit of test car-days and believe this would increase the engagement of employees. If employees, to a greater extent than today, will have the possibility to drive the cars the likelihood to feel pride over the brand will increase, they believe.

The majority of the interviewees want to stay at VCC for several years, mainly due to satisfaction with work tasks and passion for the end product. However, those belonging to the age span 21-30 and 31-40 are much more open to change employer. If they receive a good job offer with a high salary increase somewhere else, they can leave the organisation very soon. Furthermore, the respondents between ages 41-60 feel that valuable competence and seniority are not rewarded as much as they should be. A respondent in the age group 51-60 expresses:

“When you have a lot of experience and possess competence, you should be compensated for that... if you have been loyal and have been working at the employer for long time... it should be appreciated and be seen as a value for the company.” (n 5)

The employees that have been working at the company for many years do not believe they are compensated fully correct due to their seniority and experience. When comparing to younger colleagues and newly recruited employees, they believe the value of the compensation and benefit packages to be somewhat the same no matter how many years one has been working at the company.

Factors that determine if a person chooses to leave the employer are discussed, where the most common factor is higher salary, as the questionnaire results also showed. New challenges are also something many refer to when discussing factors of changing employer. Reasons for staying at the same employer are expressed as safety (a ‘safe haven’), interesting work tasks and convenience. Also, since the organisation is a big employer, it consists of many different positions and enables people to move around within the VCC. This is as well one reason for many to stay, because individuals have the possibility to try new assignments and positions at the same employer. On the other hand, when discussing the reasons for colleagues to stay, common beliefs are convenience and laziness beyond the safety and interesting work tasks.

5.2.5 Different expectations depending on age and gender

There is a common belief that younger employees have higher expectations on compensation, but when they have worked many years within the same company the expectations decrease. A distinction exists between the genders' views on salary. Male respondents have higher expectations on compensation and find it more important in general, whilst several of the female respondents believe that men tend to demand higher pay and are historically paid more. Some discuss the issue that men tends to promote men similar to themselves instead of promote diversity at the departments. Even if it is an unconscious choice, the historical discourse about male managers still exists, the female respondents reflect upon.

Several believe that the demands on compensations and benefits differ if a person has been employed at the same employer for a long time in comparison to people with shorter employment. The expectations and demands decrease when an employee has been working for many years at the same organisation, because then an individual ‘have learnt’ what to expect from the employer. The demands about compensations and benefits differ to some extent depending on age, the interviewees agree upon. Younger expects and demands more while older employees ‘understand the reality’ through long working experiences, meaning

that the expectations on compensations and benefits decrease because one has experienced the outcomes throughout the years. However, the demands of younger do not always have to be related to compensations and benefits. The view of work has been changed, the age groups 41-50 and 51-60 argue. A respondent explains:

“I grew up in the 70s, those who grow up now have totally other norms and values about life that affect work... There was not so much to choose from back then, today there are so many alternatives.” (n 6)

Today’s values and norms in life differ to those for centuries ago, the respondent discusses. People have the possibility to choose among many alternatives, both when it comes to education and professionalism. This can affect expectations on working life, which in turn impacts on rewards.

As a final remark, the respondents reflect upon the fact that it is hard to generalise, and in reality it is more individual differences (personality, background etc.) than age- and gender differences when it comes to compensations and benefits.

6 Discussion

In the discussion theories and earlier research are integrated with the results, aiming to answer the research questions of this study. Findings from questionnaire and interview are not longer separated; rather these are viewed as one unit. I will review how the employees describe their preferences for rewards and how they relate their compensation and benefit packages to work motivation and engagement. And finally, if these findings influence on how long employees want to stay within the organisation.

6.1 Motivation at work

To begin with, rewards are viewed as important in order to feel satisfaction at work for white-collar workers at VCC. Appreciation, autonomy in work and challenges were factors discussed that contribute to work motivation; hence rewards do not have to be in monetary returns. The job characteristics model by Hackman and Oldham (1976) has five job dimensions that contribute to motivation: skill variety, task identity, task significance, autonomy and feedback. The work itself with its work tasks was the main motivator for most of the participants, which can be related to the three first dimensions of the model. Skill variety can also be described as challenges in work tasks, while ability to influence over work is similar to autonomy in work. Finally, appreciation was important for the respondents, which can be related to feedback. More or less, all job dimensions were discussed during interviews. It is possible to be critical towards the model since it originates from the 1970s, and furthermore claim that the view of work has changed. Though one could argue that the job dimensions still hold for today since the results from this study indicate that these dimensions are visible in the organisation and contribute to motivation.

Interesting is that many of the respondents experienced work motivation by salary, which is according to Herzberg et al. (1959) a hygiene factor. The two-factor theory of motivation suggests that individuals do not feel motivated by hygiene factors; nevertheless the factors should be in a neutral state. However, all factors (both motivators and hygiene factors) presented in the questionnaire were viewed as more or less motivating, except from top management team. The factor ranked highest as motivating by most of the respondents was appreciation from managers and colleagues, which can be viewed as extrinsic motivation since it comes from an individual's surrounding area (Ryan & Deci, 2000). As stated above,

challenges in work, responsibility and work tasks were seen as motivational factors. All these factors can be perceived as motivators. When following Herzberg's theory, the findings are positive because the motivators must be satisfied in order for an individual to feel work motivation. Since salary was mainly seen as important for the respondents' work motivation, it is hence central that foremost the motivators are fulfilled. According to the questionnaire, many considered that they do not have a market competitive salary, and interviewees reflected upon their current pay and a wish for salary increase. When the hygiene factors are not fulfilled they can give a sense of dissatisfaction, such as pay dissatisfaction.

Hagström and Gamberale (1995) discussed the difference between men and women where men valued extrinsic motivators higher, whilst women valued intrinsic motivators to a higher extent. In this study, interesting work tasks were the main motivator for both men and women. Salary was not mentioned as a driving factor for motivation at first, but when asked how compensations impact on work motivation, the views differed. Though, men found it more important, which are in line with Hagström and Gamberale's (1995) study. Applying this on Ryan and Deci's (1985) definition of extrinsic and intrinsic motivation, the gender perspective is somewhat divided between extrinsic and intrinsic when it comes to work motivation.

6.2 Compensation and benefit packages – a matter of equity

Most respondents, both from the questionnaire and interviews, found flexible work time to be the most essential benefit, similar to the findings in Ramlall's (2003) study, where flexible work schedule was seen as the most important benefit for remaining at the same employer. Company car was also perceived as a very desired benefit. However, largest part does not have access to a car, which several interviewees did not understand the reasons for. It was discussed as an issue of comparison among employees, and this dilemma can be applicable on the social comparison theory by Festinger (1954). The theory states that individuals have a drive to gain accurate self-evaluations by comparing themselves to people in their surroundings. By connecting the theory with the issue of distribution of benefits, in this case company cars, there is an individual without access to a benefit and colleagues in similar positions with access to it. If comparisons become too visual, there is a need of uniformity. Thus when an individual feels unappreciated by the employer, when s/he is comparing with colleagues and their relationship with the same employer, it will potentially lead to decrease in employee engagement. A method is to have more transparency and communication of benefits' value and cost (Carraher & Buckley, 2008), consequently comparisons between colleagues have the potentiality to decrease.

Both female and male employees appreciated the benefit to be able to work from home. But in some functions work from home is not in accordance with the company culture, which can be perceived as an issue of equity. The equity theory by Adams (1963) rests on the assumption that individuals strive for equity and when facing inequity towards people in the surroundings, they take actions to get balance again (Carrell & Dittrich, 1978). Since many employees wanted to have the possibility to work from home, they can face inequity towards colleagues at other department that have the possibility to decide where to perform their work tasks. Furthermore, there were some differences between what types of benefits men respectively women appreciated. It is thereof important, as Carraher (2011) and Dale-Olsen (2006) state, for companies to have regularly surveys in order to know what benefits the employees appreciate the most. A way to go forward is to design a differentiated benefit offer and connect specific benefits to individual needs, behaviour and performance (Carraher & Buckley, 2008). The respondents believed in flexible and adaptable benefits, which

follows Rynes and Gerhart's (2002) statement that companies need to diversify their benefit offer in order to meet the needs of their employees. Since many of the respondents did not know what benefits they have access to, one could argue for an increased knowledge sharing of the benefit offer.

Compensations and benefits were perceived as a sensitive and private issue. Thus some employees wanted transparency regarding salaries and benefits, meaning that information about these can be more open. Comparisons among colleagues exist, especially when it comes to company cars and pay. The respondents sometimes compared their salaries with former classmates and friends working at other organisations in Gothenburg. This can be applied to the case of pay appraisal and pay satisfaction (Duchame et al., 2005), since if communicating the reasons behind *why* some people receive a specific benefit or salary, it becomes easier to be satisfied with own compensation and benefit package.

Branham (2001) argues that when people believe their work to be interesting and meaningful among with a fair pay and the management and working conditions are good, the drive to leave for another company is weak. In this study, the respondents experienced big enjoyment for the work tasks and received positive challenges within the position, but dissatisfaction with salary. Despite that they chose to stay at the company due to the working tasks and the interest for the end product, even if they know they can get a higher salary somewhere else in the industry. Therefore one could argue that the employees go against Branham's (2001) statement to some extent. There is something about the work tasks that make people want to work for the company; the work itself with its work tasks outweighs the 'loss' in monetary compensation.

What was found from the questionnaire and interview results is that male employees tend to have somewhat higher demands on salary. By relating this to pay expectations and gender there are studies indicating that men have higher expectations on salary (Stevens et al., 1993; Tromski & Subich, 1990) but the attitudes toward pay importance do not differ due to gender (Rynes & Gerhart, 2002). Although in my study, it could be interpreted that the male respondents found salary to be more of importance in order to perform a good job, than the female employees.

Based on the questionnaire results, largest part was positive towards short-term incentive programs, but distribution of bonuses was not discussed. Half of the interview respondents were rather negative towards bonuses, where one reason was that they think the distribution within the organisation is unfair. The employees that were positive towards bonuses consider it to be fun with appreciation in form of bonus, and a feeling that the company cares about its employees. But in the same meaning a wish for more equal spreading was recurrent. This can be related to the equity theory (Adams, 1963) once again. If relying on the assumption that individuals compare own exchange with the employer towards other employees' exchange with employer, the incentive systems do not yield the same distribution to all employees. However, an implemented incentive system is difficult to change. It could therefore be argued that an individual perceive oneself and colleagues as a collective group in correlation to other employees that receive much higher bonuses in order to reach balance.

6.2.1 Positive view on PFP systems

The majority, both in the questionnaire and later confirmed in interviews, was positive towards pay for performance and believed that performance shall be one of the main factors for salary setting. Previous research about pay incentives and performance outcome has resulted in a positive relation between these two (Lawler, 1971; Wood, 1996). The

employees discussed the importance of clear goals, which are in line with the argumentation of Glassman et al. (2010) for a successful implementation of PFP. Some interviewees considered that the company does not have a complete pay for performance system due to undifferentiated salary increases. The tournament theory states that employees strive harder to reach results when they are under a monetary structure where pay differences are big, and this can thus contribute to an increase in work motivation (Milkovich & Newman, 2004). A PFP system can give differentiated salaries, and what could be interpreted from the empirical findings is that it was a wish for more differentiated salary increases. Hence one could claim that the tournament theory describes the wanted setting. But to bear in mind, all employees would probably not be motivated by this kind of competition among colleagues. One could thus reflect upon what a 'good enough' merit reward is for a well-accomplished task. According to Kauhanen and Piekkola (2006) 5% is reasonable when an employee has performed well. Since almost 70% of the respondents in the questionnaire did not believe they have a market competitive salary for the work they perform, there might be an issue of performance appraisal, or rather lack of performance appraisal. If following Duchame et al. (2005) argumentation that the link between performance appraisal and pay satisfaction is vital in order to reach pay satisfaction, then communication of an employee's performance related to pay is of importance. For an individual to know the reasons for the salary setting can hence contribute to reach pay satisfaction, as discussed in previous section.

6.2.2 Tension between individual and joint perspective

When reflecting upon the fact that the employees appreciate PFP systems but in the same time are critical towards incentive systems, we may conclude that there are tensions here since the employees seem to be contradictory in their perceiving. On the one side, they want to be rewarded, by means of primary monetary rewards but also non-monetary, due to individual performance outcome at work. Differentiated salaries among colleagues are therefore not an issue, if the salary is based on performance. On the other side, the respondents considered that bonuses should be more equal for all employees. This drive the employees in different directions; the individual vs. the collective perspective, which is a big challenge for the organisation.

6.3 The age perspective

No major differences regarding age groups were discovered in this study. Though the employees' views differed about what benefits to be of most importance, but the results from the questionnaire and the interviews were not fully aligned when looking upon the four age groups. Since this case study was open towards potential differences in age, but no remarkable differences were found, it follows the findings of Wong (2008) and Costanza et al. (2012). They argue that there are no generational differences at work, at least when it comes to organisational commitment, job satisfaction and intent to turnover. The respondents within the age groups discussed their engagement, and no patterns depending on age were to be found, which is related to the results of the meta-analysis on organisational commitment by Costanza et al. (2012). Although, this case study indicated that respondents belonging to the age groups 21-30 and 31-40 were much more willing to change employer if the opportunity comes than the two remaining age groups, thus it is not fully aligned with earlier research.

6.4 Do engaged employees want to stay?

Most of the respondents were more or less engaged in their work, but the discussion of being pride VCC workers were rather disperse. All felt satisfaction and pride of the cars the company create, but not fully satisfied with the organisation as such. Employee engagement is according to Lockwood (2007) the connection between the job of an employee and the strategy of the company as well as the understanding of how crucial the employee's job is to the success of the business. Based on the interviews, the respondents said that they are engaged in their work tasks and in the organisational setting they work in. But they did not see the connection between their jobs and the business strategy and consequently the success of the company.

In contrast to the findings of Carraher (2011) and Dale-Olsen (2006) where benefits were more important than salary in retention management, salary had a greater impact than benefits on retention in this case study. The main factor for the participants to change employer was higher salary. But if having interesting and meaningful work tasks and the working conditions are satisfied, as Branham (2001) argued, then higher salary at another company were not attractive anyhow. Since many of the respondents felt that the whole employment at VCC to be satisfying, compensations become less important for retention. Poe (1998) and Ermel and Bohl (1997) arguing that one way for companies to retain competences during labour market competitions is to highlight compensations. What was discovered from the results was that the participants perceived that employees on senior and specialist positions are not rewarded as much as managers. This can be a concern for the future if these competences decide to leave due to compensations that are too low in comparison to managers inside the company and external specialist outside VCC.

Salary can be seen as a receipt from the company when a good job has been done, and therefore it may impact on employee engagement. When people are engaged it will increase the likelihood to remain at the employer (Schaufeli & Bakker, 2004). But, since many are not fully satisfied with their salaries it becomes a paradox. Once again, other factors such as the work tasks and challenges become more important than compensation regarding reasons to why people remain at the employer.

Higher salary was one of the main reasons for changing employer, but in the same time many participants have been employed for many years and were not completely satisfied with their compensation but still they did not want to change organisation. Is this merely due to interesting working tasks or is it also a case of convenience and safety? Do the company want employees staying due to convenience? When discussing reasons for colleagues staying at the same employer, some reflected upon the employer as a 'safe haven'; it is convenient to stay and scary to discover the unknown. If applying this on the social comparison theory (Festinger, 1954), one could reasoning about whether individuals strive for uniformity in order to feel balance towards the social surrounding. Colleagues are staying at the employer, then the individual also stays due to, if following the theory, the social comparisons with people in the surrounding area and the strive for uniformity.

7 Conclusion

This case study has explored how white-collar workers perceive compensation and benefit packages in relation to work motivation and engagement. When it comes to their perception of compensation and benefit packages, there is a tension between equity towards colleagues and loyalty towards the employer. The employees want to be compensated in accordance to own performance at work, i.e. a pay for performance culture. But on the other hand, the collective view upon equal bonus distribution and benefits of equal value in comparison to other employees do exists. VCC is a case of an organisation within the vehicle industry that is exposed to intensified global competition, hence these organisations need engaged employees that want to stay at their employer (Vance, 2006). It is a big challenge for the organisation to manage these tensions in order to have engaged employees that want to perform their best at work.

To have an attractive compensation and benefit package is one important factor to retain employees (Merchant & Van Der Stede, 2007), but the case company's current compensation and benefit offer is not perceived as attractive. Thus there was a lack in knowledge among the employees of what the benefit offer actually consists of. It is a wish of individual adapted benefits, instead of same benefit offer for everyone. Still, the benefit value shall be somewhat equal for all employees no matter job positions.

No remarkable age differences were discovered, it could thus be concluded that employees' ages do not impact on how they perceive rewards in relation to motivation and engagement. Yet some differences in perceptions of compensations and benefits regarding gender were seen. Women and men appreciated different benefits, and men found the salary to be more important for motivation than women. Nonetheless, female employees still thought that compensation influenced on motivation. Compensations are perceived as a private issue, but there is a wish for more transparency and openness in order to know the reasons behind salary setting and salary increases.

The employees are loyal towards the employer, mainly due to interesting work tasks and passion for the end product. However, many felt that compensation and benefit packages have impact on work motivation and engagement in the long run. Several discussed the issue with low salary levels in comparison to similar positions in other companies. In addition, the main reason for changing employer was higher salary. Still the employees are loyal towards the employer and stay. When an individual is not satisfied with the salary and believe the most central factor for leaving an organisation for another is higher salary, this becomes contradictoriness. If organisations aim to retain competences within the firm, the design of future compensation and benefits packages play on important role since this case study indicates that these rewards do matter for white-collar workers' motivation and engagement in the long run.

7.1 Final remarks – implications for the company

Based on the discussion, there are some final remarks for the company that now will be highlighted. Since the employees appreciated flexible work time, this is something VCC shall emphasise as a beneficial benefit when attracting new employees, as well as to keep current employees engaged and motivated. Work from home was also a desirable benefit. It is therefore important to have guidelines applying to the whole business when it comes to this type of benefits, in order for the employees to know the regulations. If VCC wants to be the employer of choice in the future, these kinds of benefits that contribute to work-life balance become vital. Furthermore, it could be argued that the company needs to improve

their car policy communication in order to decrease misinterpretations and speculations regarding why some employees, often managers, receive company cars and why other employees do not. For the future, the company need to be better in general in communicating the compensation and benefit package, since the employees do not have full knowledge of what they have access to. The strategy of the company is to build a global performance and culture; hence an analysis of current pay for performance systems is one step forward since the participants do not feel that the work in a pay for performance culture today.

8 References

- Adams, J. S. (1963). Towards an understanding of inequity. *The Journal of Abnormal and Social Psychology*, 67(5), 422-436.
- Allen, R. & Kilmann, R. (2001). The role of the reward system for a total quality management based strategy. *Journal of Organizational Change Management*, 14(2), 110-131.
- Ax, C., Johansson, C. & Kullvén H. (2005). *Den nya Ekonomistyrningen*. Malmö: Liber Ekonomi.
- Branham, L. (2001). *Keeping the people who keep you in business: 24 ways to hang on to your most valuable talent*. New York: Amacom.
- Brown, M., Hyatt, D. & Benson, J. (2010). Consequences of the performance appraisal experience, *Personnel Review*, 39(3), 375-396.
- Carraher, S. (2011). Turnover prediction using attitudes towards benefits, pay, and pay satisfaction among employees and entrepreneurs in Estonia, Latvia, and Lithuania. *Baltic Journal of Management*, 6(1), 25-52.
- Carraher, S. & Buckley, R. (2008). Attitudes towards benefits and behavioural intentions and their relationship to absenteeism, performance, and turnover among nurses. *AHCMJ*, 4(2), 89-109.
- Carrell, M. R. & Dittrich, J. E. (1978). Equity Theory: The Recent Literature, Methodological Considerations and New Directions. *Academy of Management Review*, 3, 202-210.
- Chang, E. (2003). Composite effects of extrinsic motivation on work effort: case of Korean employees. *Journal of world business*, 38(1), 70-79.
- Christensen Hughes, J. & Rog, E. (2008). Talent management: A strategy for improving employee recruitment, retention and engagement within hospitality organizations. *International Journal of Contemporary Hospitality Management*, 20(7), 743-757.
- Creswell, J. (2009). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. Los Angeles: Sage Publications, Inc.
- Creswell, J. & Plano Clark, V. (2011). *Designing and Conducting Mixed Method Research*. London: Sage Publications.
- Costanza, D., Badger, J., Fraser, R., Severt, J. & Gade, P. (2012). Generational Differences in Work-Related Attitudes: A Meta-analysis. *Journal of Business and Psychology*, Online First, March 10, 2012.
- Dale-Olsen, H. (2006). Wages, fringe benefits and worker turnover. *Labour Economics*, 13(1), 87-105.
- Deery, M. (2008). Talent management, work-life balance and retention strategies. *International Journal of Contemporary Hospitality Management*, 20(7), 792-806.
- Dessler, G. (1993). *Winning Commitment – How to Build and Keep a Competitive Workforce*. New York: McGraw-Hill, Inc.
- Duchame, M., Singh, P. & Podolsky, M. (2005). Exploring the Links between Performance Appraisals and Pay Satisfaction. *Compensation & Benefits Review*, 37(5), 46-52.
- Ermel, L. & Bohl, D. (1997). Responding to a tight labor market: Using incentives to attract and retain talented workers. *Compensation and Benefits Review*, 29(6), 25-29.
- Festinger, L. (1954). A theory of social comparison processes. *Human Relations*, 7(2) 117-140.
- Flyvbjerg, B. (2006). Five Misunderstandings About Case-Study Research. *Qualitative Inquiry*, 12, 219-245.
- Glassman, M., Glassman A., Champagne, P. & Zugelder, M. (2010). Evaluating Pay-for-Performance Systems: Critical Issues for Implementation. *Compensation & Benefits Review*, 42(4), 231-238.
- Glen, C. (2006). Key skills retention and motivation: the war for talent still rages and retention is the high ground. *Industrial and Commercial Training*, 38(1), 37-45.

-
- Guthrie, G. (2010). *Basic Research Methods: An Entry to Social Science Research*. Canberra: Sage Publications Pvt. Ltd
- Hackman, R. & Oldham, G. (1976). Motivation through the Design of Work: Test of a Theory. *Organizational Behavior and Human Performance*, 16, 250-279.
- Hagström, T. & Gamberale, F. (1995). Young people's work motivation and value orientation. *Journal of Adolescence*, 18(4), 475-490.
- Harter, J., Schmidt, F. & Hayes, T. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, 87(2), 268-279.
- Hausknecht, J., Rodda, J. & Howard, M. (2009). Targeted employee retention: Performance-based and job-related differences in reported reasons for staying. *Human Resource Management*, 48(2), 269-288.
- Herzberg, F. (1968). One more time: how do you motivate employees? *Harvard Business Review (January-February)*, 53-62.
- Herzberg, F., Mausner, B. & Snyderman, B. (1959). *The motivation to work*. New York: Wiley.
- Igalens, J. & Roussel, P. (1999). A study of the relationships between compensation package, work motivation and job satisfaction. *Journal of Organizational Behavior*, 20, 1003-1025.
- Kauhanen, A. & Piekkola, H. (2006). What makes performance-related pay schemes work? Finnish evidence. *Journal of Management Governance*, 10, 149-177.
- Krejcie, R. & Morgan, D. (1970). Determining Sample Size for Research Activities. *Educational and Psychological Measurement*, 30(3), 607-610.
- Kvale, S. (2007). *Doing Interviews*. Edited by Flick, U. London: Sage Publications Ltd.
- Kvale, S. & Brinkmann, S. (2009). *Interviews: An Introduction to Qualitative Research Interviewing*. Sage Publications.
- Lawler, E. III (1971). *Pay and Organizational Effectiveness: A Psychological View*. New York: McGraw-Hill.
- Lawler, E. III. (1981). *Pay and Organization Development*. Addison-Wesley Pub. Co.
- Lockwood, N. (2007). Leveraging Employee Engagement for Competitive Advantage: HR's Strategic Role. *HRMagazine*, 52(3), 1-11.
- Merchant, K. & Van der Stede, W. (2007). *Management Control Systems: Performance Measurement, Evaluation and Incentives* (2nd ed.) Harlow: Financial Times/Prentice Hall.
- Meyer, C., Mukerjee, S. & Sestero, A. (2001). Work-family benefits: which ones maximize profits? *Journal of Managerial Issues*, 13(1), 28-44.
- Meyer, H. (1975). The Pay-for-Performance Dilemma. *Organizational Dynamics*, 3(3), 39-50.
- Meyer, J., Hecht, T., Harjinder, G. & Toplonysky, L. (2010). Person–organization (culture) fit and employee commitment under conditions of organizational change: A longitudinal study. *Journal of Vocational Behavior*, 76(3), 458-473.
- Milkovich, G. & Newman, J. (2004). *Compensation* (8th ed.). Homewood: McGraw-Hill Irwin.
- Poe, A. C. (1998, March 15). *Retention bonuses prove effective for companies in transition*. HR Magazine. Retrieved March 25, 2012 from <http://.findarticles.com/>
- Ramlall, S. (2003). Managing Employee Retention as a Strategy for Increasing Organizational Competitiveness. *Applied H.R.M. Research*, 8(2), 63-72.
- Ramlall, S. (2004). A Review of Employee Motivation Theories and their Implications for Employee Retention within Organizations. *Journal of American Academy of Business*, 5(½), 52-63.

-
- Randolph, D.S. (2005). Predicting the effect of extrinsic and intrinsic job satisfaction factors on recruitment and retention of rehabilitation professionals. *Journal of Healthcare Management / American College of Healthcare Executives*, 50(1), 49-60.
- Romzek, B. (1990). Employee Investment and Commitment: The Ties That Bind. *Public Administration Review*, 50(3), 374-382.
- Ryan, R. & Deci, E. (2000). Intrinsic and Extrinsic Motivators: Classic Definitions and New Directions. *Contemporary Educational Psychology*, 25, 54-67.
- Rynes, S. L. & Gerhart, B. (2002). *Compensation in organizations*. California: Jossey-Bass.
- Schaufeli, W.B. & Bakker, A.B. (2004). Job demands, job resources, and their relationship with burnout and engagement: a multi-sample study. *Journal of Organizational Behavior*, 25, 293-315.
- Sheridan, J. (1992). Organizational Culture and Employee Retention. *Academy of Management*, 35(5), 1036-1056.
- Somekh, B. & Lewin, C. (2005). *Research Methods in the Social Sciences*. London: Sage Publications Ltd.
- Stevens, C., Bavetta, A. & Gist, M. (1993). Gender differences in the acquisition of salary negotiation skills: the role of goals, self-efficacy, and perceived control. *Journal of Applied Psychology*, 78, 723-735.
- Sturman, M. (2003). Searching for the inverted U-shaped relationship between time and performance: meta-analyses of the experience/performance, tenure/performance, and age/performance relationships. *Journal of Management*, 29(5), 609-640.
- Tromski, J. & Subich, L. (1990). College students' perceptions of the acceptability of below-average salary offers. *Journal of Vocational Behavior*, 37, 196-208.
- Vance, R. J. (2006). *Effective practice guidelines: Employee engagement and commitment*. Alexandria: SHRIVI Foundation.
- Wah, L. (2000). Pay design influences company performance. *Management Review*, 89(3).
- Widener, S. (2006). Human capital, pay structure, and the use of performance measures in bonus compensation. *Management Accounting Research*, 17, 198-221.
- Wong, M., Gardiner, E., Lang, W. & Coulon, L. (2008). Generational differences in personality and motivation: Do they exist and what are the implications for the workplace? *Journal of Managerial Psychology*, 23(8), 878-890.
- Wood, S. (1996). High commitment management and payment systems. *Journal of Management Studies*, 33(1), 53-77.
- Yin, R. (2003). *Case Study Research: Design and Methods*. Sage Publications.

9 Appendix

Interview guide in an English and a Swedish version

Questionnaire template

Interview guide

Explain the purpose with the study, the respondents' contribution and the anonymity/use of fictive name in the final paper. Ask for allowance to record the interview in order to transcribe the material.

- Position/work tasks
- Age
- Number of years at the company

Motivation

1. Please tell me what makes you motivated respectively unmotivated in your work.
2. What do you believe is important for your colleagues in order for them to feel motivated at work?
3. If you were able to change anything in your work, what would that be?
4. In what way do you believe that compensations have an impact on your work motivation?
5. In what way do you believe that benefits have an impact on your work motivation?

Rewards

6. What kinds of benefits do you appreciate the most?
7. How do you consider benefits shall be (flexible, adaptable to individuals, same for all)?
8. On what criteria do you think salary setting shall be made?
9. What do you consider about incentive programs?
10. Do you believe that compensations and benefits can contribute to comparisons between you and your colleagues?
11. Have you at some occasion experienced an unfair distribution between colleagues when it comes to compensations and benefits?
12. How do you perceive the company's compensation and benefit package today? Is it attractive?
13. How do you think rewards shall be designed in the future in order for the company to be an attractive employer?

Engagement

14. What does employee engagement means to you?
15. Can you describe how your engagement in the company is?
16. In what way has salary an impact on your engagement?
17. How do you consider your colleagues' engagement to be?
18. Are you proud of working at the company?
19. Do you believe your colleagues are proud of working at the company?
20. What do you consider your employer shall/can do in order for you to feel (more) engaged?

Retention

21. How long do you believe that you will work at the company?
22. What factors determine if you want to change workplace/employer?
23. What factors determine how long you want to stay at the same employer?
24. What do you think influences how long your colleagues want to stay at the same employer?
25. How do you think the demands on compensations and benefits differ depending on age and gender?
26. How do you think the demands on compensations and benefits differ depending on how long one has been working for the same employer?

Thanks for your participation!

Intervjuguide

Berätta om syftet med studien och respondenternas bidrag till den, samt deras anonymitet/fiktiva namn i uppsatsen. Fråga om lov att spela in intervjun för att kunna transkribera materialet.

- Position/arbetsuppgifter
- Ålder
- Antal år på företaget

Motivation

1. Berätta vad som gör dig motiverad respektive omotiverad i ditt arbete.
2. Vad tror du är viktigt för att dina kollegor ska känna att de är motiverade i sitt arbete?
3. Om du fick möjlighet att ändra något i ditt arbete, vad skulle det vara?
4. På vilket sätt tror du att kompensationer har en påverkan på din arbetsmotivation?
5. På vilket sätt tror du att förmåner har en påverkan på din arbetsmotivation?

Belöningar

6. Vilka typer av förmåner uppskattar du mest?
7. Hur tycker du att förmåner ska vara? (flexibla, individanpassade, lika för alla)?
8. På vilka kriterier tycker du att lön/kompensation ska sättas?
9. Vad anser du om bonussystem?
10. Tror du att kompensationer och förmåner kan bidra till att du och dina kollegor jämför er med varandra?
11. Har du vid något tillfälle upplevt orättvis fördelning kollegor emellan när det kommer till just kompensationer och förmåner?
12. Hur tycker du att företagets kompensations- och förmånspaket är idag?
13. Hur tycker du att belöningar ska utformas i framtiden för att företaget ska vara en attraktiv arbetsgivare?

Engagemang

14. Vad innebär engagemang för dig?
15. Skulle du kunna beskriva hur ditt engagemang är i företaget?
16. På vilket sätt har lön en påverkan på ditt engagemang?
17. Hur uppfattar du dina kollegors engagemang?
18. Är du stolt över att jobba på företaget?
19. Tror du att dina kollegor är stolta över att jobba på företaget?
20. Vad tycker du att din arbetsgivare ska göra för att du ska känna dig engagerad?

Retention

21. Hur länge tror du att du kommer att jobba på företaget?
22. Vilka faktorer är det som avgör om du vill byta arbetsplats/arbetsgivare?
23. Vilka faktorer är det som avgör hur länge du vill stanna hos samma arbetsgivare?
24. Vad tror du påverkar hur länge dina kollegor upplever att de vill stanna hos samma arbetsgivare?
25. Hur tror du att kraven på lön och förmåner skiljer sig beroende på ålder och kön?
26. Hur tror du att kraven på lön och förmåner skiljer sig beroende på hur länge man har arbetat för samma arbetsgivare?

Tack för att du tog dig tid att medverka på intervjun!

General information

The answers will be completely anonymous.

1. Gender

- Female
- Male

2. Age

- 20 or younger
- 21 - 30
- 31 - 40
- 41 - 50
- 51 - 60
- 61 or older

3. Highest finished education

- Elementary school
- High school
- Vocational education (KY or similar)
- University/College (no graduation)
- University/College (graduation)
- Phd

Other:

4. Family situation

- Single household
- Single household with child/ren living at home
- Cohabitant/Married
- Cohabitant/Married with child/ren living at home

5. Department

- Design
- Finance
- HR
- IT
- Legal
- Manufacturing
- MSS
- PS & VLM
- Public Affairs
- Purchasing
- Quality
- R & D

6. Are you a manager with direct reports?

- Yes
- No

7. For how long have you worked at Volvo Cars?

- Less than a year
- 1 - 5 years
- 6 - 10 years
- 11 - 15 years
- 16 - 20 years
- 21 - 25 years
- 26 years or more

Motivation and benefits

Benefits are non-monetary rewards (flexible working time for example) and compensations are monetary rewards (salary and incentive/bonus).

8. To what extent make the following factors you motivated at work?

	Unmotivated	More unmotivated than motivated	Neither unmotivated nor motivated	More motivated than unmotivated	Motivated
Appreciation from manager/colleagues (uppskattning)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Autonomy in my work (självständighet)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benefits (förmåner)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Challenges in work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Feedback from manager/colleagues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Responsibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Salary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Status	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Top management team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Work environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Work tasks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. If you were able to choose one optional benefit, what would you like to have? The benefit does not have to exist at Volvo Cars today (N.B. Not salary).

10. What benefits are most important for you? If you do not have access to a specific benefit you are still able to choose it. Please choose the three most important.

- | | |
|---|---|
| <input type="checkbox"/> Additional vacation days | <input type="checkbox"/> Local occupational plan (Volvo Företagspension) |
| <input type="checkbox"/> B-car (company car) | <input type="checkbox"/> National occupational plan (tjänstepension, ITP1/ITP2) |
| <input type="checkbox"/> Competence development (courses etc.) | <input type="checkbox"/> Occupational health service (företagshälsovård) |
| <input type="checkbox"/> Discounts (car purchase/car maintenance, Bokenäs Spa etc.) | <input type="checkbox"/> Reduction of working hours (arbetstidsförkortning) |
| <input type="checkbox"/> E-car (leasing car) | <input type="checkbox"/> Reward for years of service (tjänsteårsgratifikation) |
| <input type="checkbox"/> Flexible working time | <input type="checkbox"/> Short term incentive (STI) program (bonusprogram) |
| <input type="checkbox"/> Free coffee/tea | <input type="checkbox"/> Smartphone/iPad and similar |
| <input type="checkbox"/> Group insurance (gruppförsäkring) | <input type="checkbox"/> Social activity paid by company (Christmas smorgasbord etc.) |
| <input type="checkbox"/> Health promotion offer (friskvårdsbidrag) | <input type="checkbox"/> Work from home |

11. Do you consider that benefits shall be flexible and adaptable to individuals?

- Yes
- No

Comments:

12. Engagement is an employee's involvement with, commitment to, and satisfaction with work. To what extent do you consider that:

	Negative impact	More negative than positive impact	Neither negative nor positive impact	More positive than negative impact	Positive impact
Your salary has an impact on your engagement towards the work?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your benefits have an impact on your engagement towards the work?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your salary has an impact for you to stay at the same employer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your benefits have an impact for you to stay at the same employer?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. When choosing from following alternatives, what is most important for you at work? Please rank the alternatives where 1 = most important and 6 = least important.

	Alternatives
1	<input type="text"/>
2	<input type="text"/>
3	<input type="text"/>
4	<input type="text"/>
5	<input type="text"/>
6	<input type="text"/>

Salary

14. What do you think about pay for performance (i.e. that ones performance affects the salary)?

- I do not think it is right
- I do think it is right

Comments:

15. Is it acceptable with 0 SEK in salary increase due to low performance?

- Yes
- No

Comments:

16. Do you expect an increase in salary every year?

- Yes
- No

Comments:

17. Do you consider that you have a market-competitive salary for the work you perform?

- Yes
- No

Comments:

18. What do you consider to be a reasonable monthly gross salary for a white-collar position (not manager position), full time with eight years of relevant work life experience at Volvo Cars and with three years of academic education? Before taxes but after employment taxes (före skatt men efter arbetsgivaravgifter).

19. Salary and benefits

	Never	Seldom	Sometimes	Often
Do you discuss salary with your colleagues?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Do you discuss benefits with your colleagues?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

20. Do you know what criteria Volvo Cars uses for salary setting?

- No
- Yes, to some extent
- Yes, to a large extent

Comments:

Incentive program and retention

21. Are you enrolled in the short term incentive (STI) program of the company?

- Yes
- No
- I do not know

22. Short term incentive (STI) program

	Negative impact	No impact	Positive impact	Do not know since not enrolled
How does a short term incentive program impacts on your motivation at work?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How does a short term incentive program impacts on your engagement towards the company?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23. If you were changing employer, what factors with the new employer are most important then? Please choose the three most important.

- Incentive program
- Favourable benefits
- Flexible working hours
- Higher salary
- Larger potentiality for my career
- Larger potentiality for my competence
- New challenges
- The company culture

Other:

24. With your current compensations and benefits, how big is the likelihood that you would change employer only because of these?

- No likelihood
- Low likelihood
- High likelihood

25. I think that I will work at Volvo Cars this additional amount of years:

- Maximum 1 year
- Maximum 1 - 5 years due to age of retirement
- 1 - 3 years
- 4 - 6 years
- 7 - 9 years
- More than 9 years

26. How do you think rewards (compensations and benefits) shall be designed in the future at Volvo Cars?