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REWARDS FOR MOTIVATING EMPLOYEES

Comparative cases: Vantaa City Authority and Hertfordshire County Authority

Master's Thesis
in International Business

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Abstract

When considering ways to motivate employees, one must keep in mind that each individual is different and therefore everyone is motivated in different way. Employees can have quite different motivators, for example, more money, more recognition, flexible working hours, promotions, opportunities for learning, or discounts for employee and his/her family. Therefore, when attempting to help motivate people, it is important to discover what the individual motivation factors are for each one personally. Another key factor is the variation over time. Nobody experiences a constant set of needs over time, it will change slowly.

One of the most fundamental concerns of reward management is how it can help to motivate people so that they achieve their full potential. The development of a performance culture is a typical aim of reward strategy. It is therefore necessary to understand the factors that motivate people and how, in the light of these factors, rewarding process and practices that will enhance motivation, commitment, job engagement and positive discretionary behavior, can be developed.

The purpose of this research is to **examine more in detail of the total reward systems which are used in two public sectors and their cultural differences and/or similarities**. The study is focused on two different public sectors; Vantaa City Authority (Finland) and Hertfordshire County Authority (the United Kingdom). The research questions are:

How do public sector employers attempt to reward their employees with a total reward system?

- **What are the different ways to motivate employees?**
- **What is the reward system in the public sector based on?**
- **What characteristics are included in the total reward system?**
- **How does the culture affect the ways of motivation and rewarding?**

The benefits of a total reward approach are, for example, the greater impact which means that the combined effect of the different types of rewards will make a deeper and longer-lasting impact on the motivation and commitment of people. It also enhances the employment relationship, meaning that the employment relationship created by a total rewards approach makes the maximum use of relational as well as transactional rewards and will therefore appeal more to individuals.

The research findings point out that in Finland rewards are based on just for the employees, recognition of individuals is high, in several cases they reward teams, and organisation climate is important issue for them. In the United Kingdom, the reward system is based on rewarding employees and their families, employer offer several discounts for employees and families, and flexible working hours are favourable.

Key words	Total reward system, public sector, employee motivation, motivational theories
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Tiivistelmä

Työntekijöiden motivointikeinoja tarkasteltaessa, tulee muistaa, että ihmiset ovat yksilöitä ja siksi jokainen motivoituu eri asioista. Työntekijöillä voi olla monenlaisia motivaattoreita, kuten esimerkiksi enemmän rahaa, tunnustusta esimieheltä, joustavat työajat, ylenemismahdollisuudet, mahdollisuus oppia ja kehittyä työssään tai alennuksia työntekijälle ja hänen perheelleen. Nämä tekijät on otettava huomioon, kun pyritään motivoimaan työntekijöitä – on tärkeää tunnistaa jokaista yksilöä henkilökohtaisesti motivoivat palkitsemiskeinot. Toinen tärkeä seikka on elämäntilanteen muuttuminen. Ajan myötä jokaisen tarpeet muuttuvat jonkin verran.

Yksi palkitsemisjohtamisen perustehtävistä on löytää ne asiat, jotka motivoivat työntekijää antamaan parhaan mahdollisen työpanoksensa. Suorituskyvyn kehittäminen onkin yksi tyypillisimpiä tavoitteita palkitsemisstrategiassa. Tämän vuoksi on erityisen tärkeää ymmärtää seikat, jotka motivoivat työntekijöitä, ja miten näiden pohjalta voidaan kehittää toimiva palkitsemisprosessi ja – käytännöt. Nämä lisäävät motivaatiota ja työhön sitoutumista.

Tutkimuksen tarkoituksena on **perehtyä kahden eri julkisen sektorin työnantajan käytössä olevaan kokonaisvaltaiseen palkitsemisjärjestelmään ja näiden mahdollisiin kulttuurieroihin tai yhtäläisyyksiin**. Tutkimus keskittyy kahteen julkisen sektorin toimijaan: Vantaan kaupunki (Suomessa) ja Hertfordshiren kunta (Englannissa). Tutkimuskysymykset ovat:

Miten julkisen sektorin työnantajat pyrkivät palkitsemaan työntekijöitään kokonaisvaltaisella palkitsemisjärjestelmällä?

- Millä eri keinoilla työntekijöitä motivoidaan?
- Mihin palkitseminen perustuu julkisella sektorilla?
- Mitkä ovat kokonaisvaltaisen palkitsemisjärjestelmän ominaispiirteet?
- Miten kulttuuri vaikuttaa motivointi- ja palkitsemiskäytäntöihin?

Kokonaisvaltaisen palkitsemisjärjestelmämallin etuna on esimerkiksi vaikuttavuus, joka syntyy eri palkitsemismuotojen yhteisvaikutuksesta ja lisää ihmisten motivaatiota ja sitoutumista syvästi ja pitkäkestoisesti. Lisäksi tämä syventää työntekijän ja työnantajan välistä suhdetta, ja tällöin työntekijöillä on mahdollisuus hyödyntää yksilöllisesti rahallisia ja ei-rahallisia kannustimia.

Tutkimuksen tulokset osoittavat, että Suomessa palkitseminen keskittyy itse työntekijöihin ja yksilöiden huomioiminen on keskeistä; usein palkitaan ryhmiä ja organisaation työilmapiiri on tärkeä. Englannissa palkitsemisjärjestelmä perustuu työntekijän ja hänen perheensä palkitsemiseen; tarjotaan erilaisia henkilökohtaisia alennuksia koko perheelle ja suhtaudutaan myönteisesti joustaviin työaikoihin.

Asiasanat	Kokonaisvaltainen palkitsemisjärjestelmä, julkinen sektori, työmotivaatio teoriat
Muita tietoja	

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1 INTRODUCTION

1.1 Motivating Employees – the Carrot or Stick Method?

When companies adjust strategies, set new goals, or implement change initiatives, a domino effect often occurs. New priorities for the company result in new priorities for divisions, departments, and individuals. Teams are rebuilt, people come and people go. Through all this organisational shifting, one critical side of managing people is often ignored: compensation. Good advice for any organisation when implementing a new initiative is to take a closer look at its reward system and its structure. (Sisk 2005, 3.)

One of the main factors of company's business performance is complete mobility and orientation of the employees towards realising the common interest and goals of the company as a whole. Activities aimed at this goal are also related to building a motivation system in the company. One of the means of motivation policy is the system of incentive rewards¹. Profit, as the final financial product of the company's activities, is basically the main activating force for all the employees. Their motivation helps successful achievement of a company's business policy and strategic development, through a functional system of measuring and evaluating results and adequate rewards. (Gajic & Medved 2010, 67.)

Motivation concerns energy, direction, determination, and strength – all aspects of activation and intention. Motivation is highly valued because of its consequences: motivation procedures. It is therefore of the greatest concern to those, for example, in public sector members of staff, who are in roles such as manager, teacher, religious leader, military officer, health care provider, and other supervisor that involve mobilising others to act. Although motivation is often treated as a singular construct, even superficial indication suggests that people are moved to act by very different types of factors, with highly varied experiences and consequences. People can be motivated because they value an activity or because there is strong external force. They can be urged into action by a surviving interest or by a bribe. They can behave from a sense of personal commitment to stand out and shine or from fear of being invisible. The issue of whether people stand behind a behaviour out of their interests and values, or do it for

¹ Incentive: "a type of motive that focuses on an event or outcome that is attractive to an individual. Incentives are outcomes towards which behaviour is directed". Rewards: "outcomes or events in the organisation that satisfy work-related needs". (Wallace & Szilagyi 1982, 439; 441.)

reasons external to the self, is a matter of significance in every culture. (Ryan & Deci 2000, 69.)

It is difficult to overstate the extent to which most managers and the people, who advise them, believe in the redemptive power of rewards. According to Kohn (1993, 3) rewards do not create a lasting commitment, rather incentives merely and temporarily change what people do. Once the rewards run out, people revert to their old behaviours. Rewards can motivate people, because they want to have certain rewards but not because they are motivated to work. Training and goal-setting programs have a far greater impact on productivity than pay-for-performance plans.

Many managers understand that force and fear destroy motivation and create rebelliousness, defensiveness, and anger. Herzberg (2003, 88) developed “KITA (kick in the pants)” to show that forcing someone to do something does not motivate employees; it may create movement but never motivation. Punishment and rewards are two sides of the same coin. Rewards have a punitive effect because they, like outright punishment, are manipulative. “Do this and you will get that” is not really very different from “Do this or here is what will happen to you”. In the case of incentives, the reward itself may be highly desired, but by making that bonus contingent on certain behaviours, managers manipulate their subordinates, and that experience of being controlled is likely to assume a punitive quality over time. If the manager is an experienced leader, the employee needs no “KITA”. According to Herzberg (2003, 87), the following issues instead motivate employees: achievement, recognition for achievement, the work itself, responsibility, and growth or advancement. Managers should focus on positions where people’s attitudes are poor, the investment needed in industrial engineering is cost-effective, and motivation will make a difference in performance.

A major function of leaders is to support the motivation of other individuals and groups. (There is debate as to whether one person can motivate another person, versus whether a person can only support another to motivate themselves.) There are also approaches to motivating people that are destructive, for example, fear and intimidation. While these approaches can seem very effective in promptly motivating people, the approaches are hurtful, and in addition, they usually only motivate in the short-term. There are also approaches that are constructive, for example, effective delegation and coaching. These constructive approaches can be very effective in motivating personnel and for long periods of time. Different people can have quite different motivators, for example, more money, more recognition, time off from work, promotions, opportunities for learning, or opportunities for socialising and relationships. Therefore, when attempting to help motivate people, it is important to identify what motivates each of them personally. However, long-term motivation comes from people motivating themselves. (McNamara 2011.)

The pay schemes and development of how to motivate the employees in the entire public sector has been undergoing a change for a number of years now. The reform is implemented with the help of collective agreements and pay scheme development programmes. For example in Finland, the Finnish Government adopted a new pay scheme throughout the public sector in 2006. The impact of the reform goes beyond actual pay policy, affecting effectiveness of operations, operating culture, employer image and implementation of the human resources strategy. The pay scheme reform is part of the reform of the entire public sector and the many changes in control and operating methods. (The Finnish public sector as employer - report 2006, 12.)

The topic of employee motivation plays a central role in the field of management, both practically and theoretically. Managers see motivation as an integral part of the performance equation at all levels, while organisational researchers see it as a fundamental building block in the development of useful theories of effective management practice. Indeed, the topic of motivation permeates many of the subfields that compose the study of management, including leadership, teams, performance management, managerial ethics, decision making, and organisational change. It is not surprising, therefore, that this topic has received so much attention over the past few decades in both research journals and management periodicals. (Steers, Mowday & Shapiro 2004, 379.)

Over the past eighty years, both management practitioners and management theorists have not been considered in depth how much “management” and “organising” are culturally dependent. They are culturally dependent because managing and organising do not consist of making or moving tangible objects, but of manipulating symbols that have meaning to the people who are managed or organised. The meaning which people associate with symbols is heavily affected by what they have learned in their family, in their school, in their work environment, and in their society. Management and organisation have pervasive influence with culture in different countries. Practice is usually wiser than theory, and it is obvious that culture has effected organisations and therefore the motivation to work in each country is different. (Inkeles & Sasaki 1996, 400.)

1.2 Previous Research

The whole phenomenon of how to motivate employees and how to obtain the maximum from them has interested researchers already a century. Ever since Taylor’s (1911) pioneering work, money – *“used either as an incentive to induce the desired behavior or as a reward to reinforce the desired behavior”* – has been seen as a key means of motivating employee behaviour.

During the last three decades, economic theory has made much progress in the modeling and understanding of incentives, contracts, and organisations. The application of game theoretic methods to these questions has generated profound insights and important theoretical tools that provide the basis for further progress. However, progress in understanding the actual effects of incentives has also been limited by constraining attention to an empirically questionable view of human motivation. (Fehr & Falk 2002, 719.)

Although previous studies have shown that teams are important to organisations success, few organisations have implemented reward systems that encourage team effort. The research world has been divided into two different sectors; those who believe that team-reward compensation systems will be more effective than compensating individuals (Newton-McClurg 2001, 85; Kirkman & Shapiro 1997, 731) and those who have found evidences that most employees prefer to be paid on the basis of individual performance rather than on team or organisational performance (Kuhn 2009, 1634; Kuhn & Yockey 2003, 323; Rynes, Colbert & Brown 2002, 157). Nowadays an increasing number of researchers are coming to the conclusion that organisations should base their compensation system on both individual and collective achievement (McNabb & Whitfield 2007, 1018; Kuhn 2009, 1646).

Work motivation has been of interest to industrial/organisational (I/O) psychologists at least since the 1930s, stimulated in a large part by the famous Hawthorne studies (Roethlisberger & Dickson, 1939), which focused mainly on the effects of supervision, incentives, and working conditions. Followed by these studies the *Hawthorne effect* was defined as the tendency of people who are being observed to react differently than they would otherwise. Then in the 1960s and 1970s organisational behaviour (OB) was discovered and research focused on feedback on work motivation, setting goals, self-efficiency, and also in more detail on regarding reward systems. (Locke & Latham 2004, 388.)

There has been general increase in cultures and managerial research in the past decade. Despite this fact, empirical studies on culture dimensions to management practices across cultures have been limited in numbers and scope. (Iguisi 2009, 141.)

1.3 The Purpose and the Structure of the Study

Since motivational theories are well researched, the author have chose to focus on how public sector is rewarding employees and specifically what kind of rewards they are offering to motivate employees working towards the goals more effectively. The study is emphasising the cultural dimensions and therefore it is focusing on two different

countries' public sectors. This study is excluding the trade unions influence towards working conditions and also excluding the political aspects to the public sectors.

Wallace and Szilagyi (1982, 30) has illustrated below (Figure 1) the process of individual behaviour and performance towards rewards. However, this study will concentrate on the employee's motives to get rewards. This will include: what motivates employee, how much effort employee is willing to give to gain the reward, how he or she behaves towards rewarding and what kind of performance he or she is willing to give, and how he or she responds for the reward (was the reward worth for the action). At the end there will be a small discussion about how employer can evaluate the employee's performance.

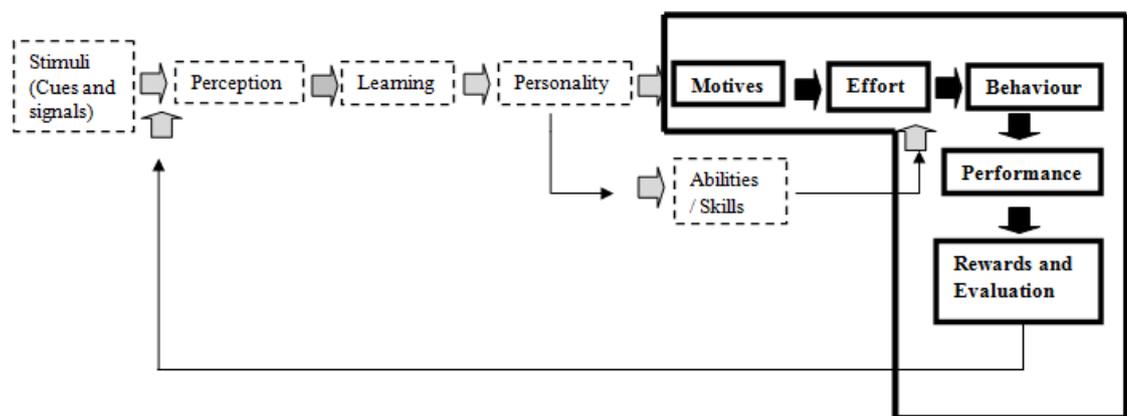


Figure 1 The focus of this study (modified from Wallace & Szilagyi 1982, 30)

The figure 1 presents a modified model from Wallace and Szilagyi (1982, 30) that shows how motives, personality, perception, and learning determine an employee's behaviour and performance. Although the individual behaviour and performance here is shown as a one model this research will focus on motives and onwards, for the area which is highlighted in black. The centre attention of this study is in employee's motivation to get the rewards.

The purpose of this research is to examine more in detail of the total reward systems which are in use in the public sectors and their cultural differences and/or similarities. The study focuses on two different public sectors; one in Finland and another one in the United Kingdom. The chosen public sector employers are Vantaa City Authority and Hertfordshire County Authority. The research questions have been arranged to try to understand the factors which influence each country's reward systems and how much the culture has an effect on them. The aim of the study is to find answers to the main question and four sub problem questions, which are:

How do public sector employers attempt to reward their employees with a total reward system?

- **What are the different ways to motivate employees?**
- **What is the reward system in the public sector based on?**
- **What characteristics are included in the total reward system?**
- **How does the culture affect the ways of motivation and rewarding?**

These sub questions were developed on the grounds of theory and practice, because these themes and topics were emerged most clearly, and for that reason the author wanted to investigate them more intensely. To be precise, two public sector employers' total reward systems will be compared and a framework will be developed based on the results. Moreover, this framework is used to analyse, *the differences and/or similarities from the cultural point of view*. However, within the limits of this research, primarily the both public sectors own documents of reward system will be examined. To conclude, the purpose of this research is summarised together with the structure of the study in the below table (Table 1).

Table 1 The Purpose and the Structure of the Study

Main research question:	Sub questions:	Themes:
How do public sector employers attempt to reward their employees with a total reward system?	What are the different ways to motivate employees?	Motivational theories: <ul style="list-style-type: none"> • The content theories • The process theories
	What is the reward system in the public sector based on?	<ul style="list-style-type: none"> • Reward management in the public sector • Employees incentive compensation
	What characteristics are included in the total reward system?	<ul style="list-style-type: none"> • Total reward system • Performance evaluation
	How does the culture affect the ways of motivation and rewarding?	<ul style="list-style-type: none"> • The role of culture on motivation • Hofstede's cultural dimensions framework

As seen from the above table, the sub questions are divided into different themes/topics that are going to be studied. With the guidance of these themes, the main research question will be answered.

This study is structured so that the next chapter 2 will clarify the basic idea of employee motivation and defining motivation. After that, the chapter will discuss of different motivational theories (the content and process theories), which are commonly

introduced when discussing about employee motivation. In addition, chapter 2 includes the cultural aspect in incentive and reward systems, and introduces the Hofstede's cultural dimensions. Chapter 3 will discuss more in details about rewarding management in public sector as well as the role of the public sector as an employer. Besides of public sector, chapter 3 will also explain more about the fundamentals of rewarding management and different aspects in total reward system. Also employee's performance evaluation will be discussed shortly. In the end, there are two illustrative cases of linking motivational theories to total rewards. On the chapter 4, the research design will be introduced in order to explain the research data and the choice of the analysis method among others. Chapter 5 is represents the research findings. The research findings are based on both Counties total reward system and Hofstede's cultural dimension results. First, the total reward framework from the City of Vantaa will be introduced and discussed. Second, the total reward framework from Hertfordshire County will be introduced and discussed. Third, research findings related to cultures will be examined and last, the research will illustrate and compare the two selected total reward systems and ponder the reasons behind the possible differences and/or similarities. Finally chapter 6, includes conclusions were the results are discussed before continuing to the summary chapter.

2 MOTIVATIONAL THEORIES

Motivation theories provide essential guidance in the practical steps required to develop effective reward systems. As Armstrong and Stephens (2005, 69) describes “*there is nothing so practical as a good theory*”. When discussing on employee motivation towards work, both content and process theories are included. Content theories explore what motivate people: that is arouses and energised the behaviour. Process theories researched the specifics of the motivation process. (Iguisi 2009, 142.)

This chapter examines the process of motivation and theories that influence rewarding the most. The relationship between money and motivation is considered and how much the cultural view will affect motivation. In the end of the chapter, the Hofstede’s cultural dimensions will be introduced.

2.1 Basic Idea of Employee Motivation

A reward, tangible or intangible, is presented after the occurrence of an action (i.e. behaviour) with the intent to cause the behaviour to occur again. This is done by associating positive meaning to the behaviour. Several studies show that if the person receives the reward immediately, the effect is greater, and decreases as duration lengthens. Repetitive action-reward combination can cause the action to become habit. Motivation comes from two sources: oneself, and other people. These two sources are called intrinsic motivation and extrinsic motivation, as explained in previous paragraph. (Ruohotie 1998, 64-65.)

Reinforcers and reinforcement principles of behaviour differ from the hypothetical construct of reward. A reinforcer is any stimulus change following a response that increases the future frequency or magnitude of that response, therefore the cognitive approach is certainly the way forward as in 1973 Maslow described it as being the “golden pineapple”. Positive reinforcement is demonstrated by an increase in the future frequency or magnitude of a response due to in the past being followed contingently by a reinforcing stimulus. Negative reinforcement involves stimulus change consisting of the removal of an aversive stimulus following a response. Positive reinforcement involves a stimulus change consisting of the presentation or magnification of an appetitive stimulus following a response. From this perspective, motivation is mediated by environmental events, and the concept of distinguishing between intrinsic and extrinsic forces is irrelevant. (Armstrong & Stephens 2005, 72-73.)

Applying proper motivational techniques can be much harder than it seems. When creating a reward system, it can be easy to reward person A, while hoping that person B

will also be motivated from the same reward, and in the process, there might be some harmful effects that can jeopardise the organisations goals. (Steve Kerr 2003, 35-36.)

Motivation theories examine the process of motivation. It explains why people at work behave in the way they do in terms of their efforts, their discretionary behaviour, and the directions they take. The process of motivation from Armstrong and Stephens (2005, 70) is shown in the next figure (Figure 2).



Figure 2 The process of motivation (Armstrong & Stephens 2005, 70)

A model of motivation is based on reinforcement, needs and goal theory as shown in the above figure. This model suggests that the process of motivation is initiated by the conscious or unconscious recognition of unsatisfied needs. These needs create wants, which are desires to achieve or attain something. Goals are then established which it is believed will satisfy these needs and a behaviour pathway is selected which it is believed will achieve the goal. If the goal is achieved, the need is satisfied and the behaviour is likely to be repeated the next time a similar need emerges. If the goal is not achieved, the same action is less likely to be repeated. However, as some needs are satisfied new needs emerge and the process continues. (Armstrong & Stephens 2005, 69-71.)

2.1.1 *Defining Motivation*

The term *motivation* derives from the Latin word for movement (*movere*). Building on this concept, Atkinson (1964, 2) defines motivation as “*the contemporary (immediate) influence on direction, vigor, and persistence of action*”, Vroom (1964, 6) defines it as “*a process governing choice made by person...among alternative forms of voluntary activity*” and Campbell and Pritchard (1976, 63) suggest that “*motivation has to do with a set of independent/dependent variable relationships that explain the direction,*

amplitude, and persistence of an individual's behaviour, holding constant the effects of aptitude, skill, and understanding of the tasks, and the constraints operating in the environment". This study has a favour for the latter definition.

Different definitions for motivation have often three common denominators. They are all principally concerned with factors or events that energise, channel, and sustain human behaviour over time. In various ways, contemporary theories of work motivation derive from efforts to explicate with increasing precision how these three factors interrelate to determine behaviour in organisations. (Steers, Mowday & Shapire 2004, 379.)

Organisation behaviour (OB) literature and industrial/organisational (I/O) psychology literature has different definitions for the term *work motivation*. The term may refer to either job satisfaction or the motivation to perform, even though satisfaction versus choice, effort, and persistence are not the same phenomena, do not necessarily have the same causes or effects and may not affect one another. (Locke & Latham 2004, 400.)

The concept of motivation refers to internal factors that impel action and to external factors that can act as inducements to action. There are three aspects of action that motivation can affect and they are: direction (choice), intensity (effort) and duration (persistence). Motivation can affect not only the acquisition of people's skills and abilities but also how and to what extent they utilise their skills and abilities. (Locke & Latham 2004, 388.) The next figure (Figure 3) illustrates the motivation process from a person's ability point of view.

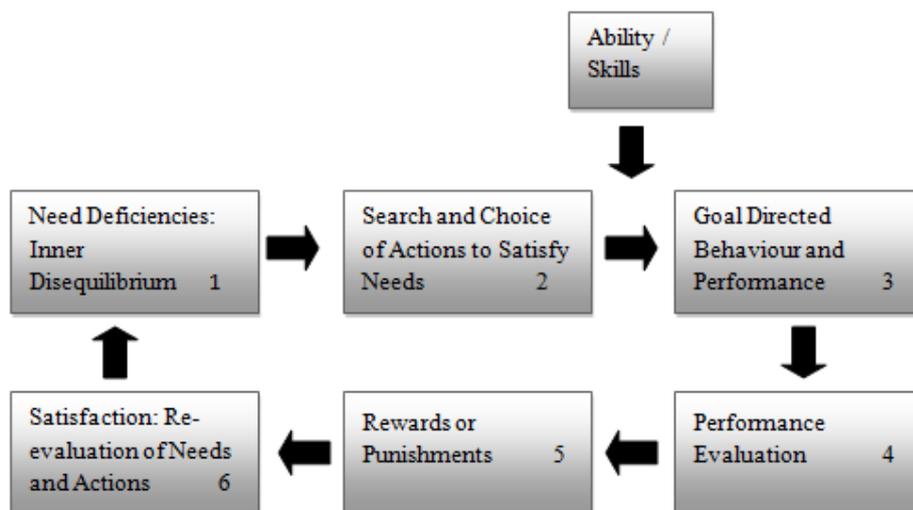


Figure 3 Basic Motivation Model (Wallace & Szilagyí 1982, 52)

Above figure, the motivation model expresses motivation like a process. In step 1, need deficiencies (for example, a need for a pay increase) create a state of tension or inner disequilibrium that energises a search for and choice of strategies for fulfilling the need (perhaps working harder at one's job). This effort combined with ability will result in step 3 in a certain level of behaviour and performance. The performance level achieved in step 3 is evaluated in step 4 and some level of rewards or punishment results (step 5). In step 6, the employee reacts to or assesses rewards employee has received (step 5) in light of the performance achievement in step 3. The employee's reaction in step 6 (often referred to as job satisfaction) will influence need deficiencies and influence subsequent behaviour under similar circumstances. There are three points concerning motivation; firstly, motivation is a dynamic process that determines behaviour and performance, secondly, motivation energises, directs, and determines choice in behaviour, and thirdly, the motivation cycle involves an interaction between an individual and their environment. The reactions of both to each other influence motivation. (Wallace & Szilagy 1982, 52-53.)

2.1.2 *Intrinsic and Extrinsic Motivation*

There are two types of motivation: intrinsic motivation and extrinsic motivation. Intrinsic motivation is the same as "motivation through the work itself". It takes place when people feel that the work they do is intrinsically interesting, challenging and important and involves the exercise of responsibility (having control over one's own resources), autonomy or freedom to act, scope to use and develop skills and abilities, and opportunities for advancement and growth. Extrinsic motivation is described as what is done to or for people to motivate them. This includes rewards such as increased pay, recognition, praise or promotion, and punishments such as disciplinary action, withholding pay, or criticism. (Mausner & Snyderman 1966, 113-116; Beer & Walton 1990, 17.)

Extrinsic motivators can have an immediate and powerful effect, but it will not necessarily last long. The intrinsic motivators, which are concerned with the "quality of working life" (a phrase and a movement promoted by proponents of the notion of intrinsic motivation), are likely to have a deeper and longer-term effect because they are inherent in individuals and not imposed from outside. But it should not be assumed that intrinsic motivation is good and extrinsic motivation is bad. They both have a part to play. (Armstrong & Stephens 2005, 71.) Intrinsic motivations, such as working environment, need to be in order and well established before extrinsic motivations will effect to the motivation itself (Vartiainen & Kauhanen 2005, 143).

2.1.3 *Key Issues of Motivating Employees*

When considering ways to motivate employees, one must keep in mind that each individual is different and therefore everyone is motivated by different things. While one employee may be motivated by money another may be motivated by working with supportive co-workers. Another key issue is the variation over time. Nobody experiences a constant set of needs over time. As with all other individual characteristics, a person's need profile is relatively enduring, yet it involves and changes slowly over time. When employees are ageing they value different things. One way to find out what motivates employees at a certain point of time is to discover their wants and needs. (Wallace & Szilagyi 1982, 276-277; Salmela-Aro & Nurmi 2005, 145.) Before investing in a reward and recognition system, organisations should survey their employees' preferences because different people respond to different incentives (Goetsch & Davis 2003, 405).

From the organisation's point of view, rewards are intended to motivate certain behaviours. There are commonly three conditions which are necessary for employee motivation. Firstly, employees must believe in effective performance or certain specified behaviour that will lead to certain rewards. Secondly, employees must feel that the rewards offered are attractive. Some employees may desire promotions because they seek power, but others may want a fringe benefit, such as pension, because they are older and want retirement security. Finally, employees must believe in a certain level of individual effort that will lead to achieving the organisation's standards of performance. (Beer & Walton 1990, 16-17.)

Factors which motivate people are, for example, incentives, which are one of the most common ways of motivating employees. They can be money, gift cards, gifts, vacation trips, and so on. The best way to decide what incentive the organisation should use to motivate employees is by asking them what they would like. One might be surprised that it is not always money that an employee seeks. Another factors are given responsibility, acquire attention from the manager or acquiring reward for the good work ("Employee of the Month" or Certificates of Appreciation); all these aspects shows to the employee that they are trusted and a necessary part of the organisation. Work environment based factors are, for example; pleasant and positive work environment to all, interesting work, job security, and flexibility from the management. (Goetsch & Davis 2003, 405-406.)

The positive work environment has an influence on rewarding. Work environment which is flexible, supports employees own opinion about the work they do and gives security will increase employees' motivation towards the employer. On the other hand, when the work environment in too controlling and there are time limits, threats, and a rush the employees' motivation will decrease. (Salmela-Aro & Nurmi 2005, 143.)

Situations are always “give and take”, so having a good feeling benefits all employees. When employees feel like they are part of a larger team, this is a great tool to motivate them. Employees can be rewarded simply by giving them small bonuses or a “pizza party”. Most employees have a natural desire to improve. Everybody has dreams of where they wish to be in the future. If there is no goal or growth to be achieved, there is nothing to motivate them to work harder. Although, money is not always an employee’s main motivation, a competitive salary can help an employee feel that they are receiving what they deserve for their job description. If an employee’s are under-paid they will often go searching for other jobs that offer competitive salaries. (Ways to motive the employees 2009.)

The key principle of employee motivation is that different people and different groups have different needs and desires. Zidler (2011) found out in her research that when workers were asked to rank a list of motivators from 1 to 10 in order of importance, workers rated “appreciation for a job well done” as their top motivator; supervisors ranked it eight. Employees ranked “feeling in on things” as being #2 in importance; supervisors ranked it last at #10. See below the Table 2.

Table 2 Rank list of motivators (Zidler 2011)

Employees motivators	Supervisors motivators
1) Appreciation for a job well done	1)
2) Feeling in on things	:
:	8) Appreciation for a job well done
:	:
10)	10) Feeling in on things

Above table illustrates in reality that what motivates staff is often very different from what motivates supervisors. Another outcome from this research was that money is not the top motivator. Survey after survey shows that compensation is important, but the majority of the workforce desires other things. Employees want to be valued for the work they do, money does not do this; personal recognition does. Commonly managers tend not to focus on employee motivation until it is lost. Managers are often too busy focusing on what is urgent and forget about motivation until morale sinks, employees quit, or targets are not made. At this point, fixing the problem is much more difficult than doing little things along the way. Usually what is most motivating tends to be relatively easy to do. (Zidler 2011.)

2.2 The Content Theories of Motivation

Content theory attempted to explain why human needs change, but not how they change. Content theories explain the specific factors that motivate people. In other words, they answer the question “*What drives behaviour?*”. These are the main theories when discussing about employees motivation. The content theory includes three different types of theory model; *the hierarchy of needs* from Abraham Maslow, *the achievement need* from David McClelland and *the two-factor hygiene* theory from Frederick Herzberg. Maslow's theory is one of the most widely discussed theories of motivation and Hertzberg's theory is commonly used when discussing about work motivation. (Iguisi 2009, 142.)

2.2.1 *Hierarchy of Needs Theory*

By the 1950s, several new models of work motivation emerged, which collectively have been referred to as *content theories*, since their principal aim was to identify factors associated with motivation. Included here is Maslow's (1954) need hierarchy theory, which suggests that, as individuals develop, they work their way up a hierarchy based on the fulfilment of a series of prioritised needs, including psychological, safety and security, belongingness, esteem, and self-actualisation. Maslow (1954, 35-36) argued that the bottom three needs on the list (physiological need as hunger or sleep, safety and belongingness) represent deficiency needs that people must master before they can develop into a healthy personality, while the top two (self-esteem and self-actualisation) represent growth needs that relate to individual achievement and the development of human potential. The next figure (Figure 4) clarifies Maslow's Hierarchy of Needs consistent of five hierarchic classes.

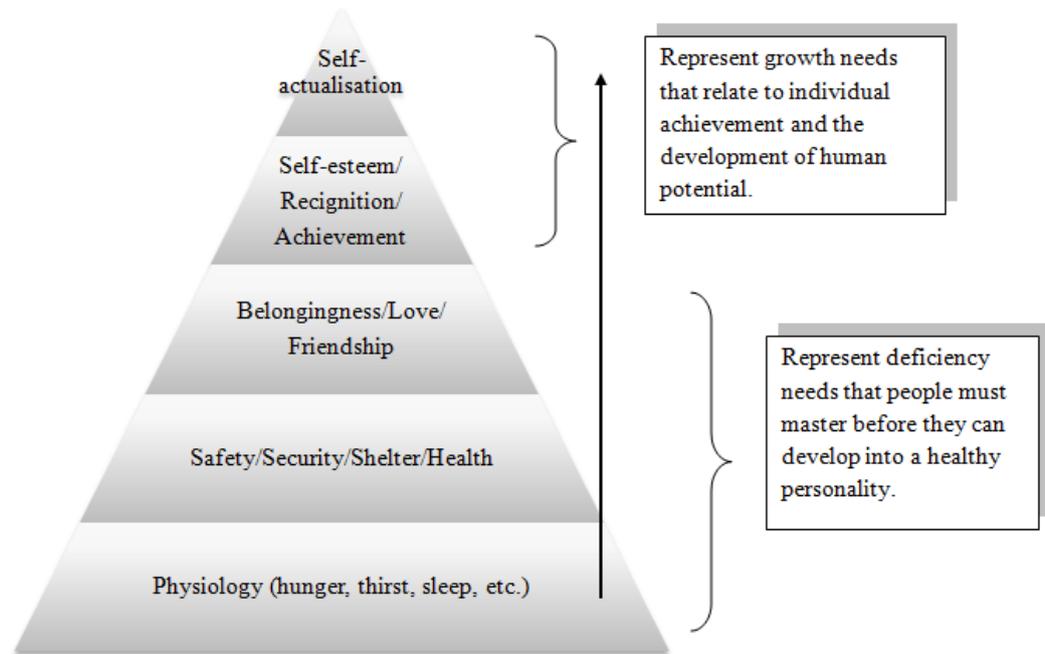


Figure 4 Hierarchy of Needs Theory (based on Maslow 1954)

Maslow's theory shows the complexity of human requirements. According to him, people are motivated by unsatisfied needs. The bottom level needs such as physiological and safety needs will have to be satisfied before top level needs are to be addressed. For example, if a manager is trying to motivate his/hers employees by satisfying their needs; according to Maslow (1954, 98-100), he or she should try to satisfy the lower level needs before he tries to satisfy the top level needs or the employees will not be motivated. Also managers have to remember that not everyone will be satisfied by the same needs. A good manager will try to figure out which levels of needs are active for a certain individual or employee. The basic requirements build the lower step in Maslow's pyramid. If there is any deficit on this level, the whole behaviour of a person will be oriented to satisfy this deficit. Subsequently, people do have the second low level, which awake a need for security. Basically it is oriented on a future need for security. After securing those two levels, the motives shift in the social sphere, which form the third stage. Psychological requirements consist in the bottom level, while the top of the hierarchy comprise of the self- realization. Alderfer (1972) later adapted this model to encompass just three needs: existence, relatedness and growth.

There have been critics for Maslow's theory. Individual's need hierarchy varies from the circumstance, environment and state of life: all these aspects change during time, so that means that a person needs will not stay in the same. (Salmela-Aro & Nurmi 2005, 133.)

2.2.2 *Achievement Need Theory*

A second need theory of the same era, first introduced by Murray (1938) but more fully developed by McClelland (1961, 1971), ignored the concept of a hierarchy and focused instead on the motivation potency of an array of distinct and clearly defined needs, including achievement, affiliation, power, and autonomy. McClelland (1973, 315) proposed that an individual's specific needs are acquired over time and are shaped by one's life experience. Most of these needs can be classed as either *achievement*, *affiliation*, or *power*. A person's motivation and effectiveness in certain job functions are influenced by these three needs.

People with a high need for achievement (nAch) seek to excel and thus tend to avoid both low-risk and high-risk situations. Achievers avoid low-risk situations because the easily attained success is not a genuine achievement. In high-risk projects, achievers see the outcome as one of chance rather than one's own effort. High nAch individuals prefer work that has a moderate probability of success, ideally a 50% chance. Achievers need regular feedback in order to monitor the process of their achievements. They prefer either to work alone or with other high achievers.

Those with a high need for affiliation (nAff) need harmonious relationships with other people and need to feel accepted by other people. They tend to conform to the norms of their work group. High nAff individuals prefer work that provides significant personal interaction. They perform well in customer service and client interaction situations.

A person's need for power (nPow) can be one of two types – personal and institutional. Those who need personal power want to direct others, and this need often is perceived as undesirable. Persons who need institutional power (also known as social power) want to organise the efforts of others to further the goals of the organisation. Managers with a high need for institutional power tend to be more effective than those with a high need for personal power. The next figure (Figure 5) summarises McClelland's achievement need theory in details.

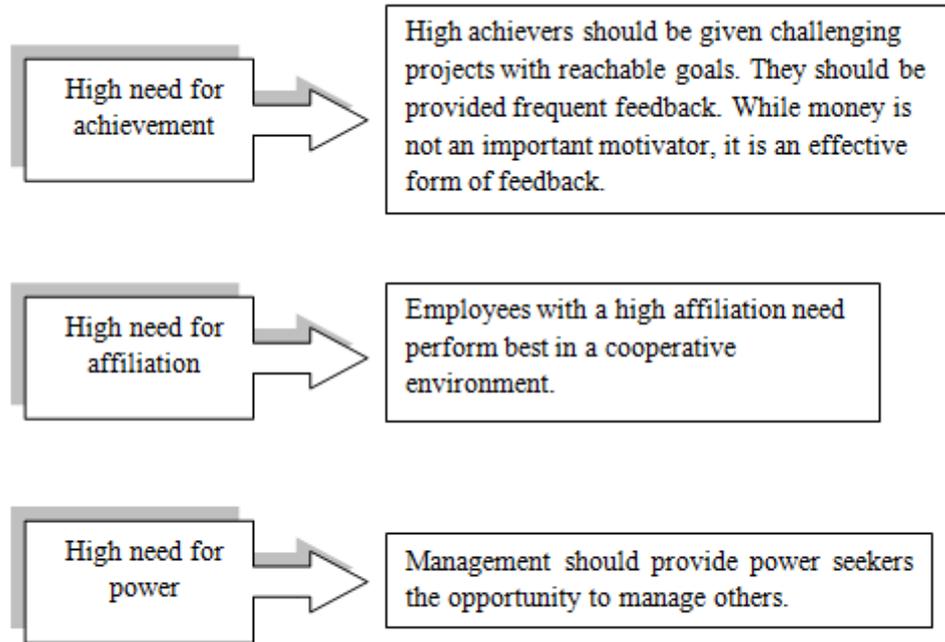


Figure 5 Achievement theory (based on McClelland 1973)

McClelland (1973, 476-477) argued that at any given time, individuals possess several often competitive needs that serve to motivate behaviour when activated. This contrasts with Maslow's notion of a steady progression over time down a hypothetical hierarchy as individuals grow and mature. By far, most of the attention in McClelland's model focused on the needs for achievement (defined as behaviour directed toward competition with a standard of excellence) and power (defined as a need to have control over one's environment). Steers et al. (2004, 381) argues that McClelland's conceptualisation offered researchers a set of clearly defined needs as they related to workplace behaviour, in contrast to Maslow's more abstract conceptualisations (e.g. need for achievement versus need for self-actualisation) and, thus, has found considerable popularity in research on individual factors relating to work motivation.

2.2.3 *Two-factor Hygiene Theory*

While Maslow and McClelland and their colleagues focused on the role of individual differences in motivation, Herzberg (1966) sought to understand, how work activities and the nature of one's job influence motivation and performance. In his motivation-hygiene theory Herzberg (1966, 13) argued that work motivation is largely influenced by the extent to which a job is intrinsically challenging and provides opportunities for

recognition and reinforcement. As Herzberg states (1966, 71) people have two sets of needs; a need as an animal to avoid pain and a need as an individual to grow psychologically. Herzberg saw the context surrounding a job (which he referred to as hygiene factors) as being far more temporal in terms of leading to satisfaction and future motivation. His intrinsic/extrinsic motivation theory concludes that certain factors in the workplace result in job satisfaction, but if absent, they do not lead to dissatisfaction but no satisfaction.

The factors that motivate people can change over time, but “respect for me as a person” is one of the top motivating factors at any stage of life. Herzberg also assumed that these distinctions are universal characteristics of human motivation. Herzberg (1966, 75-76) clarifies that motivators (e.g. challenging work, recognition, responsibility etc.) are factors which give positive satisfaction whereas hygiene factors (e.g. status, job security, salary, fringe benefits etc.) are factors that do not motivate if present, but if absent, result in de-motivation. The name Hygiene factors is used because, like hygiene, the presence will not make a person healthier, but absence can cause health deterioration.

Herzberg (1966, 95-96) has found from the first-level factors (meaning those factors that people would choose as the first and main factor) six motivation factors and eight hygiene factors. The motivation factors are:

1. Achievement
2. Recognition for achievement
3. Work itself
4. Responsibility
5. Advancement
6. Possibility of growth

The hygiene factors are:

1. Supervision
2. Company policy and administration
3. Working conditions
4. Interpersonal relations with peers, subordinates and superiors
5. Status
6. Job security
7. Salary
8. Personal life

Herzberg has done various studies around the world and one good example is the study of Finnish Supervisors (comparison of satisfiers and dissatisfiers). This study was done with engineers in three companies in the City of Tampere. (Herzberg 1966, 101-102.) The next figure (Figure 6) shows the results from the study.

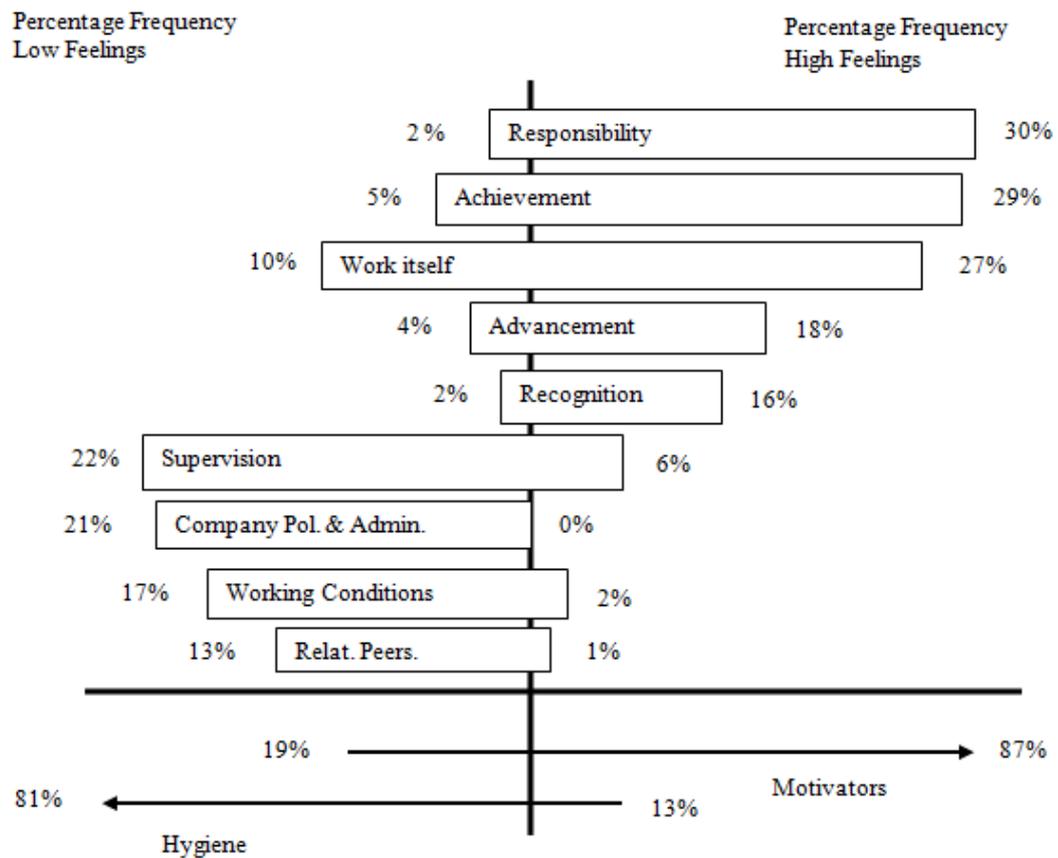


Figure 6 Motivators and Hygiene's of Finnish Supervisors (Herzberg 1966, 100)

The results show that five out of six motivators are found to be significantly unidirectional, the only one not appearing more frequently in the high- versus the low-feeling sequences was *possibility of growth* (sixth motivator in Herzberg's list). Four hygiene factors appear with significantly greater frequency in the low sequences than in the high ones – *supervision*, *company policy and administration*, *working conditions* and *interpersonal relationships with peers*. No inversions of the factors occurred, meaning that a motivator was never found more frequently in the high sequences than in the low, nor was a hygiene need more frequently found for the positive attitudes. The analysis of the effect of age and education on these results once again revealed no meaningful alternations in the findings. (Herzberg 1966, 100.)

Steers et al (2004, 381) underlines that Herzberg deserves credit for introducing the field to the role of job design, specifically job enrichment, as a key factor in work motivation and job attitudes. In subsequent work, Hackman and Oldham (1976, 250-251) and others have extended this line of research on hold it to work design, motivation, and job performance, while others, including Deci who already started on 1975 and continued by Ryan and Deci (2000, 237-238), have articulated theories focusing specifically on task-based intrinsic versus extrinsic factors in motivation (e.g. self-determination theory).

2.3 The Process Theories of Motivation

The process theory is a learning theory of psychology that attempts to explain human behaviour by understanding the *thought processes*. The assumption is that humans are logical beings that make choices that make the most sense. Information processing is a commonly used description of the mental process, comparing the human mind to a computer. The pure process theory largely rejects behaviourism on the basis that behaviourism reduces complex human behaviour to simple cause and effect. (Arnold, Robertson & Cooper 1992, 23-24.) The process theory explains here the expectancy, equity and goal processes of employees.

Beginning in the mid 1960s, a new approach to the study of work motivation emerged, which focused on delineating the processes underlying work motivation. Process theories contrast sharply with the earlier content theories, which focused on identifying factors associated with motivation in a relatively static environment. Process theorists view work motivation from a dynamic perspective and look for causal relationships across time and events when they relate to human behaviour in the workplace. Central to the process theory genre is a series of cognitive theories of motivation that collectively attempt to understand the thought processes that people go through in determining how to behave in the workplace. The majority of these theories generated during the late 1960s and early 1970s making this period something of a “golden age” of work motivation theories. Never before, and some would argue, never since has so much progress been made in explicating the etiology of work motivation. (Steers et al 2004, 381.)

2.3.1 *Expectancy Theory*

Perhaps best known of the process theories is expectancy (or expectancy-valence) theory. The expectancy theory derives from the early work of Lewin (1938) and Tolman (1959), which saw behaviour as purposeful, goal directed, and largely based on conscious intentions. Vroom (1964) presented the first systematic formulation of the expectancy theory as it related to the workplace. Employees tend to rationally evaluate various on-the-job work behaviours (e.g. working harder) and then choose those behaviours they believe will lead to their most valued work-related rewards and outcomes (e.g. a promotion). Thus, the attractiveness of a particular task and the energy invested in it will depend a great deal on the extent to which the employee believes its accomplishment will lead to valued outcomes. (Vroom 1964, 204-206.) The next figure (Figure 7) illustrates the expectancy model.

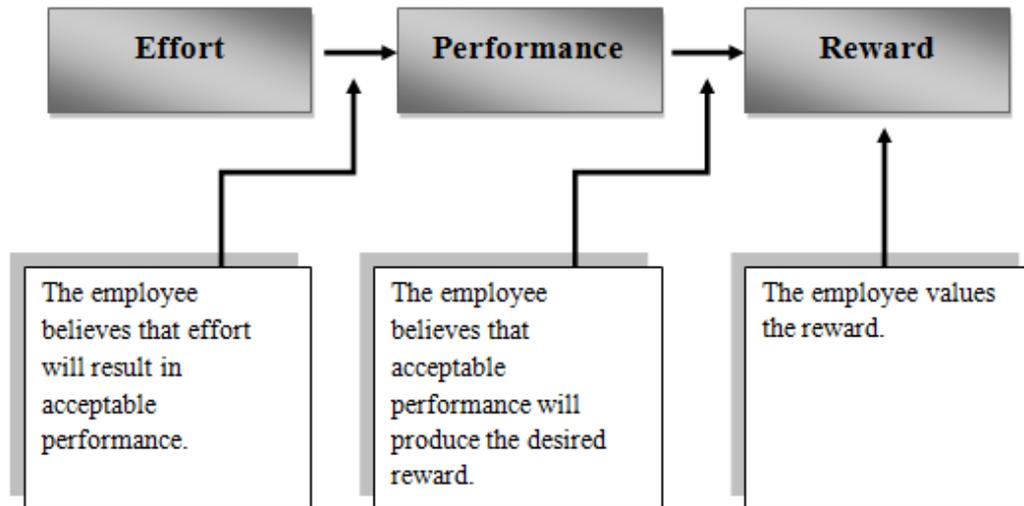


Figure 7 Expectancy Theory (based on Vroom 1964)

As seen from the above figure, Vroom (1964, 205-206) argues that an employee will be motivated to exert a high level of effort to obtain a reward under three conditions, which are:

1. The employee believes that his or her efforts will result in acceptable performance.
2. The employee believes that acceptable performance will lead to the desired outcome or reward.
3. The employee values the reward.

Porter and Lawler (1968) expanded Vroom's initial work to recognise the role of individual differences (e.g. employee abilities and skills) and role clarity in linking job effort to actual job performance. They also clarified the relationship between performance and subsequent satisfaction, arguing that this relationship is mediated by the extent and quality of the rewards employees receive in exchange for good job performance. Finally, they also included a feedback loop to recognise learning by employees from past relationships. That is, if superior performance in the past failed to lead to superior rewards, future employee effort may suffer as incentives and the reward system lose credibility in the employee's eyes. (Lawler 1977, 49.)

2.3.2 *Equity Theory*

In addition to the expectancy theory, a number of other important process theories of work motivation have been developed since the 1960s, each with its own focus. John Adams introduced (1963) the equity theory to explain how employees respond

cognitively and behaviourally to perceived unfairness in the workplace. Adams and Freedman (1976, 45; 49-50) argued that both conditions of underpayment and overpayment can influence subsequent behaviour. They called personal efforts and rewards and other similar 'give and take' issues at work respectively 'inputs' and 'outputs'. *Inputs* are logically what people give or put into their work. *Outputs* are everything people take out in return. These terms help emphasise that what people put into their work includes many factors besides working hours, and that what people receive from their work includes many things aside from money.

Adams' equity theory goes beyond merely effort and reward, and therefore it helps to explain why pay and conditions alone do not determine motivation. Importantly, Adams' measures the fairness by comparing the balance of effort and reward, and other factors of give and take and also the ratio of input and output to other people. Crucially this means that equity does not depend on the input-to-output ratio of people alone – it depends on the comparison between ratios and the ratio of others. In practice, this helps to explain why people are so strongly affected by the situations (and views and gossip) of colleagues, friends, partners etc., in establishing their own personal sense of fairness or equity in their work situations. The next figure (Figure 8) demonstrates Adams' equity theory:

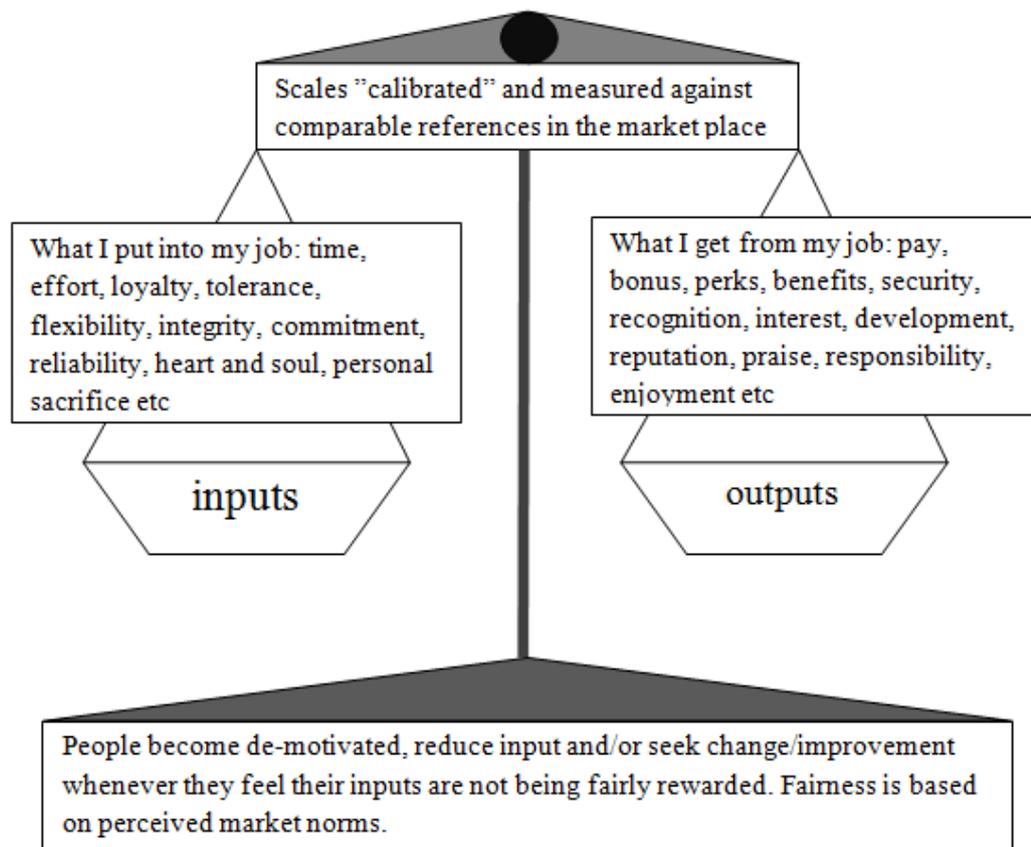


Figure 8 Equity theory diagram - job motivation from Adams' equity theory (based on Businessballs)

As seen from the above figure, the Adams' equity theory explains why people can be happy and motivated by their situation one day, and yet with no change to their terms and working conditions can be made very unhappy and de-motivated, if they learn for example that a colleague (or worse an entire group) is enjoying a better reward-to-effort ratio. This is everything when people are comparing own input/output towards other co-workers. It also explains why giving one person a promotion or pay-raise can have a de-motivating effect on others.

2.3.3 Goal Setting Theory

The goal-setting theory also emerged in the late 1960s, as researchers began to discover that the simple act of specifying targets for behaviour enhanced task performance (Locke 1968, 1996; Steers & Porter 1974). Research in this arena showed that goal specificity, goal difficulty, and goal commitment each served to enhance task

performance. Based on numerous empirical studies, Locke and Latham (1990) subsequently proposed a formal theory of goal setting. This theory states that goal setting is essentially linked to task performance. It also states that specific and challenging goals along with appropriate feedback contribute to higher and better task performance. In simple terms, goals indicate and give direction to an employee on what needs to be done and how much effort is required. The important features of the goal-setting theory are as follows (Locke & Latham 2002, 707):

- The willingness to work towards achievement of one's goal is the main source of job motivation. Clear, particular, and difficult goals are greater motivating factors than easy, general, and vague goals.
- Specific and clear goals lead to greater output and better performance. Unambiguous, measurable, and clear goals accompanied by a deadline for completion avoids misunderstanding.
- Goals should be realistic and challenging. This gives an individual a feeling of pride and triumph when attaining them, and sets a person up for the fulfillment of the next goal. The more challenging the goal, the greater is the reward generally and the more is the passion for achieving it.
- Better and appropriate result feedback directs employee behaviour and contributes to a higher performance than absence of feedback. Feedback is a means of gaining reputation, making clarifications, and regulating goal difficulties. It helps employees to work with more involvement and leads to greater job satisfaction.
- Employees' participation in achieving the goal is not always desirable.
- Participation of goal setting, however, makes the goal more acceptable and leads to more involvement.

The goal setting theory, illustrated in the next figure (Figure 9), has certain eventualities such as: self-efficiency and goal commitment.

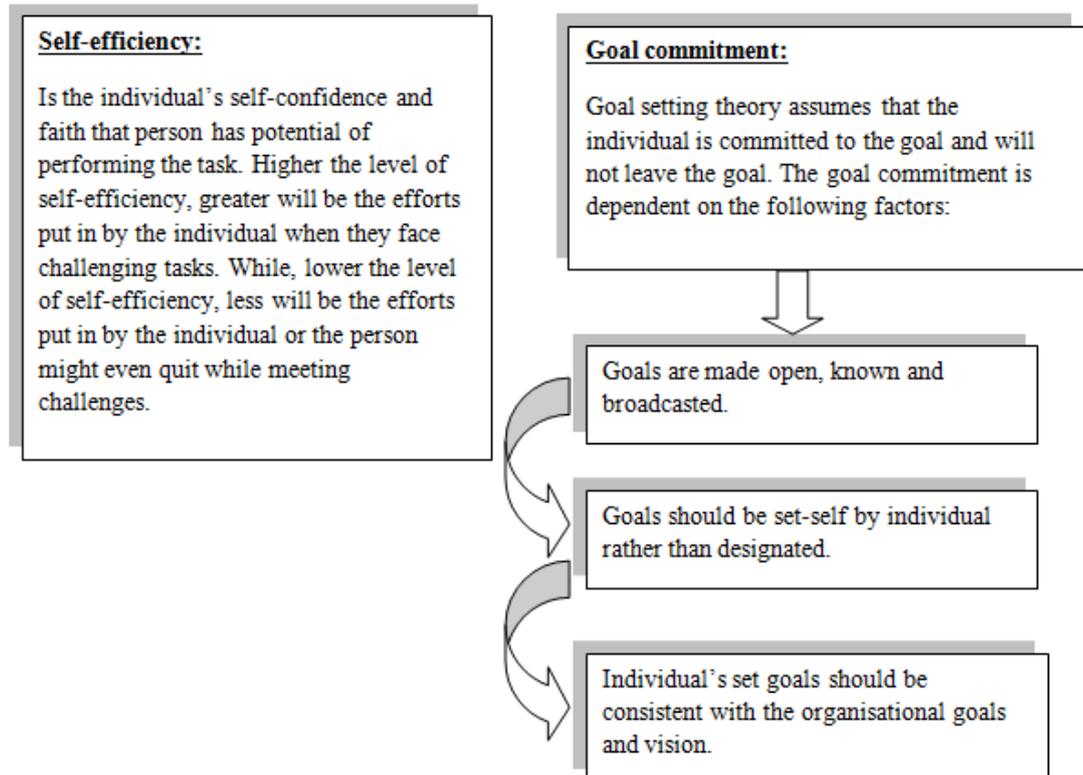


Figure 9 Goal setting theories eventualities (based on Locke & Latham 2002, 707-708)

According to Locke and Latham (2002, 707-708) the goal setting theory have two eventualities; self-efficiency and goal commitment. They made clear definitions for these (see the above Figure 14) and explained the three factors which are dependent on the goal commitment. Locke and Latham (2002, 708) believe that the advantage of the goal setting theory is a technique used to raise incentives for employees to complete work quickly and effectively. This would lead to a better performance by increasing motivation and efforts, but also through increasing and improving the feedback quality.

The limitations of the goal setting theory are, for example, that at times, the organisation goals are in conflict with the managerial goals and therefore goal conflict has a negative effect on the performance if it motivates incompatible action drift. Another limitation is that if the employee lacks skills and competencies to perform actions essential for goals, then the goal-setting can fail and lead to undermining of performance. Also, there is no evidence to prove that goal-setting improves job satisfaction. However, it is proved that the lack of goal accomplishment, leads to job dissatisfaction and therefore the goal-setting theory can be useful in predicting job

satisfaction. Job satisfaction is an important attribute for employee productivity and commitment to the organisation.

Motivational theories and models have all been criticised that they have limitations. None of them are above criticism, and some motivational theories have proved to not be accurate in recent years, yet most provide some useful insights into employee motivation. Thus, it is clear that the field of work motivation has not only progressed but has progressed in multiple directions over the last several decades. Nevertheless, today's knowledge of the subject of work motivation is far from complete. Therefore, researchers argue that there is now an urgent need to tie these existing theories and process them together into an overall model, insofar as this is possible. (Ruohotie 1998, 50; Locke & Latham 2004, 389.)

The next table (Table 3) show a short summary of content theories and practical implication.

Table 3 Summary of content theories

Content theories:	Summary of theories	Practical implications
<u>Abraham Maslow</u> (1954) <i>Needs theory</i>	Human beings have wants and desires which influence their behaviour. Only unsatisfied needs influence behaviour, satisfied needs do not. The person advances to the next level of needs only after the top level need is at least minimally satisfied.	Since needs are many, they are arranged in order of importance, from the basic to the complex. Identifies a number of key needs for consideration in developing total reward policies.
<u>David McClelland</u> (1973) <i>Achievement Need theory</i>	Workers could not be motivated by the mere need for money - in fact, extrinsic motivation (e.g., money) could extinguish intrinsic motivation such as achievement motivation, though money could be used as an indicator of success for various motives. Satisfaction lay in aligning a person's life with their fundamental motivations.	This theory allows for the shaping of a person's own needs. For example training programs can be used to modify ones need profile. Theory can be used also to suggest the types of jobs for which the person might be well suited.
<u>Frederick Herzberg</u> (1966) <i>Two-factor theory</i>	The factors giving rise to job satisfaction (and motivation) are distinct from the factors that lead to job dissatisfaction. Any feeling of satisfaction resulting from pay increases is likely to be short-lived compared with the long-lasting satisfaction from the work itself.	A useful distinction is made between intrinsic and extrinsic motivation which influences total reward decisions.

Content theories explain the specific factors that motivate people, they answer the question "*What drives behaviour?*". As seen from the above table Maslow's theory is based on the satisfied and unsatisfied needs that influence on individuals behaviour. Lower-level needs must be satisfied before higher-order needs. McClelland's theory is including the combination of extrinsic and intrinsic achievements of employee's own needs. Lastly, Herzberg's theory proposed that some factors (hygiene factors) could

only serve to dissatisfy employees and would not motivate behaviour. The next table (Table 4) show a short summary of process theories and practical implication.

Table 4 Summary of process theories

Process theories:	Summary of theories	Practical implications
<u>Victor Vroom</u> (1964) <i>Expectancy theory</i>	Motivation is likely only when (1) a clearly perceived and usable relationship exists between performance and outcome and (2) the outcome is seen as a means of satisfying needs.	Provides the foundation for good practice in the design and management of contingent pay. Emphasising the importance of establishing a clear link between the reward and what has to be done to achieve it.
<u>John Adams</u> (1963) <i>Equity theory</i>	People will be better motivated if they are treated equitably and de-motivated if they are treated inequitably.	Emphasises the need to develop an equitable reward system involving the use of job evaluation.
<u>Edwin A. Locke & Gary Latham</u> (1968) <i>Goal theory</i>	Individual goals and intensions are the most critical determinants of behaviour and performance. Unless the employee accepts the reward being offered as a personal goal to be achieved, the reward cannot be expected to have much incentive value.	Provides a theoretical underpinning for performance management processes to ensure that they contribute to motivation through goal setting and feedback.

Process theories attempts to explain person's behaviour by understanding the thought processes. The assumption is that people are logical beings and make choices that make the most sense. Process theories include three aspects; expected outcome should be relevant and real, people should be treated equally, and lastly, the placed goal should be achievable.

2.4 The Role of Culture on Motivation

Culture has been studied and defined in many ways by multiple scholars representing various disciplines. Adler (1997, 14-15) has synthesised many definitions of culture and this is one of those definitions: "*Culture is something that is shared by all or almost all members of some social group, something that the older members of the group try to pass on to the younger members, something (as in the case of morals, laws, and customs) that shapes behaviour and humans motivation, or...structures one's perception of the world*".

Culture, values, attitudes, and behaviours in a society influence each other. Values can be defined as factors that are explicitly or implicitly desirable and that affect people's decisions. Values do not need to be conscious, they can be also unconscious. The values that the nation has are based on the culture. Attitudes express values and get people to act or to react in a certain way toward things. There is no action without attitudes. Behaviour and motivation can be described to be any form of human action. The behaviour of individuals and groups influence the society's culture. There is no culture in the society without people's behaviour and their motivation. (Adler 1997, 15-16.) Taras and Steel (2009, 41) agree the view with Hofstede that culture can be described as an "onion" diagram; values represent the core of culture, while practices, expressed in rituals and symbols, represent the outer layer.

The nature of motivation is universal and therefore the process is universal. People are motivated to pursue goals and they value "high valence" or "preference". The nation's culture influences the specific content and goals pursued and as a result, motivation differs across cultures. (Motivation Across Cultures 2003, 5.) *Motivation* is an assumed force operating inside an individual, making them to choose one action over another. Culture as collective programming of the mind thus plays an obvious role in motivation. Culture influences the behaviour and also explains why one nation behaves in a certain way. An American may explain putting in extra effort for her job due to her pay, a French person by her honour, a Chinese by mutual obligations, and a Dane by collegiality. (Hofstede & Hofstede 2005, 264.)

2.4.1 *Hofstede's Cultural Dimensions*

Culture constitutes the broadest influence on many dimensions of human behaviour and therefore this popularity makes defining culture difficult. (Soares, Farhangmehr & Shoham 2007, 277) Nevertheless, Taylor provides one of the earliest definitions of culture: "*the complex whole which includes knowledge, belief, art, morals, custom, and any other capabilities and habit acquired by men as a member of society*" (1871, in Soares, Farhangmehr & Shoham 2007, 277). Hofstede and Hofstede (2005, 2) defines culture as the "*software of the mind*", a collective phenomena, shared with the people who live in the same social environment. It is the collective programming of the mind, which distinguishes the members of one social group or category of people from another. Hofstede's framework of cultural dimensions was originally developed for human resource management but nowadays it is widely used in all national framework studies such as in psychology, sociology, and marketing. (Soares et al. 2007, 280.)

Geert Hofstede has studied the influence of national cultures on management styles and practices. In the 1950s, management across nations was seen as converging on the

Western model, but subsequent observation proved this to be incorrect. Culture – a nation’s “collective mental programming” – does matter. (Inkeles & Sasaki 1996, 371.) According to Taras and Steel (2009, 53) the Hofstedean framework is unique and the only viable framework for studying culture. Because Hofstede’s cultural dimension is widely used when researching and describing cultural differences and/or similarities in different countries, the author has also chosen Hofstede’s cultural dimension to compare the selected countries. One has to keep in mind that Hofstede’s statements concerning culture do not describe “reality”, they are rather general and relative. The five dimensions are: power distance (PDI), individualism vs. collectivism (IDV), masculinity vs. femininity (MAS), uncertainty avoidance (UAI), and long-term vs. short-term orientation (LTO).

First dimension is power distance (PDI) and it deals with the fact that all individuals in societies are not equal – it expresses the attitude of the culture towards these inequalities amongst us. Power distance is defined as “*the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally*”. (Hofstede & Hofstede. 2005, 46.)

In the high PDI situation, superiors, and subordinates consider each other as existentially unequal; the hierarchical system is based in this existential inequality. Organisations centralised power as much as possible to keep it in a few hands. Subordinates expect to be told what to do. There are a lot of supervisory personnel, structured into tall hierarchies of people reporting to each other. Salary systems show wide gaps between top and bottom in the organisation. Workers are relatively uneducated, and manual work has a much lower status than office work. Superiors are entitled to privileges, and contracts between superiors and subordinates are supposed to be initiated by the superiors only. The ideal boss in the subordinates’ eyes, the one they feel most comfortable with and whom they respect most, is a generous autocrat, or “good father”. After some experiences with “bad fathers”, they may ideologically reject the boss’s authority completely, while complying in practice. (Hofstede & Hofstede. 2005, 55.)

In the low PDI situation, subordinates and superiors consider each other as existentially equal; the hierarchical system is just an inequality of roles, established for convenience; and roles may be changed, so that someone who today is a subordinate may tomorrow be the boss. Organisations are fairly decentralised, with flat hierarchical pyramids and limited numbers of supervisory personnel. Salary ranges between top and bottom jobs are relatively small; workers are highly qualified, and high-skill manual work has a higher status than low-skill office work. Privileges for higher-ups are basically undesirable, and all should use the same parking lot, toilets, and cafeteria. Superiors should be accessible to subordinates, and the ideal boss is a resourceful (and therefore respected) democrat. Subordinates expect to be consulted before a decision is

made that affects their work, but they accept that the boss is the one who finally decides. (Hofstede & Hofstede 2005, 56.)

Second dimension is individualism versus collectivism (IDV). The fundamental issue addressed by this dimension is the degree of interdependence a society maintains among its members. It has to do with whether people's self-image is defined in terms of "I" or "We". In individualist societies people are only supposed to look after themselves and their direct family. In collectivist society's people belong to 'in groups' that take care of them in exchange for loyalty. (Hofstede & Hofstede 2005, 76.)

Employed persons in an individualist culture are expected to act according to their own interest, and work should be organised in such a way that this self-interest and the employer's interest coincide. Workers are supposed to act as "economic men", or as people with a combination of economic and psychological needs, but as individuals with their own needs. In a collectivist culture an employer never hires just an individual, but rather a person who belongs to an in-group. The employee will act according to the interest of this in-group, which may not always coincide with his/her individual interest: self-effacement in the interest of the in-group belongs to the normal expectations in such a society. Often earnings have to be shared with relatives. (Hofstede & Hofstede 2005, 99.)

Management in an individualist society is the management of individuals. Subordinates can usually be moved around individually; if incentives or bonuses are given, these should be linked to an individual's performance. Management in a collectivist society is the management of groups. The extent to which people actually feel emotionally integrated into a work group may differ from one situation to another. Ethnic and other in-group differences within the work group play a role in the integration process, and managers within a collectivist culture will be extremely attentive to such factors. It often makes good sense to put persons from the same ethnic background into one crew, although individualistically programmed managers usually consider this dangerous and want to do the opposite. If the work group functions as an emotional in-group, incentives and bonuses should be given to the group, not to individuals. (Hofstede & Hofstede 2005, 101.)

Third dimension is masculinity versus femininity (MAS). A society is called masculine when emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life. A high attain on masculine indicates that the society will be driven by competition, achievement and success, with success being defined by the winner / best in field – a value system that starts in school and continues throughout organisational behaviour. A society is called feminine when emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life. A low attain, meaning to be feminine

means that the dominant values in society are caring for others and quality of life. A feminine society is one where the quality of life is the sign of success and standing out from the crowd is not admirable. The fundamental issue here is what motivates people, wanting to be the best (masculine) or liking what one do (feminine). (Hofstede & Hofstede 2005, 120.)

The masculinity-femininity dimension affects ways of handling industrial conflicts. In the United Kingdom as well as in other masculine cultures (such as the United States and Ireland) there is a feeling that conflicts should be resolved by a good fight: “let the best man win”. The industrial relations scene in these countries is marked by such contest. If possible management tries to avoid having to deal with labour unions at all, and labour union behaviour justifies their aversion. In feminine cultures such as the Netherlands, Finland, Sweden, and Denmark, there is a preference for resolving conflicts by compromise and negotiation. Organisations in masculine societies stress results and try to reward it on the basis of equity – that is, to everyone according to performance. Organisations in feminine societies are more likely to reward people on the basis of equality (as opposed to equity) – that is, to everyone according to need. (Hofstede & Hofstede 2005, 143.)

Based on their cultural characteristics, masculine and feminine countries excel in different types of industries. Industrially developed masculine cultures have a competitive advantage in manufacturing, especially in large volume: doing things efficiently, well, and fast. They are good at the production of large heavy equipment and in bulk chemistry. Feminine cultures have a relative advantage in service industries like consulting and transport, in manufacturing according to customer specification, and in handling live matter like in high-yield agriculture and biochemistry. (Hofstede & Hofstede 2005, 146.)

Fourth dimension is uncertainty avoidance (UAI) and it has to do with the way that a society deals with the fact that the future can never be known: should people try to control the future or just let it happen? This ambiguity brings with it anxiety and different cultures have learnt to deal with this anxiety in different ways. The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these is reflected in the UAI points. (Hofstede & Hofstede 2005, 165.)

Laws, rules, and regulations are the ways that a society tries to prevent uncertainties in the behaviour of people. Uncertainty avoiding societies have more formal laws and informal rules controlling the rights and duties of employers and employees. They also have more internal regulations controlling the work process, although in this case the power distance level plays a role, too. Where power distances are high, the exercise of discretionary power by superiors replaces to some extent the need for internal rules. The need for rules in a society with a strong uncertainty avoidance culture is emotional.

People – employers and employees but also civil servants and members of governments – have been programmed since their early childhood to feel comfortable in structured environments. Matters that can be structured should not be left to chance. The emotional need for laws and rules in a strong uncertainty avoidance society can lead to rules or rule-oriented behaviours that are purely ritual, inconsistent, or even dysfunctional. Critics from countries with weaker uncertainty avoidance do not realise that ineffective rules can also satisfy people’s emotional need for formal structure. (Hofstede & Hofstede 2005, 182.)

Countries with low uncertainty avoidance can show the opposite, an emotional horror of formal rules. People think that rules should only be established in case of absolute necessity, such as to determine whether traffic should keep left or right. They believe that many problems can be solved without formal rules. Finns, coming from a fairly uncertainty avoiding culture, are impressed by the public discipline shown by the British in forming neat queues at bus stops and in shops. There is no law in the United Kingdom governing queuing behaviour; it is based on a public habit continuously reinforced by social control. Actually, Finns also queue quite neatly in public areas. The paradox is that although rules in countries with low uncertainty avoidance are less sacred, they are often better followed.

The low uncertainty avoidance also stands for low anxiety. At the workplace the anxiety component of uncertainty avoidance leads to noticeable differences between high and low uncertainty avoidance societies. In high uncertainty avoidance societies, people like to work hard or at least to be always busy. Life is hurried, and time is money. In low uncertainty avoidance societies, people are able to work hard if there is a need for it, but they are not driven by an inner urge toward constant activity. They like to relax. Time is a framework to orient oneself in, but not something one is constantly watching. (Hofstede & Hofstede 2005, 182-183.)

Fifth dimension is the long-term versus short-term orientation (LTO). Definition for LTO cultures is: “*long-term orientation stands for the fostering of virtues oriented toward future rewards – in particular, perseverance and thrift. Its opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present – in particular, respect for tradition, preservation of “face”, and fulfilling social obligations*”. (Hofstede & Hofstede 2005, 210.)

In the long-term-oriented environment, family and work are not separated. Family enterprises are normal. The values at the LTO pole support entrepreneurial activity. *Persistence* (perseverance), or tenacity in the pursuit of whatever goals, is an essential asset for a beginning entrepreneur. *Ordering relationships by status and observing this order* reflects the Confucian stress on unequal relationship pairs. A sense of a harmonious and stable hierarchy and complementarity of roles makes the entrepreneurial role easier to play. *Thrift* leads to savings and the availability of capital

for reinvestment by oneself or one's relatives. The value of *having a sense of shame* supports interrelatedness through sensitivity to social contacts and a stress on keeping one's commitments. At the short-term orientation pole, *personal steadiness and stability*, if overstressed, discourage the initiative, risk seeking, and changeability required of entrepreneurs in quickly changing markets. *Protecting one's face* if exaggerated would detract from getting on with the business at hand. Too much *respect for tradition* impedes innovation. Finally, *reciprocation of greetings, favours, and gifts* is a social ritual more concerned with good manners than with performance. (Hofstede & Hofstede 2005, 218-219.)

2.4.2 *Countries Nationality*

Another aspect that is important in the role of culture in motivation, is each countries own nationality. Hofstede (1983, 75) states, is that each country's own nationality is important to management for at least three reasons. Firstly, the political point of view. Nations are political units, rooted in history, with their own institutions: forms of government, legal systems, educational systems, labour and employer's association systems. Not only do the formal institutions differ, the informal ways of using them also vary. The second reason why nationality is important, is sociological. Nationality or regionality has a symbolic value to citizens. Everyone's identity originates from it; it is a part of the "who am I". The symbolic value of the fact of belonging to a nation or region has been and still is sufficient reason for people to go to war, when they feel their common identity to be threatened. National and regional differences are felt by people to be a reality – and therefore they are a reality. The third reason why nationality is important, is psychological. People's thoughts are partly conditioned by national culture factors. This is an effect of early life experiences in the family and later educational experiences in schools and organisations, which are not the same across national borders. (Hofstede 1983, 75-76.)

Hofstede (2001, 461-462) has criticised his own theory by saying that his cultural dimension theory does not represent a finished theory; all conclusions are falsifiable, and he would like to do more research. He has indicated that he would like to explore the following areas further: Firstly, the concept of dimension of national culture in general and the particular four dimensions; power distance, uncertainty avoidance, individualism, and masculinity, should be further underpinned. Secondly, the set of countries covered should be expanded from the present 40 to include others as well – the Socialist world, the smaller Third World Countries. Thirdly, the time dimension should be expanded. Fourthly, the analysis of differences in national cultures should be complemented with a further differentiation of regional, ethnic, occupational, and

organisational subcultures. Lastly, the most important, the consequences for organisational, national, and international policy of a better insight into dimensions of national culture should be elaborated.

3 REWARD MANAGEMENT IN THE PUBLIC SECTOR

The design and management of reward systems present the general manager with one of the most difficult HRM (human resource management) tasks. This HRM policy area contains the greatest contradictions between the promise of the theory and the reality of implementation. (Beer & Walton 1990, 15.)

This chapter will study the concepts of the public sector, reward management and total reward system. Firstly, the public sector as an employer will be introduced in order to understand what kind of institute the public sector is and how it is performing as an employer. Secondly, the fundamentals of reward management will be discussed, including strategies and challenges. Finally, the employees incentive compensation will be explained and the purpose of the rewards. Then the total reward system will be introduced and illustrated with the total reward framework. In the end there will be short discussion of performance evaluation.

3.1 Public Sector as an Employer

The *public sector*², sometimes referred to as the *state sector*, is a part of the state that deals with either the production, delivery and allocation of goods and services by and for the government or its citizens, whether national, regional or local/municipal. Every advanced society has three sectors: the public sector, the private sector, and the third sector of voluntary non-profit organisations. The public sector covers the general government sector along with all bureaux and agencies, including the central bank. The public sector consists of the services and the transfer payments of governments at various levels in the political system, as well as of the goods and services produced by the public organisations, by outsourcing or by the public enterprises. It comes with a price tag that must be covered by government taxation and user fees plus borrowing. Eventually, the costs of borrowing must also be covered by means of taxation. (Lane 2005, 2; Flynn 2012, 6.)

The government sector consists of the following resident institutional units: all units of central, state or local government; all social security funds at each level of government; and all non-market, non-profit institutions that are controlled and financed by government units. (Lane 2005, 1.) The next figure (Figure 10) shows the main areas (meaning also the employment areas) in modern, western countries, that the term public

² Public sector: “the part of an economy that consists of state-owned institutions, including nationalized industries and services provided by local authorities” (Collins English Dictionary 1995, 1254).

services often includes. Public sector is commonly a strong and significant employer in the western economies and therefore they have a various amount of different occupations and employees in all hierarchy stages. (Salminen 1989, 16.)

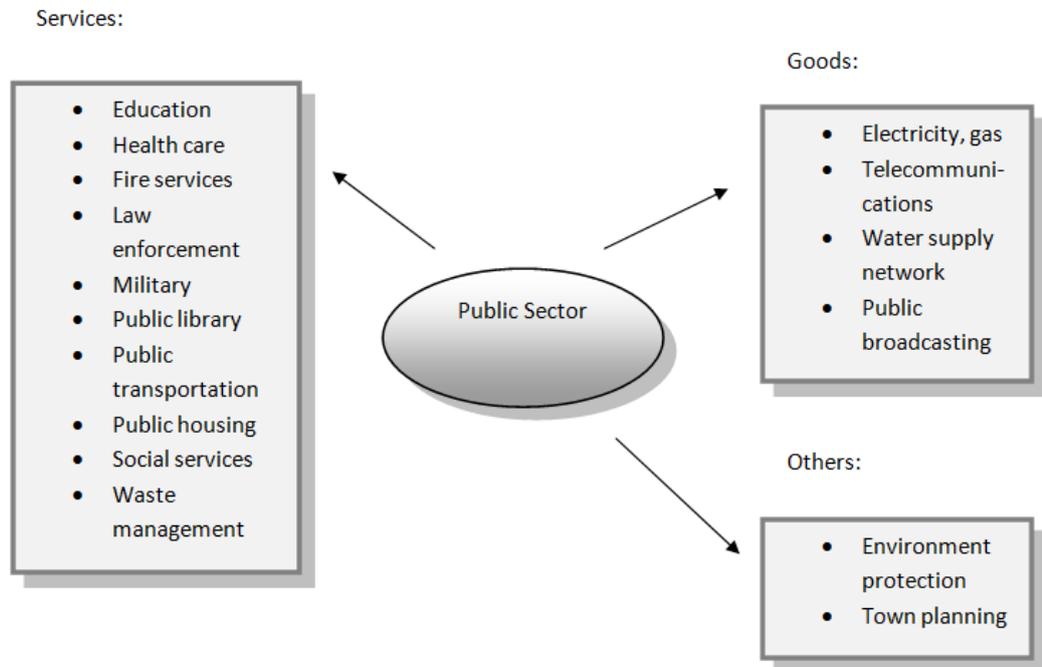


Figure 10 The main areas in modern western countries public sectors (based on Salminen 1989, 16-23)

As seen in the above figure, the public sector has a wide range of responsibilities in services and goods that it is providing to the citizens. In practice, many welfare functions become functions of state, partly because the private sector cannot or will not care of all functions necessary for the society. Neither does the private sector always have suitable means to provide these functions. (Salminen 1989, 17.)

In Finland, about 2.4 million of Finland's five million inhabitants belong to the employed labour force. One-fifth of all employed labour force is employed by a local or central government. (The Finnish public sector as an employer, 2006, 1.) In the United Kingdom, the public sector employs just under six million people out of a total workforce of 27 million people. This means that almost every fifth employee works for local authorities. (Flynn 2012, 12)

The public sector has an enormous impact on countries' economy and its citizens. According to a traditional model, it served the public through a set of hierarchical structures responsive to politicians. In general terms, politicians were to take care of the

normative side of issues, pursuing public interest as it were, and effective bureaucracies were to ensure that goals were carried out. The system of public institutions is an asset to a nation. If properly used, public institutions for the making of policy, implementation and administration are as important to national development as economic resources. (Lane 1995, 12-13.)

It is often stated that private management differs from public management as it has one single over-riding goal – profit maximisation. Public management on the other hand would be characterised by a multiplicity of goals. Public organisations tend to have goals that are difficult to quantify, meaning that it is often hard to measure outcomes. The purpose of a public organisation is to provide something in a “good” way, in a “proper” way, or in an “efficient” manner, but these objectives are difficult to measure and define. (Lane 1995, 174.) Another main purpose of public services is to collectively provide protection, help, restraint, education, recreation, and care outside market relationship (Flynn 2012, 5).

Commonly, public organisations have two prime objectives: efficiency or productivity versus due process and legality, and it is claimed that these objectives are in conflict with each other. However, private organisations have the same goal conflict. Private organisations also have to act within certain rules for appropriate behaviour. Still, it is generally true that public management has to pay far more attention to due process and legality than do private organisations. This is due to the fact that all actions in the public sector have to be transparent. (Lane 1995, 186-187.)

The public sector consists of all the various activities of governments and their agencies. One may classify these into three categories: services – the provision of public goods and services (public resource allocation); transfer payments – income maintenance programmes (social security); and public regulation. The operation of these activities – allocation, redistribution and regulation – requires staff, meaning that governments must hire people and set up organisations. Thus, government faces two key problems that it must solve in public administration or public management: (1) how many employees to hire, and (2) how to organise these employees. (Lane 2005, 3.)

At the moment, public sector organisations are commonly under pressure to radically change the way they do their work. While the demand for reform in government addresses every aspect of public sector performance, discussions about reinventing government inevitably turn to human resource management (HRM). At every level of government, HRM/personnel systems are being criticised as inflexible, unresponsive, slow, rule-bound, and user-unfriendly. Critics charge that HRM processes often hinder, rather than help, public sector managers to do their job. Naturally, negative criticism is heard in most organisations, public and private. However, this is a particularly important issue in the public sector where effectiveness depends almost entirely on attracting, retaining, and motivating talented employees. (Lavigna 2002, 369.)

According to Commission for Local Authority Employers in Finland, the key areas in human resources strategy are management development, low personnel turnover, recruitment, improving personnel skills and competence, incentive rewards, and promoting well-being at work. One of the key projects in the government sector is the reform of the top public service management systems. The aims are to improve effectiveness, productivity and quality, to promote cross-sectorial administrative procedures and to emphasise a high level of ethics and personal financial accountability. (The Finnish public sector as an employer, 2006, 10.)

3.2 The Fundamentals of Reward Management

One of the most fundamental concerns of reward management is how it can help to motivate people so that they achieve high levels of performance. The development of a performance culture is a typical aim of reward strategy. It is therefore necessary to understand the factors that motivate people and how, in the light of these factors, rewarding process and practices that will enhance motivation, commitment, job engagement and positive discretionary behavior can be developed. Motivation theories provide essential guidance on the practical steps required to develop an effective reward system. (Armstrong & Stephens 2005, 69.)

Reward management is concerned with the formulation and implementation of strategies and policies of the rewards. The purpose is to reward people fairly, equitably and consistently in accordance with their value to the organisation and to help the organisation to achieve its strategic goals. It deals with the design, implementation and maintenance of rewarding systems (reward process, practices and procedures) which aim to meet the needs of both organisation and its stakeholders. (Armstrong & Stephens 2005, 3.) Boards and their advisors are recognising more and more about the importance of reward policies which are designed in conjunction with an organisation's strategic business objectives in order to provide it with a competitive advantage. Managers have also recognised that a rewarding system can be a key contributor to the effectiveness of an organisation. This has been noticed especially in the public sector, because with salaries public sector cannot compete with private companies. (Crowe 1992, 116.)

There are five main elements which are important issues of reward management: Firstly, to reward people according to what the organisation values and wants to pay for. Secondly, reward people for the value they create. Thirdly, reward the right things to convey the right message about what is important in terms of outcomes and behaviours, and fourthly, to develop a performance culture. The fifth important issue is to motivate people and obtain their commitment and engagement. (Armstrong et al. 2005, 3-4.) Rewarding in its entirety also needs to help to attract and retain the high quality people

needed in the organisation, create total reward process which recognises the importance of both financial and non-financial rewards, develop a positive employment relationship and psychological contract and operate in ways which are fair, equitable, consistent and transparent. Commonly it is believed that an organisations reward system will attract a certain type of employees, the type of employees that the organisation would like to have. (Kauhanen 2006, 111; Hakonen, Hakonen, Hulkko & Ylikorkala 2005, 57.)

Management in the public sector means many different things. First, there is a distinction between administration and management. Administration is involving the orderly arrangement of resources to follow procedures and rules, and management is involving discretion in the management of resources to achieve a set of objectives. In practice, both activities occur in public services: many activities require administration rather than management, and many managers are engaged in both. Typically management requires that managers think and act to find the best ways of achieving some target or objective, using and directing other people's skills. In this sense, the managers become distinct from the various professions in the public sector, such as teachers, doctors, nurses, social workers, engineers, lawyers and accountants, who use their own professional skills and knowledge to procedure results. (Flynn 2012, 2.)

3.2.1 *Strategic Reward Management*

Strategic reward is about making reward management work effectively for the organisation and its people. Reward management as defined by Armstrong and Murlis (2004, 3) deals with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organisation. It addresses issues affecting the design, implementation and maintenance of reward processes and practices that are geared to the improvement of organisational, team and individual performance. The main areas of reward management (where strategies are developed) consist of processes for valuing jobs, grade and pay structures, pay adjustments, performance management, contingent and variable pay, employee benefits and recognition methods. These may be joined up and associated with other people management practices under the heading of *total reward*..

Strategic reward management is about the development and implementation of reward strategies and the philosophies and guiding principles that underpin them. It provides answers to two basic questions: firstly, where does the organisation want the reward practices to be in few years' time and secondly, how do they intend to get there? It therefore deals with both ends and means. As an end it describes a vision of what reward processes will look like in a few years' time. As a means, it shows how it is expected that the vision will be realised. (Kauhanen 2006, 116-117.) The foundation of

strategic reward management is an understanding of the needs of the organisation and its employees and how they can best be satisfied. It is also about developing the values of the organisation on how people should be rewarded and formulating the principles that will govern how these values are enacted. (Armstrong & Brown 2009, 7-8.) The next figure (Figure 11) illustrates the activities of strategic reward management.

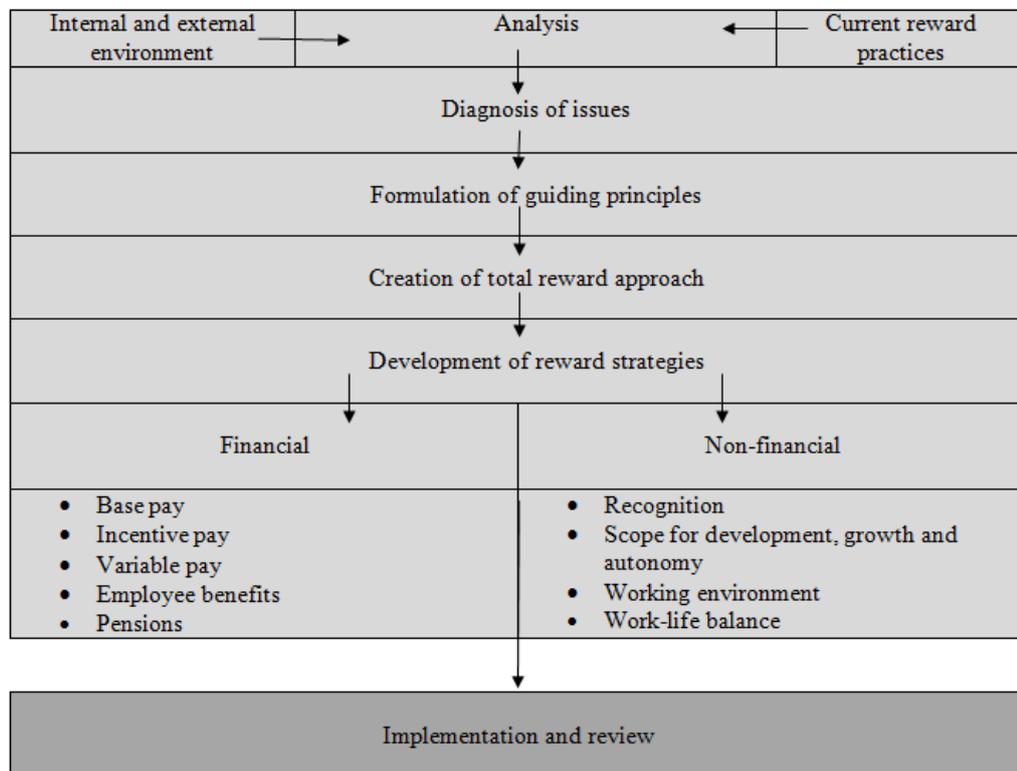


Figure 11 Strategic Reward Management Activities (Armstrong & Brown 2009, 15)

In the Figure 11, Armstrong and Brown (2009, 15) clarify the difference between analysis and diagnosis (concepts which are often confused); analysis is the process of finding out *what* is happening and diagnosis is the process of finding out *why* it is happening. These are related but separate activities. The above figure demonstrates the strategic reward management in practice. Reward management is involved, firstly, analysing the internal and external environment and also the existing reward arrangements including the needs of the business in order to assess the level of arrangement, diagnose issues and problems and determine reward priorities. On this point, reward management has to take into account the individual needs and employees' preferences. Secondly, reward managements are formulating a reward philosophy which is expressed in guiding principles that inform the development and implementation of

reward strategies. After creating a “total reward” approach which ensures that the different elements of financial and non-financial reward are brought together. Then thirdly, developing the detailed components and changes which are required in reward strategies, ensures that they support the business strategy and integrating them with other HR strategies. The result is delivering a successful implementation.

3.2.2 *Challenges in Reward Management Policies*

Brown (2011) has appointed that effective reward strategies must have three components:

1. They have to have clearly defined goals and a well-defined link to business objectives.
2. There have to be well-designed pay and reward programmed, tailored to the needs of the organisation and its people, and consistent and integrated with each another.
3. Perhaps most important and most neglected, there needs to be effective and supportive HR and reward processes in place.

One of the central reasons why reward policies have failed to live up to expectations is that they have not been able to alter individual behaviour or cope with the increasing demands of changing business strategies and priorities. After twenty years, this is still an unchanged issue and often a recognised reason for failure in the reward management department success. (Crowe 1992, 117.)

Other five most common failure issues that researchers have found are: ride in business strategy and organisation, lack of stable job evaluation, underdevelopment in salaries, problem to find motivating performance-related incentives and difficulty to offer rewards which employees value the same way as money.

Firstly, business strategies and organisations are often designed too riding for quick changes or complete changes in the strategic direction without costing a lot of managerial work and being very time consuming. In many cases, organisations want to change the behaviour of employees in order to respond to changes in their markets and increased competition. Often, however, there is a lag between changes in business priorities which are characterised for instance by an increased focus on core businesses, devolution of accountabilities and the stripping out of management layers and main reviews of remuneration systems. Although new ideas are available, they are often not given top management commitment or were not designed in sympathy with the business objectives. (Crowe 1992, 117-119.)

Secondly, the lack of proper job evaluation techniques which are establishing grades within organisation and associated pay levels are also often reason for failure in a

successful reward system. The job evaluations purpose is to provide an adequate means of paying for skills and experience development or of rewarding contributions to an organisation. One of the most common reasons for losing talented people within large organisations is that promotion and reward systems are not fair and equal for everyone. Organisations want to reward key people in a way that recognised their special contribution but they must also be seen to treat people equivalently. Rewarding individuals or different rewarding levels in hierarchy must take into consideration when planning an evaluation scheme. (Beer & Walton 1990, 21-23.)

Thirdly, it is universal that the public sector is unable to compete with the private sector on salaries and as a result they commonly have more underdevelopment in their salaries. Therefore, they try to compensate money with a better non-financial reward system. The public sector is usually following the government proposal on payments and salary levels and they also follow the guidelines on salary increases. This is not attached so strongly to the market prices, so as a result it is growing slower. (Crowe 1992, 125-126.)

Fourthly, it is common that organisations have a problem in finding motivating performance-related incentives which would deliver the expected benefits. A principle reason is the poor communication between top management, reward management and workforce. The top management's interests might be different from the workforce interests. It is a difficult task to find flexible performance-related incentives that will motivate the whole organisation level. Another problem with the communication is that the organisation has no clear documents available to everyone explaining in detail the whole underlying philosophy on the remuneration policy. (Lovewell 2011, 40-42; Robb 2007, 94.)

Finally, organisations find it difficult to offer rewards which employees value the same way as money. In some cases, money is the most effective motivator, but not in all circumstances. Also organisations should keep salary levels and remuneration police separately. Rewarding packages should supplement the fixed salary and not be the part of the employee's possible monthly salary. Flexibility in remuneration packages has become a byword. At senior executive levels this has meant individual contracts of employment where the executive specifies the make-up of the package including the balance between basic pay and fringe benefits such as company car, pension contribution, private medical insurance and so on. For those lower down the hierarchy, flexible or cafeteria benefit schemes, whereby an employee can choose from a menu of choices, are beginning to become more common. A principal benefit of such schemes is that they provide a very detailed exposition of the "value" of both existing benefits and other benefits which can be added to the "menu" to enable individual employees to choose a remuneration package tailored to suit their particular circumstances. (Giancola 2010, 35-36.)

There is an increasing recognition that people really do make a difference, and that if an organisation wants to change strategic direction then it must change the way individuals behave. The reward system must ensure that this process of change can happen and that the implementation of the reward system does not work against business or organisation objectives. To be effective reward management must begin with an assessment of strategic business needs in the context of the organisation's products and services, its structure, technology and so on. It must then assess the organisation's values and culture, and the kinds of behaviour it wishes to promote in the future. The gap between the kinds of behaviour currently being emphasised and those which the organisation wants to encourage will provide the basis for developing alternative systems of reward. (Crowe 1992, 129-130.)

3.3 Employees Incentive Compensation

As Frey (2000, 31) explains in the simplest way the “*pay-for-performance is the ideal compensation system*”. Employees should get be paid of the amount of effort or time they give to the employer. Incentive compensation may be defined roughly as “a form of pay geared to output or effort”. This output or effort is assumed to be measurable and such measurements are assumed to have a sufficient precision as to be useful in determining the amount of compensation. Incentive payments may be built around either measures of individual output or those relating to a group or even to an entire organisation. (Cassell 1966, 19.)

Managers are constantly searching for ways to create a motivational environment where associates (employees) work at their optimal levels to accomplish company objectives. Workplace motivators include both monetary and non-monetary incentives. One example of monetary incentives is mutual funds provided through company pension plans or insurance programs. Because it has been suggested that associates, depending on their age, have different needs towards to incentives, traditional incentive packages are being replaced with alternatives to attract younger associates. (Ballantine, McKenzie, Wysocki & Kepner 2003, 1.) Since the unique values of R&D personnel often lie outside of traditional corporate incentives, such as compensation and promotion, executives comment that it is difficult to create effective organisational incentives (Garnier 2008, 73-74; Rye 2009, 1).

The purpose of monetary incentives is to reward employees for excellent job performance through money. Monetary incentives include profit sharing, project bonuses, stock options and warrants, scheduled bonuses (e.g., Christmas and performance-linked), and additional paid vacation time. Traditionally, these have helped maintain a positive motivational environment for employees. Then the purpose of non-

monetary incentives is to reward employees for excellent job performance through opportunities. Non-monetary incentives include flexible work hours, training, pleasant work environment and sabbaticals. (Ballanine et al. 2003, 2.)

Kohn (1993, 5-6; 1998, 28) argues that monetary incentives encourage compliance rather than risk-taking because most rewards are based only on performance. As a result, employees are discouraged from being creative in the workplace. Another argument Kohn (1993, 6-7; 1998, 28) presents, is that monetary incentives may be used to avoid problems in the workplace. For example, incentives to boost sales can be used to compensate for poor management. Employers also may use monetary incentives as an extrinsic rather than an intrinsic motivator. In other words, employees are driven to do things just for the monetary rewards versus doing something because it is the right thing to do. This can disrupt or terminate good relationships between employees because they are transformed from co-workers to competitors, which can quickly disrupt the workplace environment.

An increase in body of knowledge put emphasis on the importance of the reward system for understanding and improving employee behaviour and performance. Differences in monetary rewards reflect the different level of recognition or distinction amongst the employees, and if it is not accompanied by other factors of distinction than it creates problems of jealousy and disruption. (Kyani, Akhtar & Haroon 2011, 59.)

3.3.1 *The Purpose of Rewards*

An organisation's reward policies and practices are the means to control reinforcements. Reinforcement satisfies an employee's need, strengthens behaviour immediately preceding it, increases the likelihood of the employee repeating the behaviour in similar circumstances, leads to learning through operant conditioning, and directs behaviour. Thus, compensation practices constitute the employer's control over money rewards as a reinforcer. A supervisor's practices with regard to appraising and reviewing performance constitute his or her control of recognition as a reinforcer. A company's practice with regard to structuring jobs and designing them constitutes its control over advancement and challenge as reinforcers. Indeed, managers should look upon all policies and practices with regard to compensation, promotions, job design, supervision, benefits, and all other matters in any way related to employee needs as major tools for directing and controlling behaviour and performance. Specifically, rewards can serve as major classes of objectives for an organisation: internal and external. (Wallace & Szilagyi 1982, 278-279.)

Internal objectives includes, for example, that most employers are concerned with a number of internal outcomes from employing people, such as, job performance,

employees reliability and retention. Each of these are outcomes that result from *motivated behaviour*. That is, the employee decides at which level he or she will perform, decides whether to come to work or not, and decides whether to stay with the employer or leave. The employee will serve the organisation's interest in each of these decisions if the rewards from performing at high levels, minimising lost time, and staying with the organisation are greater than incentives to do otherwise. Managers should design rewards policies that satisfy this condition. (Tarumo & Lahti 2005, 153.)

Reward policies can serve external objectives as well. All organisations are critically dependent on long-run survival and their capacity to attract qualified job applicants, in sufficient numbers, on a timely basis from external labour markets. An organisation's practices and policies in setting rewards (particularly monetary compensation) will have a direct impact on its ability to attract qualified employees. All organisations to a greater or lesser extent compete in these markets with other employers. Managers must be careful to set reward levels that are competitive. On one hand, a reward level set too low will place the organisation at a competitive disadvantage – that will be unable to attract qualified people. On the other hand, setting reward levels too high will waste the organisation's resources. (Tarumo & Lahti 2005, 156-157.)

3.3.2 *Total Reward System*

There has been a time when an organisation's reward package was more or less straightforward but this era, in which reward was just about cash and benefits, is gone forever. Increasingly, the emphasis in leading organisations is on total reward, including (in addition to financial rewards) more intangible rewards like the work environment and quality of life considerations, the opportunity for advancement and recognition, and flexible working – everything from telecommuting to variable hours. (Armstrong & Brown 2009, 21.) The use of total reward system in different organisations has increased in the past few years. Highly respected HR Profession institution CIPD (The Chartered Institution of Personnel and Development) does annually survey reports, for example, about reward management and they found out that 33% of their survey respondents have adopted a total reward approach (CIPD, Annual Survey Report 2012). Non-cash rewards play an important role in the reward package and sometimes employees value them even more than just cash rewards (Long & Shields 2010, 1164).

Reward systems have a critical role in determining the organisation's ability to attract highly potential employees, to retain highly performing employees and to motivate all employees to achieve greater levels of performance. Therefore organisations are increasingly referring to "total rewards" approaches. (Fay &

Thompson, 2001, 213.) However, total reward strategies are one area where many employers often fail to recognise and from where they could get a much greater result (Lovewell 2011, 40). Also another common mistake that leads to the under-utilization of total rewards is that some organisations have reviewed that total reward statement is the same as total reward strategy, and this is not the case (Mistry-Kandola 2011).

The concept of total reward has emerged quite recently and is exerting considerable influence on reward strategies (Armstrong & Stephens 2005, 13). As defined by Manus and Graham (2002, 21), total reward “includes all types of rewards – indirect as well as direct, and intrinsic as well as extrinsic”. Each aspect of rewards, namely base payment, contingent pay, employee benefits and non-financial rewards, which include intrinsic rewards from the work itself, are linked together and treated as an integrated and coherent whole. Like Bissell (2008) defines their (Nationwide Building Society, Swindon the United Kingdom) approach to total rewards as “*a mixture of pay elements, with a defined cash value, benefits which have an intrinsic value, a positive and enjoyable work environment and opportunities for learning and development; all designed to make Nationwide an employer of choice*”.

Total reward combines the impact of the two major categories of rewards as described earlier. They are:

- transactional rewards – tangible rewards arising from transactions between the employer and employees concerning pay and benefits
- relational rewards – intangible rewards concerned with learning and development and the work experience

The following figure (Figure 12) illustrates these components in the whole packet of total reward system.

Transactional Rewards 	Basic Pay	Total Remuneration	Total Reward
	Contingent Pay		
	Employee Benefits		
Relational Rewards 	Learning and Development	Non-financial / Intrinsic Rewards	
	The Work Experience		
	Achievement, Recognition, Responsibility, Autonomy and Growth		

Figure 12 The Components of Total Reward (Armstrong & Stephens 2005, 14)

As seen above, the total reward approach is holistic; reliance is not placed on a one or two reward mechanism operating in isolation. Rather account is taken in every way in which people can be rewarded and obtain satisfaction through their work. The aim is to maximise the combined impact of a wide range of reward initiatives on motivation, commitment and job engagement. (Armstrong & Stephens 2005, 14.)

The benefits of a total reward approach are, for example, the greater impact which means that the combined effect of the different types of rewards will make a deeper and longer-lasting impact on the motivation and commitment of people. It also enhance the employment relationship, meaning that the employment relationship created by a total rewards approach makes the maximum use of relational as well as transactional rewards and will therefore appeal more to individuals. Also to the benefits “winning the war for talent” which means that relational rewards help to deliver a positive psychological contract and this can serve as a differentiator in the recruitment market which is much more difficult to replicate than individual pay practices. The organisation can become an “employer of choice” and “a great place to work”, thus attracting and retaining the talented people in needs. (Armstrong & Stephens 2005, 15.) One more benefit could be the flexibility to meet individual needs. Relational rewards may bind individuals more strongly to the organisation because they can answer those special individual needs. (Bloom & Milkovich 1998, 22.)

The Total Reward Framework (in the Figure 13) has been originally developed by Armstrong and Brown (1999) which both are well-known Employee Rewarding Specialists. This type of framework is in use in many organisations, because it takes into consideration all aspects of total rewarding.

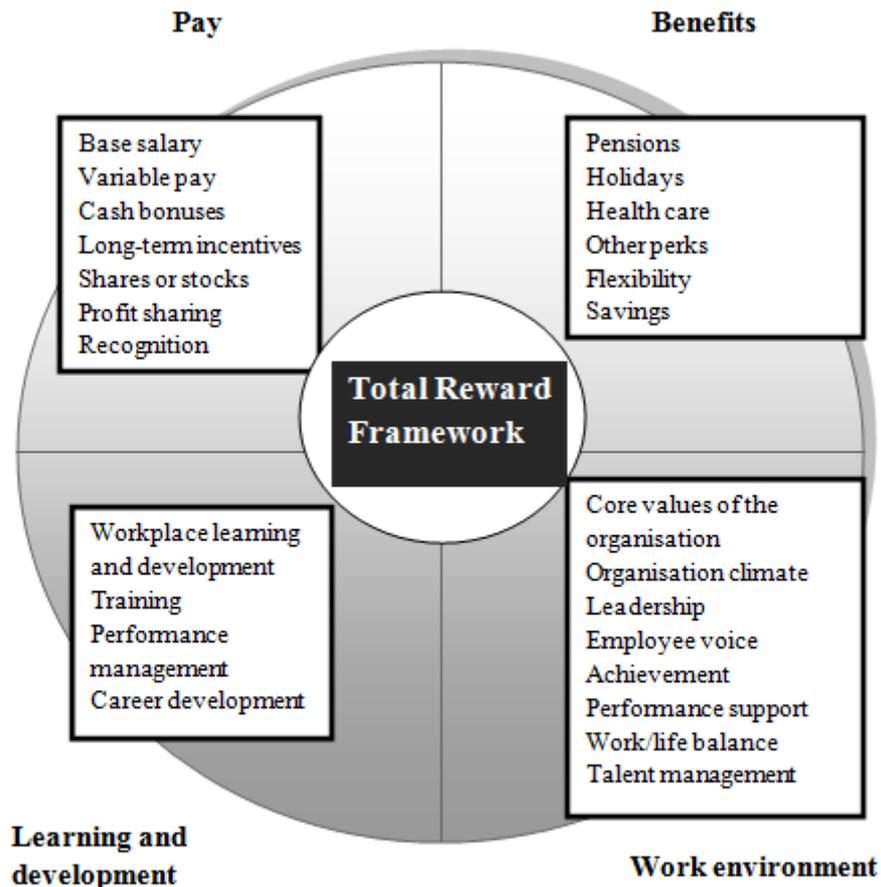


Figure 13 The Total Reward Framework

The upper two circle quadrants – pay and benefits – represent *transactional rewards*. These are financial in nature and are essential to recruit and retain staff but can be easily copied by competitors. By contrast, the lower two circle quadrants – learning & development and work environment – represent *relational (non-financial) rewards*. The real power comes when organisations combine relational and transactional rewards. (Armstrong & Stephens 2005, 16.)

According to CIPD reward survey (2010), the key reward priorities in 2009 and predicted priorities in 2010 in public sectors (see below the Figure 14) shows that there is evidential increase in three different priorities in the future; ensuring that reward

engages employees, in total reward issues and rewarding talent. These predicted priorities are important in the future and therefore these issues should become to develop further. Total reward – package is going to be one of the organisations advantage when they are recruiting, retaining, and engaging staff. (CIPD Annual Survey Report 2010, Reward Management, 28.)

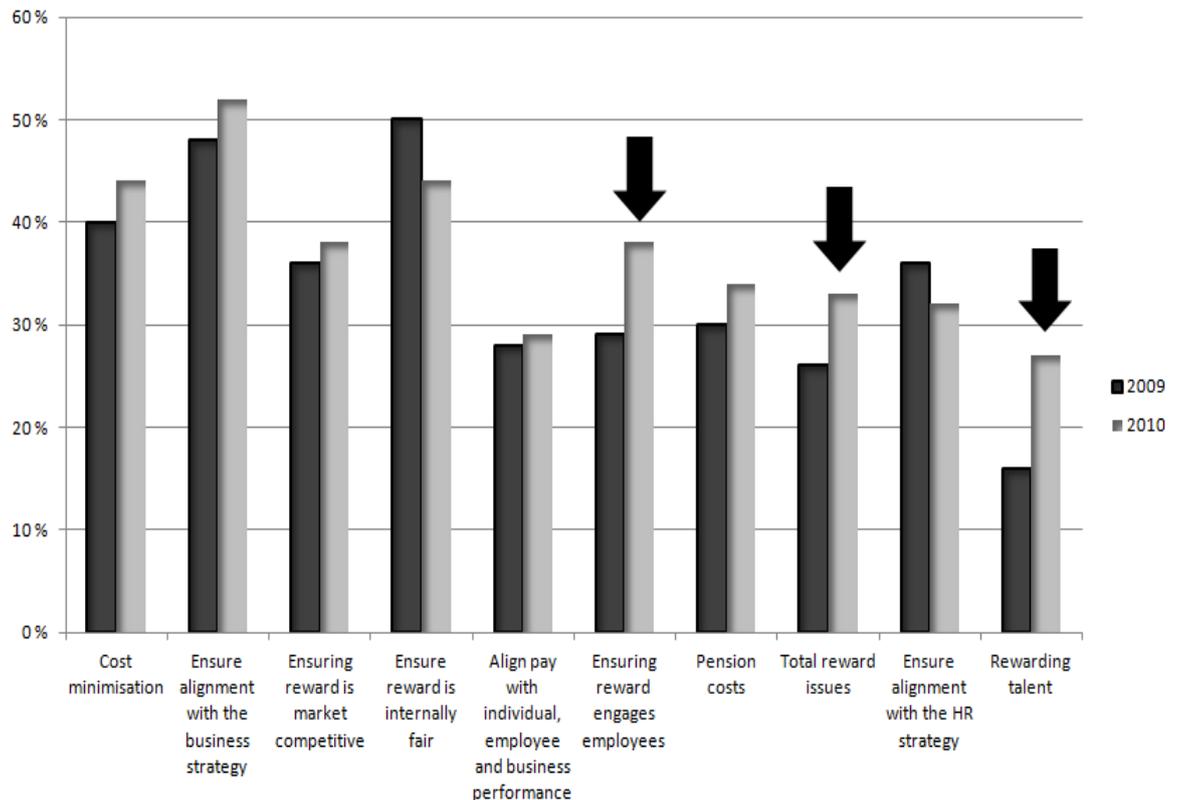


Figure 14 Key reward priorities 2009 - 2010 in public sectors (CIPD Annual Survey Report 2010, 28)

In the current economic climate, total reward is coming under the spotlight as employers re-examine their motives for adding benefits during good times and the way variable pay has been used. Managers should focus on a broader rewarding work environment, not just on the design of a few pay and benefits schemes. There should also be greater focus on fairness. (Brown 2009, 1).

According to the Towers Perrin report (2005, 6) the United Kingdom enticement drivers on the public sector are: firstly, work/life balances, second, competitive base pay, and third, career advancement opportunities. This however is a public opinion and does not affect the total reward system.

3.3.3 *Performance Evaluation*

There is enough scientific research proved the positive effect of performance on motivation. The common idea is that the performance feedback improves the technical and behavioural effectiveness of employees which then reflect on the job motivation. Around this idea, performance feedback effect motivation via reducing the performance ambiguity, improving the managers and subordinates relationships, making easier to achieve goals, supporting the personal development and adapting to change. (Kaymaz 2011, 115.) Once an annual ritual, performance feedback and appraisal has become a continuous process by which an employee understands of an organisation's goals and his/her progress toward contributing to them are measured. Performance measurement is an ongoing activity for all managers and their subordinates. (Hakala 2008,1.)

The degree to which people are motivated will depend not only upon the perceived value of the outcome of their actions – the goal or reward – but also on their perceptions of the likelihood of obtaining a worthwhile reward, that is, their expectations. They will be highly motivated if they can control the means of attaining their goals. This indicates that contingent pay schemes – that is, those where pay is related to performance, competence, contribution or skill – are effective as motivators only if people know, firstly, what they are going to get in return for certain efforts or achievements, and secondly, they feel that what they may get is worth having, and thirdly, they expect to get it. (Armstrong & Brown 2009, 49-50.)

Performance measurement uses many indicators of performance, as well as assessments of those indicators. Organisations can use, for example, quantity, quality, timeliness, cost-effectiveness, or creativity as measuring employees' performance. However, there are as many indicators of performance as there are organisations and jobs. The various assessment methods can be used in combinations. It is important to choose indicators that align with organisation's goals and assessment methods that effectively appraise those indicators. (Hakala 2008, 1-3.)

3.4 **Linking Motivational Theories to Total Rewards**

The motivation refers to an internally generated drive to achieve a goal or follow a particular course of action. Highly motivated employees focus their efforts on achieving specific goals and those who are unmotivated do not. It is the reward manager's duty to motivate employees and encourage them to do the best possible job they can. While the content theory models were discussed earlier in this chapter, this synthesis section will illustrate *the hierarchy of needs* theory from Abraham Maslow and *the two-factor hygiene* theory from Frederick Herzberg on employee's point of view. The next figure

(Figure 15) demonstrates *the hierarchy of needs* from Maslow. The need motivation theory is based on a psychological process through which unsatisfied wants or needs lead to drives that are aimed at goals or incentives. First, the employee has unsatisfied need, and that leads to a drive toward goal to satisfy the need, and result is to attainment of the goal (need satisfaction). (Motivation Across Cultures 2003, 4)

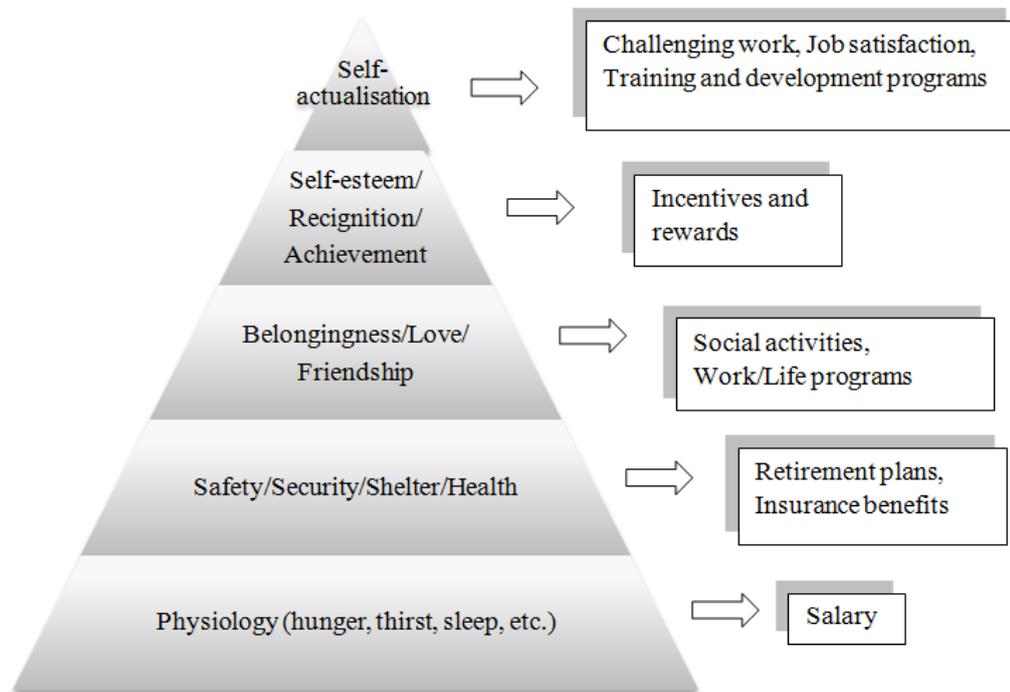


Figure 15 Hierarchy of Needs Theory Model and Rewards

As the Maslow's Hierarchy of Needs theory proposes that people are motivated by the five unmet needs, the above figure shows the same aspect with rewards. At the bottom are physiological needs (such life-sustaining needs such as food and rest), for rewarding employees this means the salary, as a basic physiological need. Working up the hierarchy, there are the safety needs (such as security and health) and for employees this means seniority as time goes by including the retirement plans. After that, follows belongingness and friendship, as for rewarding they are the same as social activities in the workplace and balance of work/life. Self-esteem and recognition would be different kind of incentives and rewards. Top of the hierarchy, is self-actualisation and this would be challenging work and different training and development programs for the employees.

There are two meaningful issues on the Maslow's Hierarchy of Needs theory. They are firstly, one must satisfy lower-level needs before seeking to satisfy higher-level

needs and secondly, once the needs are satisfied, it no longer motivates, so the next higher level needs to take its place. For example, first a person is seeking any kind of job where salary covers the basic costs of living (physiological needs). After this, the person would like to have some money to save for emergency situations and also for enjoying life, so the person is searching for another job (safety need). Then naturally, the person would like to have some social activities in life, to meet friends and to have some free time. Because of working in two different jobs (time consuming), he or she would like to have just one job that would cover salary wise, both earlier jobs (social need). Next, the person would like to have intellectual challenge and use of own talents, so the person is seeking again another more suitable job (an esteem need). The person is working in an organisation and gained several higher positions and is realising one day that he or she has reached a full potential as being a CEO of the company and there is no higher position (a self-actualisation need) what to achieve.

There are two key points in the Maslow's theory that managers should consider. These are (1) not all employees are driven by the same needs and (2) the needs that motivate individuals can change over time. Managers should consider which needs different employees are trying to satisfy, and find the most appropriate rewards for each possible circumstance.

Another employee's motivation theory will be illustrated is *the two-factor hygiene* theory from Frederick Herzberg. This model set out to determine which factors (such as salaries, job security, or advancement) made employees feel good about their job, and which factors made them feel bad about their jobs. Herzberg divided work factors into two categories: (1) *motivation factors* that are strong contributors to job satisfaction and (2) *hygiene factors* that are not strong contributors to satisfaction but that must be present to meet an employee's expectations and prevent job dissatisfaction. The next figure (Figure 16) demonstrates the two factor hygiene theory from Herzberg.

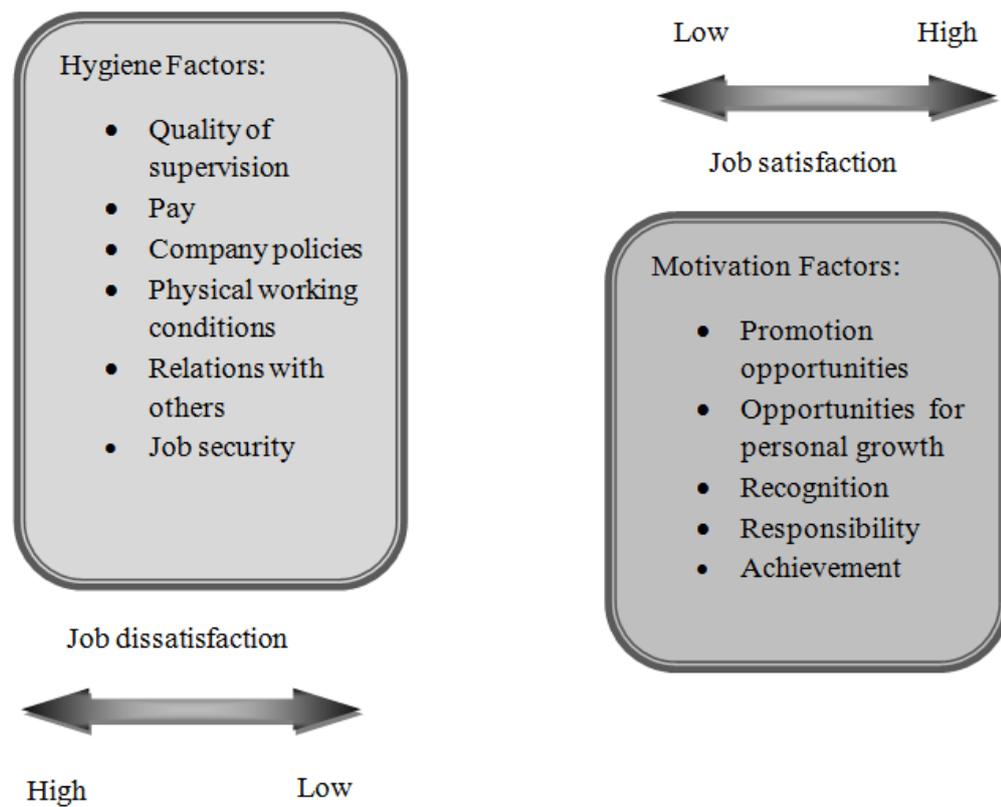


Figure 16 Two Factor Hygiene Theory Model and Rewards

Hygiene factors (such as physical working conditions) relate to the environment in which it is performed (as shown in the Figure 16). When motivating employees, managers should consider, for example, are the salaries in the correct level, do all employees' have good working conditions, are employees' being properly supervised, and so on. If these hygiene factors do not meet employees' expectations, they may be dissatisfied with their jobs. When hygiene factors are in good and pleasant order for employees' it does not mean automatically that employees' would be satisfied, also the motivation factors have to be on a satisfied level.

The motivation factors (such as promotion opportunities) relate to the nature of the work itself and the way the employee perform. To increase satisfaction and motivate employees' to perform better, managers should consider that, is the employees' work itself challenging and stimulating, do employees' receive recognition for jobs well performed, do employees' have responsibilities when wanted, and so on. According to Herzberg, motivation requires a twofold approach: eliminating dissatisfiers and enhancing satisfiers. There are similarities between Herzberg's motivation factors and Maslow's esteem and self-actualisation needs, both are seeking self-respect, status as rewards and to achieve something successful such as a challenging job.

4 RESEARCH DESIGN

The purpose of this research is to study in detail the rewards that two different public sectors provide for their employees. Both example cases use total reward system. These two public sectors have been chosen from different countries; Finland and the United Kingdom. The case studies/example cases will be analysed through Hofstede's cultural dimensions comparison to find out the cultural similarities and/or differences from these two public sector cities and then finally the findings will be discussed.

This research methodology chapter will explain all the reasons behind the whole research design and data analysis (Silverman 2010, 333). In order to answer the research questions, this chapter will describe the research data and the choice of the analysis method. In addition, the phases of conducting example cases will be presented. Lastly, data analysis is performed and trustworthiness of the research is evaluated. The main aim of this research is summarised in the operationalization table below (Table 5).

Table 5 The Operationalization Table

Main research question:	Sub questions:	Chapters:
How do public sector employers attempt to reward their employees with a total reward system?	What are the different ways to motivate employees?	Motivational theories (chapter 2; 2.1 – 2.3)
	What is the reward system in the public sector based on?	Reward management in public sector (chapter 3; 3.1 – 3.2)
	What characteristics are included in the total reward system?	Employees total reward system (chapter 3; 3.2)
	How does the culture affect the ways of motivation and rewarding?	The effect of culture on motivation (chapter 2.4 and 5)

As seen from the above table, the sub questions are divided into different chapters that have been studied. With the help of these chapters, the main research question will be answered at the end of this study.

4.1 The Qualitative Approach

Research methods are rules and procedures, and can be seen as “tools or ways of proceeding to solve problems”. Research methods play several roles, such as: logic or ways of reasoning to arrive at solutions, rules for communication (i.e. to explain for how the findings have been achieved), and rules of intersubjectivity (i.e. readers should be able to examine and evaluate research findings). The next figure (Figure 17) illustrates the role of methods for arriving at a solution. An important aspect is that there must be a valid reason (or theory) underlying the actual method so that it will result in the “correct” solution. Moreover, choice of methods requires understanding of the actual research problem. In addition, command over the methods and the ability to adequately choose among (and combine) methods are needed. (Ghuri & Grønhaug 2002, 34.)

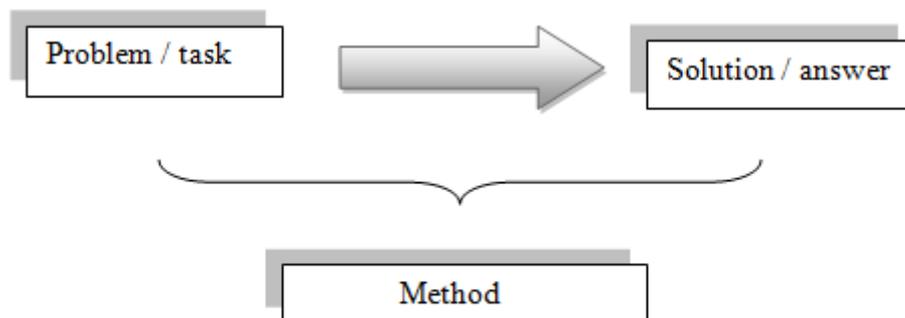


Figure 17 Use of methods (Ghuri & Grønhaug 2002, 34)

The research methodology can be divided into quantitative or qualitative analysis. This study, however, is a qualitative research. The study and subject needs to have a holistic understanding how the public sector is rewarding their employees and finding the cultural differences and/or similarities within these chosen example cases (Eriksson & Kovalainen 2008, 5). The qualitative research also gives the strength for this research since it is focusing on the specific situation meaning to the rewards in the reward systems (Maxwell 1996, 17).

Qualitative research is a diverse field and therefore not a unified set of methods. Qualitative is primarily interpretive and it is not seeking to verify some “truth”, it rather, for example, searches explanations to understand the certain behaviour of humans. The researcher is the main data collection instrument and therefore the researcher’s beliefs, values, predispositions have influence on the entire process. (There is a bias situation here, but this will be discussed later in the trustworthiness chapter). The chosen method includes practices and operations, which help the researcher to produce findings, to

answer to the research questions, and finally, the method must be in connection with theory's frame of reference. (Maxwell 1996, 73-74; Qualitative Research, UNCW 2012.)

When the best method to process and analyse the data was considered, the author concluded on the use of case study, more specifically comparative case study or here rather stated as comparative *illustrative case study*. The reason for this is, because commonly case study is an analysis of persons, events, decisions, periods, projects, policies, institutions, or other systems that are studied holistically by one or more methods. Methodologically speaking, cases therefore can be defined on the basis of three important characteristics: they are bound in time and space, the case has to relate to the rest of the world, and case and theory have to be related. (Hancké 2009, 62.) As a result of this, and due to the fact that this study is using only the total reward system official documents from selected public sectors and no other information about their rewarding process, the author rather describes them as illustrative cases than case studies. The word *illustrative case study* is used as all above stated characteristics do not apply directly to this study. These illustrative cases are not made as generalisations, because the results are drawn only from these two cases and therefore findings are not used for common purpose (Hancké 2009, 61; Gummesson 1991, 119-120). Another fact is that case study method is commonly used when research questions are starting with the words "how" and/or "why" (Ghauri & Grønhaug 2002, 173).

The purpose of data collection in the comparative illustrative case study method is to compare the organisations studied in a systematic way, to explore different dimensions of the research issues or to examine different levels of research variables. In this research, the main purpose of data collection is to find out the cultural differences and/or similarities of reward systems of chosen example cases. Often case study method is used when studying a single organisation or some aspect of its behaviour or a specific part of its function but it is equally possible to study, for example, two organisations with regard to set of variables and then they are called *comparative case studies*. In this type of study, the same questions and equally the same investigation is done for both illustrative cases. (Ghauri, Grønhaug & Kristianslund 1995, 88; Ghauri & Grønhaug 2002, 172-173.)

There are several definitions about case study and this research is considering the combination of three different kinds of definitions. The first one is from Bennet's (2001, 1513) "Case study includes both within-case analysis of single cases and comparisons between or among a small number of cases". The second definition is from Schrank's (2006, 169) "Case study attempt to understand a particular person, institution, society etc., by assembling information about his or its development". Finally, the third definition is from Dul and Hak (2008, 4) "A case study is a study in which (a) one case (single case study) or a small number of cases (comparative case study) in their real life

context are selected, and (b) scores obtained from these cases are analysed in a qualitative manner”. Concluded with these definitions this study can also be classified as an *intrinsic case study*. Intrinsic case studies are undertaken when the researcher wants to better understand a particular case. It is not undertaken primarily because it represents other cases or because it illustrates some particular trait, characteristics, or problem. It is due to its uniqueness or ordinariness that a case becomes interesting. (Berg 2004, 256.)

4.2 Selecting and Collecting the Data

Selected data is conducted to answer or enlighten the research questions. Strategic choice of research design should come up with an approach that allows for answering the research problem in the best possible way, within the given constraints. In other words, a research design should be effective in producing the wanted information within the constraints put on the researcher, e.g. time, budgetary and skill constraints. (Ghuri & Grønhaug 2002, 47.) The author’s criteria in choosing these specific illustrative cases was that both public sectors are using total reward systems and these official documents are available on their web sites. Perhaps it needs to be mentioned also that the author has lived in both cities, and this might have influenced the decision to which public sectors were investigated. Another criterion was that these documents are transparent. As Eriksson and Kovalainen. (2008, 89) states the usefulness and relevance of textual data in qualitative business research is traditionally based on being transparent.

Selecting and collecting data and documents, the author had to choose between primary or secondary data. Collecting only documents from the selected topic was a too limited method, therefore analysis of documents was not considered. Also the author wanted better understanding of the whole topic of rewarding employees including the example cases results of cultural differences and/or similarities. Documents are generally understood as defined: “Documents are standardised artefacts, in so far as they typically occur in particular formats: as notes, case reports, contracts, drafts, death certificates, remarks, diaries, statistics, annual reports, certificates, judgements, letters, or expert opinions”. This study has collected data and documents like analysis of documents but in a broader way. (Flick 2006, 246-252.)

The time and resource constraints set limitations for the available data and research method, so as a result, the secondary data is mainly used in this study. A number of government offices regularly collect information on different aspects of the society. Selected secondary data in this study include both organisations official Total Reward System –documents, statistics from different institutions from both of the country,

studies and reports from co-operation with European Union, central and local government studies and reports, rewarding consultant companies reports, academic journals and text books. As a result, it was determined by the author to base the study on readily available information in the publications and web sites. These also fit and help to find answers to the research questions which have been stated earlier in the beginning of the study. The important point in here is that company documentation is not done by the Public Relations (PR) department. The PR's tone is usually different than the company's own HR department or finance department. (Foster 1994, 148.)

The first and foremost advantage of using secondary data is obviously the enormous savings in time and money. The researcher needs only to go to the library and locate and utilise the sources. This not only helps the researcher to formulate and understand the research problem better, but also broadens the base for which scientific conclusions can be drawn. In other words, the verification process is more rapid and the reliability of the information and conclusions is highly enhanced. Another advantage of consulting secondary data is that it can suggest suitable methods or data to handle a particular research problem.

There are some disadvantages in working with secondary data. If saving time and money was an advantage, it can also be a disadvantage. The idea is to consider the research problem as the starting point when secondary data is needed, and not the other way around. Another problem is that it is the responsibility of the researcher that data is accurate; inaccuracies cannot be blamed on the secondary source. It is the researcher's responsibility to check whether findings presented by another researcher are based on primary or secondary data. It is therefore important to check the original source of data. (Ghauri et al. 1995, 56; Ghauri & Grønhaug 2002, 78-79.)

4.3 Comparative Analysis as a Research Method

Qualitative Comparative Analysis (QCA) is a technique, developed by Charles Ragin in 1987, for solving the problems that are caused by making causal inferences on the basis of only a small number of cases. The method is used in social science and is based on the binary logic of Boolean algebra (truth values, real numbers), and attempts to maximise the number of comparisons that can be made with the cases under investigation. The technique aims to alleviate the small N problem by allowing inferences to be drawn from the maximum number of comparisons that can be made with the cases under analysis. The small N problem arises when the number of units of analysis (e.g. countries) available is inherently limited. There are several definitions about comparative analysis in qualitative research and this one is from The University of Arizona. Business Dictionary's definition on the comparative analysis is: "the item-

by-item comparison of two or more comparable alternatives, processes, products, qualifications, sets of data, systems, or the like.

Comparative analysis is commonly where the researcher is comparing and contrasting two things: two texts, two theories, two historical figures, two scientific processes, and so on. “Classic” compare-and-contrast studies is where the researcher is weighting A and B equally and these are usually about two similar things that have crucial differences or two similar things that have crucial differences, yet turn out to have surprising similarities. Predictably, the thesis of such an analysis is usually an assertion that A and B are very similar, but yet not so similar after all. To write a good compare-and-contrast study, the author is taking into consideration all available, suitable and possible raw data, finding the differences and/or similarities and formulating them to cohere into a meaningful argument. To achieve this, there are five elements required.

Firstly, *the frame of reference* may consist of an idea, theme, question, problem or theory; a group of similar things from which the author extracts two for special attention; biographical or historical information. All valid information has been grouped under a one “umbrella”. Secondly, *grounds for comparison* have to be explained, for example, indicating the reasons behind comparison choice and why it is deliberate and meaningful, not randomly done. Thirdly, whether the study is focusing on differences and/or similarities the *relationship between A and B* needs to be present. This relationship is at the heart of any compare-and-contrast paper. In thesis, the statement will express the essence of study’s argument, which necessarily follows from the frame of reference. Fourthly, *organisational scheme* needs to be decided from the early start. There are two basic ways to organise the body of the study; either in *text-by-text* which means that the study will discuss all of A and then all of B or in a *point-by-point* where the study alternates points about A with comparable points about B. This research will discuss about the example cases in point-by-point scheme and the research findings will be using both styles; firstly, comparing the total reward systems will be discussed in point-by-point scheme and the Hofstede’s cultural dimensions differences and/or similarities will be discussed in text-by-text scheme. Last element is, *linking of A and B to the study*. All argumentative studies require linking each point in the argument back to the thesis. Without such links, the reader will be unable to follow the main reasons why the study has been written in the first place and what it will discover. (Comparative Analysis from the University of Harvard.)

The comparative method is a method of logical analysis. It is based on three methods of inductive inquiry: the method of agreement, the method of difference and the indirect method of difference. (Mill 1973, 388-393.) These methods use all available and relevant data concerning the preconditions of a particular phenomenon or issue to determine its causes by examining the differences and/or similarities between relevant

instances. Because the comparative method is a logical method, it is a non-statistical method. This means that firstly, the comparative method does not work with samples or populations, but with all relevant instances of the phenomenon or issue of interest. Secondly, the explanations that result from applications of the comparative method are not probabilistic explanations; rather they are determinate explanations because every instance of a particular phenomenon or issue is taken into account. (Ragin 1981, 111.)

Comparative research requires an active intervention by the researcher to select the cases in such a way that they allow for a conclusive answer of the research questions that has been stated earlier in the study (Hancké 2009, 72). This study's aim is to compare two selected countries cultural dimensions and find out what are the differences and/or similarities in their total reward systems. The study is using Hofstede's framework which is the most widely used national cultural framework in psychology, sociology, and management studies. The Hofstede's five cultural dimensions will be demonstrated between two countries; Finland and the United Kingdom.

4.4 Trustworthiness of the Research

How can I trust thee? Let me count the ways...

(with apologies to Elizabeth Barrett Browning)

(Lincoln & Guba 1985, 289)

The basic issue in relation to trustworthiness is simple: researcher has to convince his or her audience (including him/herself) that findings of the research are worth paying attention to and worth taking in to account. The arguments in the study have been built up to show what criteria is used, what questions are asked and for the result convincing the audience that this is the best way to achieve them.

Traditionally, the researcher has to consider four questions to accomplish the trustworthiness of the study:

1. *Truth value*: How can one establish confidence in the "truth" of the findings of a particular inquiry for the subjects (respondents) with which and the context in which the inquiry was carried out?
2. *Applicability*: How can one determine the extent to which the findings of a particular inquiry have applicability in other contexts or with other subjects (respondents)?
3. *Consistency*: How can one determine whether the findings of an inquiry would be repeated if the inquiry were replicated with the same (or similar) subjects (respondents) in the same (or similar) context?

4. *Neutrality*: How can one establish the degree to which the findings of an inquiry are determined by the subjects (respondents) and conditions of the inquiry and not by the biases, motivation, interests, or perspectives of the inquirer?

It should be evident that these questions and formulations of criteria intended to respond to the four basic questions are themselves dependent for their meaning on the predictable truism. It also should be evident that each repetition of the application of the same, or supposedly equivalent, the tools for the measurement should be similar. (cf. Lincoln & Guba 1985, 290-300.)

In this study, the researcher has made her own choice of the used method and therefore the findings and results might not be the same if another researcher chose another kind of method. This does not affect the outcome of the reality and creditability of the research; it will demonstrate that the findings are truthful and used data is transparent. The analysed data is available to others, so if the research would be repeated, the findings and results should have similar outcome. Although, every researcher has their own opinion they might have some small differences, but the main outcome would be more or less the same. All in all, research data will be proven to be truthful and data shown objectively. (Aaltio & Puusa 2011, 153.)

Generalisation is closely related to *validity*, that is, the extent to which researchers are able to use their method to study what they had sought to study rather than (often without being aware of it), studying something else. The favorite criterion of science, however, is *reliability*. Simply put these means that two or more researchers studying the same phenomenon with similar purposes should reach approximately the same results. A study with high reliability thus can be replicated by others. Validity means in essence that a theory, model, concept, or category describes reality with a good fit. Validity is commonly seen as a continuous process that is integrated with theory, and that requires the researcher to continuously assess his or her assumptions, revise his or her results, retest his or her theory and models, and reappraise the given limitations that have been set for the study. (Gummesson 1991, 80-83.)

Credibility of this study has been considered as following: the collected data is accurate, provided statements and view of informants are truthful, interpretation is supported by data, theory and conclusions are generated in the research, all data and information is relevant, and the selected methods are appropriate for this study (cf. Gummesson 1991, 161). The used data was selected carefully and only valid information was utilised. Documents represent a specific version of realities constructed for specific purposes (Flick 2006, 249). Also the research work must be justified, researcher must explain the chosen ways and to give reasons behind them (Aaltio & Pusa 2011, 157). As a result of this, no generalisation can be done based on these results.

Selection bias is a common and potentially serious problem, and qualitative researchers in international and comparative studies need to understand the consequences of selecting extreme cases of the outcome they wish to explain. Secondly, selection bias may raise somewhat distinctive issues in case studies and small N comparative analyses that focus on extreme cases on the dependent variable. The problem in analysing such cases is that causal effects that are under investigation might be underestimated or overestimated. Thirdly, a recurring problem is assessing selection bias in qualitative research to define the frame of comparison against, which the full variance of the dependent variable should be assessed. A point of entry is to understand the contrast space that serves to identify the relevant negative cases that should be included in the comparison. All in all, selection bias is mainly a problem in highly complex and on extreme cases. (Collier & Mahoney 1996, 88-90.) In this illustrative case study, the selected total reward system models are similar kind of what other public sectors in both countries are also using, and therefore they are not extreme cases. Both total reward systems has the same purpose; to motivate employees and attain and retain the high quality people.

5 RESEARCH FINDINGS

The following chapter will focus on the illustrative case samples of the empirical research. The research findings are based on the total reward systems on both counties and the results of Hofstede's cultural dimension. Firstly, the selected cases will be introduced separately and both total reward systems are illustrated in the "Total Reward Framework". Secondly, the research findings related to cultures will be discussed with Hofstede's cultural dimension comparison. Lastly, the differences and similarities of total reward systems from illustrative cases will be drawn together.

5.1 Rewards in the City of Vantaa

The City of Vantaa is the fourth largest city in Finland, with about 200 000 inhabitants. The City has some 12 000 employees and their organisation has been divided into six divisions. (Vantaa Henkilöstökertomus 2011.) These divisions are: Central Administration, Land Use and Housing, Social and Health Services, Leisure and Citizens Services and The Real Estate Centre. (Vantaan kaupungin organisaatio) More than 80% of all local government personnel work in the health care, social services or educational sectors, providing statutory basic local government services. Key areas in social services include children's day care, care for the elderly and social work. Health care covers specialised hospital care, primary health care, dental care, and environmental health care. Ageing of the population will increase the need for health care services and care for the elderly. Education covers comprehensive schools, upper secondary schools, vocational training, polytechnics, and libraries. Municipalities also have museums, theatres, and orchestras. (The Finnish public sector as an employer 2006, 5.)

Planning and public works deal with the necessary infrastructure. Business and services comprise unincorporated local government enterprises such as energy and transport services, some of which have also been unincorporated or privatised in recent years. Key general administration personnel include top local government management and financial administration. Public safety covers e.g. fire and rescue services. The local government services sector is extensive and comprises more than 5.000 different occupational titles. The most extensive occupational groups are registered and practical nurses and comprehensive school teachers. (The Finnish public sector as an employer 2006, 6.)

Vantaa's workforce is mainly (close to 80 %) permanently employed. Generally, the City as an employer has commonly more female workers, as statistics show 79% of the City employees are female. The average age for all employees is between 45-46 years

old. (Kuntatyönantajat 2011.) For the employee the City of Vantaa is known to be a safe employer. At the moment when the financial economy is not stable and many companies have laid people off, cities have not. The City of Vantaa has been in debt since early year 2000, but they have not dismissed any of their employees for this reason. The unemployment rate (2011) in Vantaa City was 8.1% and it was higher than the average unemployment in Finland, which was 7.8%. (Vantaan Sanomat 20.05.2011; Tilastokeskus Työvoimatutkimus 2011)

The City of Vantaa has an official document of their incentive and reward system strategy, and it was accepted in February 2000. It contains three different components; financial rewards (tangible), non-financial rewards (intangible), and the third component is more for the reward systems maintenance and development. The next figure (Figure 18) illustrates the rewards which are in use with Vantaa City Authority. These include transactional rewards as financial rewards and relational rewards as non-financial rewards.

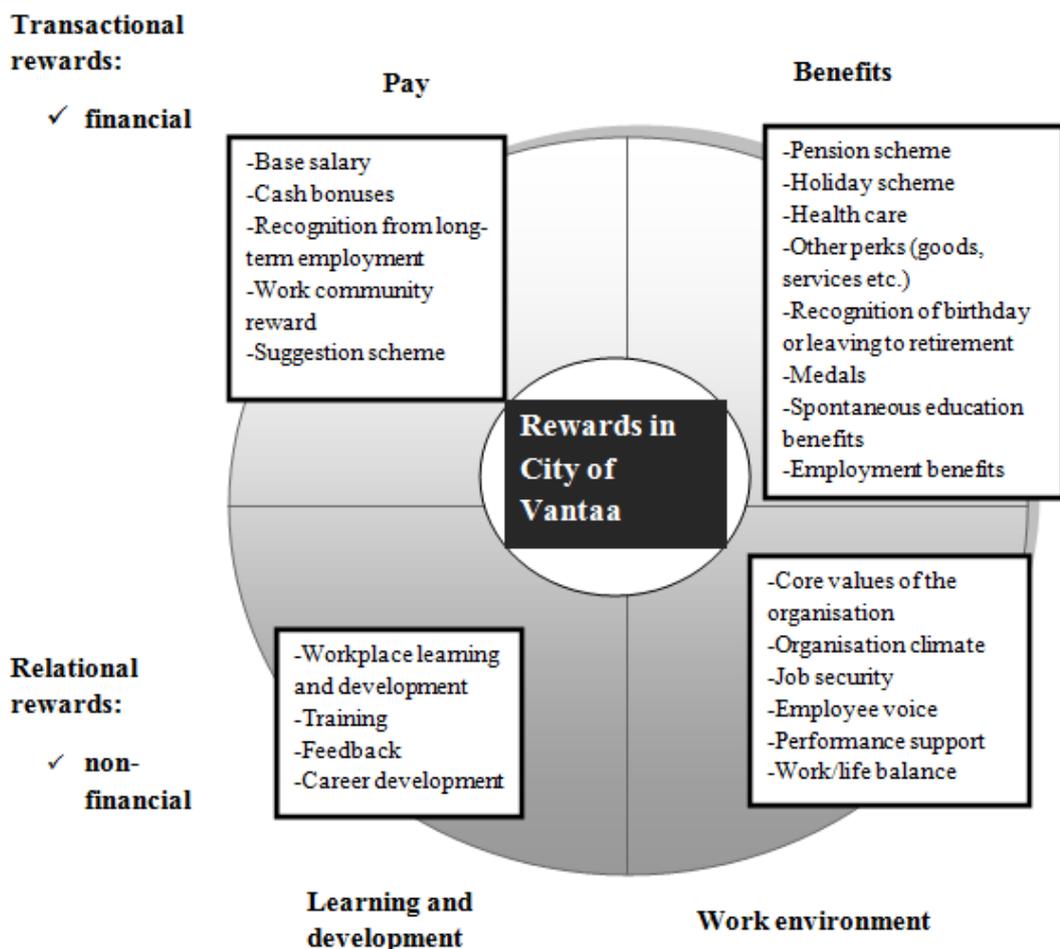


Figure 18 Total Reward Framework in the City of Vantaa

The first component is transactional rewards as financial rewards and it contains pay and benefits. The first upper quadrant is the pay and it includes base salary, cash bonuses, recognition from long-term employment, work community reward, and a suggestion scheme. Employees have the basic salaries and on top of that they can earn a bonus for good performance at work. When an employee has been working continuously for the City (20-, 30- or 40 years) they are rewarded with a one week extra holiday and with so called "tyky" voucher 250 Euros. The "Tyky" voucher is something that a person can use to maintain their ability to work and the given money is expected to be spent for something that can help a person to maintain good health. For example, those could be a spa-day or a gym membership to improve physical health. The work community reward can be received when a department is developing their work environment or their work atmosphere is excellent. One more reward area is a suggestion scheme which can include, for example, new innovation in work, something that creates a good team spirit, improvement in quality or services at work and so on. Special rewards can be earned either as individuals or teams. It can be for something extraordinary that has been well performed. The City will pay the tax withholding costs. An award for merit is given when the whole team has done a good job.

The second financial upper quadrant is the benefits. These includes pension schemes, holiday schemes, health care, recognition of birthdays or leaving to retirements, different medals, education benefits, employment benefits, and other perks . Pension and holiday schemes are based on the Finnish law, and also the health care is everybody's legal right. Other perks can be, for example, goods, gift vouchers or services. Also distinctions such as birthdays (50 or 60 years old) or leaving to retirement are part of the financial benefits. The City of Vantaa also award different kind of medals for merits. These are very highly appreciated. When employee would like to educate him-/herself, the City is willing to cover some costs. Employment benefits are city-owned dwelling, lunch benefit and supported sport activities. The City also allows a day off when an employee is moving.

The second component is relational rewards such as non-financial rewards and it contains learning & development measures and the work environment. The first lower quadrant is the learning and development portion and that includes workplace learning and development, training for the work, feedback from the supervisor, and career development when employee desires to improve. The other lower quadrant is work environment and these rewards are more orientated to the working environment and creating a pleasant atmosphere there. These include supporting employees to develop their work and giving challenges when wanted. The City has a well-known status as being a solid and good boss, so job security is somewhat unique here. Performance support and feedback from the supervisor (good or bad) is also seen benefiting everyone. The core value of the organisation includes clear rules and equal rights. The

work and life balance contains, for example, occasional after work social activities and gatherings.

Third component is more directed to the City's administration of human resource management team to maintain and develop the whole incentive and rewarding package. They survey employees yearly and report the results on the intranet so all employees can see them. Based on results, they make changes when needed.

In Finland, the public sectors pay schemes are based on job evaluation and performance appraisal. The pay consists of a job-specific pay component and a personal component. The general objectives are to improve the correlation between jobs, performance and pay; to support the development of personnel competence, goal-setting and assessment of their achievement; and to provide incentives for good performance. Result-based pay schemes will increase in the central and local government sectors in the next few years. (The Finnish public sector as an employer 2006, 13.)

5.2 Rewards in Hertfordshire County

The County of Hertfordshire is economically successful and is rated 19th out of 53 sub-regions across the United Kingdom. The County benefits from easy access to London and its well-qualified workforce generally enjoys high earnings. The population is just over one million and they are the second most densely populated County in the country. Employment in the west of the County grew rapidly (19.8%) between the 1991 and 2001 censuses, but the latest data suggests a significant reversal (-4.0% from 2001 to 2004). There is evidence of substantial restructuring within the economy with redundancies in Hertfordshire the highest in the region.

High costs of living in the County make recruitment difficult, for example in health- and social work sector. (Hertfordshire Economic Development Strategy 2006-2011.) The County of Hertfordshire has around 37,000 employees and women constitute 82 % of that workforce. Nationally, the number of people in part-time employment is 26% of the working population, but in Hertfordshire around 60% of the workforce is part-time. The Council's age profile show that the age range from 40-54 constitutes 48.4% of the workforce (with the age between 40-44 being 17.2%, 45-49 17.1%, and 50-54 14.1%), therefore the major group is in the age range from 40-49 as it constitutes 34.3% of the workforce. (Workforce report 2009.) Hertfordshire County Council departments are: Children's Services, Community Protection, Health and Community Services, Environment and Commercial Services, and Resources and Performance (Hertfordshire County Council).

In the United Kingdom, public sector employment has grown in recent years following a period of decline in the early to mid 1990s. This happened due to an adverse

change in world economic outlook. Since 2000, the annual percentage growth in public sector employment has been stronger than in the private sector. (Flynn 2012, 11; Public Sector Employment Trends 2005, 5-9.) The public sector has historically employed a larger percentage of its staff on a part-time basis compared with the private sector. In 2004, 30% of public sector workers reported that they worked part-time, for private sector workers the figure was 24%. These proportions have remained relatively unchanged since 1995. Analysis by average total common weekly hours worked illustrates that workers in the public sector are more likely to work 16-30 hours per week than their private sector counterparts. (Public Sector Employment Trends 2005, 27.) Indeed, the system of flexible working hours is well used in the United Kingdom.

The next figure (Figure 19) illustrates the rewards which are in use in Hertfordshire County Authority. These include transactional rewards as financial rewards and relational rewards as non-financial rewards.

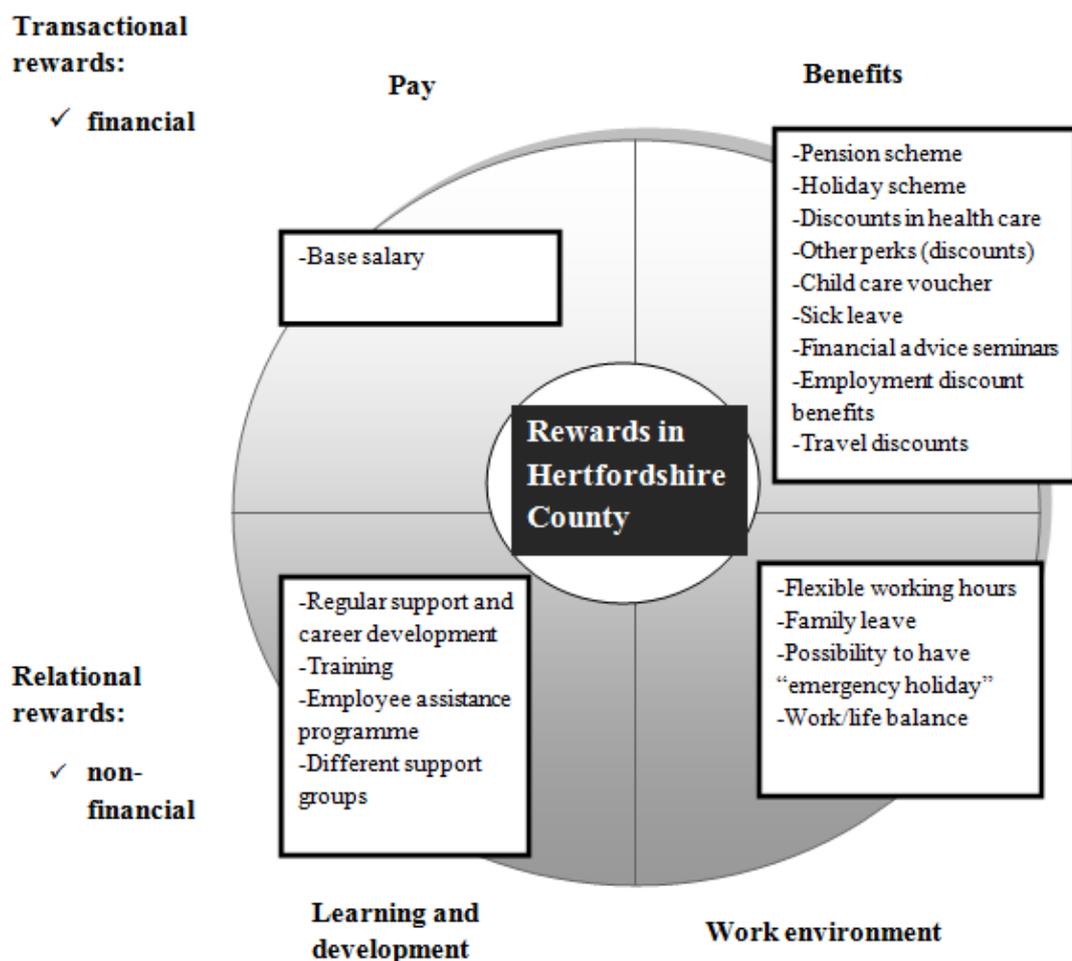


Figure 19 Total Reward Framework in Hertfordshire County

As before, the first component is transactional rewards as financial rewards and it contains pay and benefits. The first upper quadrant is the pay and it includes base salary. It is possible that they might have some kind of cash bonuses, but it is not mentioned in their total reward package. The second financial upper quadrant is the benefits. These includes pension schemes, holiday schemes, discounts in health care, child care vouchers, sick leave, financial advice seminars, different kinds of employment discounts, travel discounts, and other perks. Under financial rewards there is a contributory pension scheme, also called a Flexi Retirement Policy. This policy allows staff to continue working for as long as they are willing and able to, with no set retirement age. Employees have also access to a Childcare Voucher Salary Sacrifice Scheme, which enables them to save on tax and national insurance. It also includes independent financial advice including free seminars on financial planning. Rewards based on health issues are an occupational sick pay scheme, discounts at local health and fitness centres, discounted health/dental care, chiropractors, and eyesight tests. This also includes holistic and alternative therapies available on site (fee payable). Travel discounts include subsidised lease car scheme for staff, Public Transport Season Ticket Loan Scheme, and discounted roadside assistance and travel insurance. Other perks are, for example, discounted life style benefits, including discounts at bowling centres and hair salons.

The second component is relational rewards as non-financial rewards and it contains learning & development and work environment. The first lower quadrant is learning and development. That includes regular support and career development, training, employee assistance programme, and different kinds of support groups. The County provides regular support and career development including relevant training for the work. They also have own employee assistance programme called Carewell, which provides confidential advice and support, including counselling services and legal advice. The County has several support groups including the Herts disABILITY Network, Black and Asian Support Group, Carers Group, and the Lesbian Gay Bisexual and Transgender Support Group.

The other lower quadrant is work environment and these rewards are more orientated to the working hours and work/life balance. This includes flexible working hours, family leave, the possibility to have an “emergency holiday”, and work/life balance measures. Flexible Working describes a range of working arrangement and employment practices which are different from traditional working patterns, for example, flexi-time, part-time, job share, compressed hours, annualised hours, location flexibility and home working. (Workforce report 2009, 10.) The council believes that flexible working opportunities can and should benefit everyone, and consequently allow all staff to apply for flexible working. There needs to be a strong business case to turn down an application and the council does not believe that they are discriminatory in the

application of the policy based on monitoring Grievances that are submitted on the refusal of an application. The council has 60% of the workforce working part-time. The male/female ratio in the council remains consistent with over 80% female employees and there has been little variance in the age profile over recent years. (Workforce report 2009, 10-11.) Family leave contains occupational maternity and occupational adoption scheme, maternity support leave, and paternity leave. Possibility to have “emergency holiday” is often related to the family issues. They also have holiday entitlement of up to 33 days, with the ability to transfer some days to the next year.

In the United Kingdom, Hertfordshire County has established the Equal Pay Action Plan on 2008 partnership with Unison. The Equal Pay Action Plan sets out the organisation’s commitment to close any differences in pay that cannot be objectively justified. The plan covers areas identified as needing work. These include developing pay transparency across the organisation, tackling occupational segregation, developing pay policy and practice to ensure consistency of application and ensuring the job evaluation processes and procedures are effective and robust. (Workforce report 2009, 7.)

The next table (Table 6) illustrates the relevant key figures from the both Counties. The comparison has been done by comparing total inhabitants figure, figures of employment; full-time and part-time employees, and total unemployment figures.

Table 6 Comparison Table from Vantaa City and Hertfordshire County (2010)

	Vantaa City Authority	Hertfordshire County Authority
Inhabitants, total	200.000	1 million
Employees, total	12.000	37.000
> Women	79%	82%
> Men	21%	18%
Full-time employees, total	80%	40%
> Women	79.5%	55%
> Men	20.5%	45%
Part-time employees, total	20%	60%
> Women	80%	90%
> Men	20%	10%
Unemployment, total	8.1%	6.4%

Even though, Hertfordshire County has five times more inhabitants and logically also more employees, this has no influence on the total reward system. As seen from the above table, there is a significant difference between full-time and part-time employees in the Counties. These results and possible reasons will be discussed in the next chapter.

5.3 Research Findings Related to Cultures

This study's aim was to compare two selected countries cultural dimensions and find out what are the differences and/or similarities in their total reward systems. The study uses Hofstede's framework which is the most widely applied national cultural framework. The nature of motivation is universal and therefore the process is universal. As seen in Hofstede's cultural dimension comparison above, figure (Figure 20) demonstrates that there are differences and similarities between the chosen countries. When searching closer, there are more similarities than differences; however the difference in masculinity versus femininity is relatively strong as seen in the below figure.

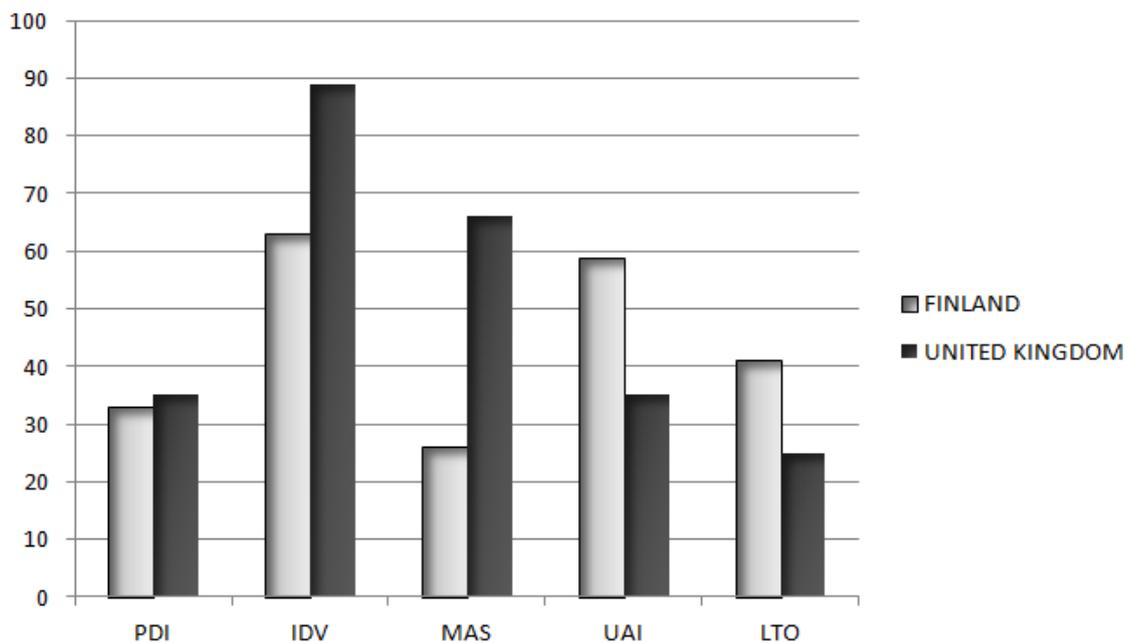


Figure 20 The Cultural Dimension Comparison (based on Hofstede's cultural dimensions)

Both Finland and the United Kingdom attain low scores in power distance (PDI) dimension and that means that individuals in the society are treated equally. Salary ranges between top and bottom jobs are relatively small; workers are highly qualified, and high-skill manual work has higher status than low-skill office work. Low PDI in Finland is seen clearly in teamwork and therefore the City of Vantaa has many rewards based only on team rewards, such as cash bonuses and work community rewards. Both countries have regular support and career development for their employees. Low PDI in the United Kingdom is seen more clearly by being independent and therefore the Hertfordshire County is offering their employees flexible working hours that people can choose what suits them best.

Both countries are individualistic societies (IDV). As Hofstede and Hofstede (2005, 104) states from individualist: *employees are “economic men” who will pursue the employer’s interest if it coincides with their self-interest.* Therefore in individualistic society the employees’ rewards play an important role. Incentives and culture varies from country to another. The use of financial incentives to motivate employees is very common in countries which have high individualism. The City of Vantaa has several financial rewards, such as cash bonuses, recognition from long-term employment, birthday, or leaving retirement, supporting employees to educate themselves, or by giving a day off when employee is moving, and so on. Hertfordshire County offers pension-and holiday schemes, sick leave, and health care discounts which in Finland are all bounded to law and are a part of everybody’s legal rights, and therefore they are not accounted as a part of the Finnish reward package. Hertfordshire County has several different areas where they provide discounts for their employees. Indeed, discounts are a common financial incentive in their reward system.

Finland is feminine society (FEM), where caring for others and quality of life has a high value. Countries that score high on femininity characteristics, like Finland, would have social needs on top. Commonly group work will motivate employee’s more than individual goals. The United Kingdom is instead masculine society and that indicates a society that is driven by competition, achievement, and success. In feminine workplace rewards are based on equality, a system in which people work in order to live, and they prefer more leisure time over more money. The City of Vantaa offers several rewards for teams (e.g. cash bonuses and work community rewards). They also award employees with medals, recognise birthdays, long-term employments, and leaving retirements. In addition they have suggestion scheme, all these are related to take others consideration and value them. They also have several schemes where they offer support, for example, education and performance support, both these are giving a change to employee to achieve something. Importance in organisational climate and feedback is also related to the quality of the working environment that everybody would have pleasant, caring, and equal rights at work.

The United Kingdom is a masculine society (MAS) and therefore they are highly success oriented and driven. In masculine workplace rewards are based on equity, people live in order to work, and more money is preferred over more leisure time. Most of the benefits that Hertfordshire County offers discounts for individuals and their close families. There are no rewards based on teams. They do provide all kind of help for their employees, but employees need to find these by themselves. The County offers, for example, financial advice seminars, employee assistance programme (e.g. legal advice and counselling services), several support groups (ethnics and sexual orientated), and also several places where employees and their families can get discounts.

Considering that Finland is a feminine society (as valuing more leisure time than money) and the United Kingdom is a masculine society (as valuing more money than leisure time), the flexibility in working hours is opposite than expected. In the City of Vantaa, the part-time employment is not popular, only 20% work as part-time and in Hertfordshire County 60% work as part-time and it is a popular way over there. The reason for this is that Finland has a medium high preference for avoiding uncertainty and the United Kingdom has a low preference for avoiding uncertainty.

The uncertainty avoidance dimension (UAI) deals with the fact of the future can never be known. The City of Vantaa rewards show some evidence from this, for example, they have a well-known status of being a solid and good boss where job security is highly valued. The core value of the organisation includes clear rules and equal rights. This helps employees to act in expected ways and also gives them security for the future. The City of Vantaa is also encouraging employees to educate themselves, so this will give them a better change when dealing with changes in the future. In Hertfordshire County, rewards are based more on family issues and discounts. The difference between these two counties can be seen most clearly already how they are represented in their total reward documents. The City of Vantaa has a clear, precise, and well-pointed document about their rewards to the employees, whereas in Hertfordshire County they have more or less just a list of the rewards what they provide employees and their families.

Lastly, both countries are rather short-term orientated cultures than long-term (LTO). This means that they focus on quick results in the future. Short-term orientated workplaces are common, and their main work values include freedom, rights, achievement, and thinking for oneself, leisure time is also important, and rewards should confirm to individual abilities. The total reward systems in both Counties are rewarding their employees on the basis of immediate rewards, there are few long-term rewards, rather all rewards can be received straight away.

5.4 Total Reward Systems Comparison

There is a general belief that a system of total reward can make a major contribution to enhancing the “employment value proposition” by being strongly linked to the creation of “compelling employment opportunities”, thus ensuring that the organisation is “a great place to work” and attracting and retaining talent. Several heads in the reward system emphasised that the differentiator in attracting and retaining staff was not so much levels of pay but the total reward package, especially the non-financial rewards, which tend to be unique to each organisation. (Armstrong & Brown 2009, 120.)

The next table (Table 7) shows the differences and similarities on both total reward system. The differences are divided in financial and non-financial rewards. The similarities are gathered together, because only the base salary is financial and others are non-financial rewards. There are evidently more differences in rewards than similarities, but there is nothing extreme, both financial and non-financial rewards are in balance in both counties.

Table 7 Comparison table of the rewards

Compared rewards	Vantaa City rewards	Hertfordshire County rewards
✓ Financial	<ul style="list-style-type: none"> • Cash bonuses • Recognition from long-term employment • Work community reward • Suggestion scheme • Recognition of birthday or leaving to retirement 	<ul style="list-style-type: none"> • Discounts in health care • Child care voucher • Financial advice seminars • Employment discount benefits • Travel discounts • Other perks (discounts)
<u>Differences in rewards</u>	<ul style="list-style-type: none"> • Medals • Spontaneous education benefits • Employment benefits • Other perks (goods and services) 	
✓ Non-financial	<ul style="list-style-type: none"> • Core values of the organisation • Organisation climate • Job security • Employee voice • Performance support 	<ul style="list-style-type: none"> • Employee assistance programme • Different support groups • Flexible working hours • Family leave • Possibility to have “emergency holiday”
<u>Similarities in rewards</u>	<ul style="list-style-type: none"> • <i>Base salary</i> • <i>Workplace learning and development</i> • <i>Training</i> • <i>Career development</i> • <i>Regular support / feedback</i> • <i>Work / life balance</i> 	

To draw up together the differences and similarities on selected total reward systems, one can say that culture seems to have influence on these. As seen in the above table, the City of Vantaa values softer incentives and clear, precise rewards more than Hertfordshire County which values hard incentives and discounts for everyone. It seems that the City of Vantaa rewards are represented as being equal and fair for everyone, and

to show considerations for all employees, whereas rewards in Hertfordshire County are encouraging independence being yourself, and supporting families.

The difference between these two counties can be seen most clearly already how they are represented in their total reward documents. The City of Vantaa has a clear, precise, and well pointed document about their rewards to the employees, whereas in Hertfordshire County, they have more or less just a list of the rewards what they provide employees and their families. (See Appendixes 3 and 4.)

The City of Vantaa has more of financial rewards than Hertfordshire County. The City of Vantaa has several financial rewards for individuals, such as cash bonuses, recognition from long-term employment, birthday, or leaving retirement, supporting employees to educate themselves, medals, or by giving a day off when employee is moving. They also have financial rewards for teams, for example, a work community reward: can be received when a department is developing their work environment or their work atmosphere is excellent, or suggestion scheme reward: can be received when department creates something new or innovative for improving quality or services at work. The City of Vantaa has also employment benefits which are city-owned dwelling, lunch benefits and supported sport activities.

Hertfordshire County has several different areas where they provide discounts for their employees, such as employment discount benefits, travel discounts, insurance discounts, and other perks, for example, discounted life style benefits in bowling centres and hair salons. Indeed, discounts are a common financial incentive in Hertfordshire County reward system. They also offers pension-and holiday schemes, sick leave, and health care discounts which in Finland are all bounded to law and are a part of everybody's legal rights, and therefore they are not accounted as a part of their financial rewards.. Another difference is that Hertfordshire County offers financial advice seminars for their employees and the City of Vantaa has nothing similar in their reward system.

Non-financial rewards in the City of Vantaa seem to be more related to the organisation and employees well-being, whereas Hertfordshire County's rewards are connected for supporting employees and their families. The City of Vantaa has a well-known status of being a solid and good boss where job security is highly valued. The core value of the organisation includes clear rules and equal rights. Other non-financial rewards in the City of Vantaa are the employee's voice and performance support. Everybody has the equal right to get heard and to be supported in their work environment.

Hertfordshire County has very different kind of non-financial rewards to offer their employees. These include, for example, the employee assistance programme which provides confidential advice and support in counselling services and in legal issues. They also have different support groups for ethnical and sexual orientated people. One

of the most major differences is that Hertfordshire County is offering their employees flexible working hours that people can choose what suits them best. In Hertfordshire County 60% work as part-time and it is a popular way over there, whereas in the City of Vantaa only 20% work as part-time.

Similarities between these two reward systems are base salary, workplace training and development, general training possibilities, career development, regular support and feedback, and work/life balance in the work environment.

6 CONCLUSIONS

The purpose of this research was to examine more in detail of the total reward systems which are in use in two public sector employers and how culture can explain their differences and similarities. The study focused on two different public sectors; Vantaa City Authority (Finland) and Hertfordshire County Authority (the United Kingdom). The research questions were:

How do public sector employers attempt to reward their employees with a total reward system?

- **What are the different ways to motivate employees?**
- **What is the reward system in the public sector based on?**
- **What characteristics are included in the total reward system?**
- **How does the culture affect the ways of motivation and rewarding?**

These sub questions were chosen on the grounds of theory and practice, because these themes and topics were emerged most clearly, and for that reason the author wanted to investigate them more intensely. To be precise, two public sectors total reward systems has been compared with the comparative analysis and the total reward framework has been developed. Moreover, this framework was used to illustrate *the differences and/or similarities from the cultural point of view*. However, within the limits of this research, primarily the both public sectors own documents of reward system have been examined.

When considering ways to motivate employees, one must keep in mind that each individual is different and therefore everyone is motivated by different things. While one employee may be motivated by money another may be motivated by working with supportive co-workers. Another key issue is the variation over time. When employees are ageing they value different things. (Wallace & Szilagyi 1982, 276-277; Salmela-Aro & Nurmi 2005, 145.)

From the organisation's point of view, rewards are intended to motivate certain behaviours. There are commonly three conditions which are necessary for employee motivation. Firstly, employees must believe in effective performance or certain specified behaviour that will lead to certain rewards. Secondly, employees must feel that the rewards offered are attractive. Some employees may desire promotions because they seek power, but others may want a fringe benefit, such as pension, because they are older and want retirement security. Finally, employees must believe in a certain level of individual effort that will lead to achieving the organisation's standards of performance. (Beer & Walton 1990, 16-17.)

There are two types of motivation: intrinsic motivation and extrinsic motivation. Intrinsic motivation is the same as "motivation through the work itself". It takes place when people feel that the work they do is intrinsically interesting, challenging and important and involves the exercise of responsibility (having control over one's own

resources), autonomy or freedom to act, scope to use and develop skills and abilities, and opportunities for advancement and growth. Extrinsic motivation is described as what is done to or for people to motivate them. This includes rewards such as increased pay, recognition, praise or promotion, and punishments such as disciplinary action, withholding pay, or criticism. (Mausner & Snyderman 1966, 113-116; Beer & Walton 1990, 17.)

Extrinsic motivators can have an immediate and powerful effect, but it will not necessarily last long. The intrinsic motivators, which are concerned with the “quality of working life” (a phrase and a movement promoted by proponents of the notion of intrinsic motivation), are likely to have a deeper and longer-term effect because they are inherent in individuals and not imposed from outside. But it should not be assumed that intrinsic motivation is good and extrinsic motivation is bad. They both have a part to play. (Armstrong & Stephens 2005, 71.) Intrinsic motivations, such as working environment, need to be in order and well established before extrinsic motivations will effect to the motivation itself (Vartiainen & Kauhanen 2005, 143).

The public sector is commonly a strong and significant employer in the western economies and therefore they have a various amount of different occupations and employees in all hierarchy stage. The research findings show that every fifth employee works for local authorities. The selected public sectors are using total rewards system, because they cannot compete with the salaries in private companies. This is their scheme to attract and keep qualified employees. Total reward systems characteristics are that it contains both financial and non-financial rewards. Total reward includes all types of rewards – indirect as well as direct, and intrinsic as well as extrinsic. Each aspect of rewards, namely base payment, contingent pay, employee benefits and non-financial rewards, which include intrinsic rewards from the work itself, are linked together and treated as an integrated and coherent whole.

As the research findings shows, the used financial rewards in the City of Vantaa are, for example, cash bonuses, recognition from long-term employment, work community reward, spontaneous education benefits, employment benefits and so on. Non-financial rewards include career development, training, job security, employee voice, performance feedback and so on. Hertfordshire County’s financial rewards are, for example, different kind of discount benefits for employee and his/hers family, pension scheme, holiday scheme, child care vouchers and so on. Non-financial rewards include employee assistance programme, different support groups, work/life balance, flexible working hours and so on. There are differences and similarities between these two public sector employers reward systems.

The benefits of a total reward approach are, for example, the greater impact which means that the combined effect of the different types of rewards will make a deeper and longer-lasting impact on the motivation and commitment of people. It also enhance the

employment relationship, meaning that the employment relationship created by a total rewards approach makes the maximum use of relational as well as transactional rewards and will therefore appeal more to individuals. (Armstrong & Stephens 2005, 15.) One more benefit could be the flexibility to meet individual needs. Relational rewards may bind individuals more strongly to the organisation because they can answer those special individual needs. (Bloom & Milkovich 1998, 22.) The purpose is to reward people fairly, equitably and consistently in accordance with their value to the organisation.

The nature of motivation is universal and therefore the process is universal. People are motivated to pursue goals and they value “high valence” or “preference”. The nation’s culture influences the specific content and goals pursued and as a result motivation differs across cultures. (Motivation Across Cultures 2003, 5.) Even though, the both countries in this research are called “western countries” there is some evidential differences in these cultures. The research findings related to culture are based on Hofstede’s cultural dimensions. One has to keep in mind that Hofstede’s statements concerning culture do not describe “reality”; they are rather general and relative.

The differences between Finland and the United Kingdom was in MAS (masculinity vs. femininity) and in UAI (uncertainty avoidance). Finland is considered as a feminine society. The general norms in a feminine society are, for example: relationships and quality of life are important, both men and women should be modest, conflicts are resolved by compromise and negotiations, and incentives such as free time and flexibility are favoured. The opposite from Finland, the United Kingdom is considered as a masculine society. The general norms in masculine society are for example: challenge, earnings, recognition, and advancement are important, men should be assertive, ambitious, and tough, women are supposed to be tender and take care of relationships, and people live in order to work and have a clear performance ambition.

The second difference in these cultures was in UAI (uncertainty avoidance dimension). Finland has a medium high preference for avoiding uncertainty. In these cultures there is an emotional need for rules, time is money, people have an inner urge to be busy and work hard, precision and punctuality are the norm, innovation may be resisted, and security is an important element in individual motivation. In the United Kingdom, the UAI was lower than in Finland, which means, for example, that commonly people feel happy, people have fewer worries about health and money, results are attributed to a person’s own ability, they do things by themselves (such as do-it-yourself home repairs and not using the experts straightaway), and there is fast acceptance of new products and technology.

To sum up briefly the example cases reward system differences, the findings point out that in Finland rewards are based on just for the employees, recognition of

individuals is high, in several cases they reward teams, and organisation climate is important issue for them. In the United Kingdom, they reward system is based on rewarding employees and their families, they offer several discounts for employees and families, and flexible working hours is favourable.

To answer to the main research question, one can say that commonly public sectors are using total rewards system, because they cannot compete with the salaries in private companies. This is their scheme to attract and keep qualified employees. Increasingly, the emphasis in public sectors is on total reward, including (in addition to financial rewards) more intangible rewards like considerations of the work environment and the quality of life, the opportunity for advancement and recognition, and flexible working. Therefore, reward managers in public sector are constantly searching for ways to create a motivational environment where employees could work at their optimal levels to accomplish organisation's objectives and at the same time to enjoy of the work and the atmosphere. The purpose is to reward people fairly, equitably and consistently in accordance with their value to the organisation. Also one more important thing is that their rewarding is transparent. So all in all, total reward system is a particularly important issue in the public sector where effectiveness depends almost entirely on attracting, retaining, and motivating talented employees. (Lavigna 2002, 369.)

For the further research it would be interesting to investigate the employees' opinion about these total reward systems. There would be two areas to investigate: firstly, has the organisation defined the total reward system clearly and are the rewards well-linked to the organisations goals and objectives, and secondly, do these rewards motivate employees and how they help employees to achieve goals.

7 SUMMARY

If this research would have to be summarised or compressed into one single word that would be *rewards*. The purpose of this research was to examine more in detail of the total reward systems which are in use in the public sectors and their cultural differences and/or similarities. The chosen public sectors were Vantaa City Authority (Finland) and Hertfordshire County Authority (the United Kingdom). The research questions have been selected to try to understand the factors which influence each country's reward systems and how much the culture has an effect on them.

Generally cities are not focused strongly on big profits, their main aim is to offer its citizens different kinds of goods and services, as well as providing protection, help, restraint, education, leisure activities, and health care for them. Public sector is commonly a strong and significant employer in western economies. In average they employ approximately 20% of the country's workforce.

There are five main elements which are important issues of reward management. These are: firstly, to reward people according to what the organisation values and wants to pay for. Secondly, reward people for the value they create. Thirdly, reward the right things to convey the right message about what is important in terms of outcomes and behaviours, and fourthly, to develop a performance culture. The fifth important issue is to motivate people and obtain their commitment and engagement.

Before the organisation creates any reward systems, they should consider what motivates their employees. There are several motivational theories about the work motivation. These motivation theories are classified into two groups: content theories and process theories. Content theories explore what motivate people: that is, arouses and energised behaviour. The most famous content theories are Maslow's need hierarchy, Herzberg's two-factor theory, and McClelland's three-factor theory. Process theories researched the specifics of the motivation process. Vroom's expectancy theory, Adam's equity theory, and Locke & Latham's goal setting theory are well known process theories.

The Total Reward Framework has been originally developed by Michael Armstrong and Duncan Brown (1999). This type of framework is in use in many organisations, because it takes into consideration all aspects of total rewarding. Total Reward Framework includes transactional rewards – pay and benefits. These are financial in nature and are essential to recruit and retain staff but can be easily copied by competitors. By contrast, it also includes relational (non-financial) rewards – learning & development and work environment. The real power comes when organisations combine relational and transactional rewards.

Managers everywhere use rewards to motivate their personnel. Some rewards are financial in nature, such as salary raises, bonuses, and stock options. Others are non-

financial, such as feedback and recognition. Significant differences exist between reward systems that work best in one country and those that are most effective in another. Incentives and culture varies from country to another. Use of financial incentives to motivate employees is very common in countries which have high individualism and also when organisations attempt to link compensation to performance. Financial incentive systems vary in range: individual incentive-based pay systems in which workers are paid directly for their output or systems in which employees earn individual bonuses based on organisational performance goals.

Many cultures base compensation on group membership. Such systems stress equality rather than individual incentive plans. Workers in many countries are highly motivated by things other than financial rewards. The most important rewards are commonly recognition and achievement. Second in importance, were improvements in the work environment and employment conditions including pay and work hours. For example, Scandinavian workers placed high value on concern for others on the job and for personal freedom and autonomy. The research findings showed that in Finland rewards are based on just for the employees, recognition of individuals is high, in several cases they reward teams, and organisation climate is important issue for them. In the United Kingdom, they reward system is based on rewarding employees and their families, they offer several discounts for employees and families, and flexible working hours is favourable.

Financial incentives and rewards can motivate people. People need money and therefore they want to get money. Money can motivate but it is not the only motivator. Money motivates because it is linked directly or indirectly to the satisfaction of many needs. It satisfies the basic need for survival and security, if income is regular. People will be better motivated if their work satisfies their social and psychological needs as well as their economic needs. Needs theory underpins the concept of total reward which recognises the importance of the non-financial rewards as motivators.

The degree to which people are motivated will depend not only upon the perceived value of the outcome of their actions – the goal or reward – but also on their perceptions of the likelihood of obtaining a worthwhile reward, that is, their expectations. They will be highly motivated if they can control the means of attaining their goals. This indicates that contingent pay schemes – that is, those where pay is related to performance, competence, contribution or skill – are effective as motivators only if people know, firstly, what they are going to get in return for certain efforts or achievements, and secondly, they feel that what they may get is worth having, and thirdly, they expect to get it. The factors that motivate people can change over the lifetime, but “respect for me as a person” is one of the top motivating factors at any stage of life.

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APPENDIX 3 Vantaan kaupungin henkilöstön palkitsemisjärjestelmä

Vantaan kaupungin henkilöstön palkitsemisjärjestelmä koostuu:

1. *Työtuloksista palkitsemisesta*
2. *Huomionosoituksista*
3. *Kehittymiseen kannustamisesta*
4. *Työsuhde-eduista*
5. *Muista kannustimista*

Palkitsemisjärjestelmä tukee kaupungin vision saavuttamista ja kannustaa henkilöstöä toimimaan kaupungin arvoja noudattaen. Kannustaminen ja palkitseminen kohdistuu kaikkiin kaupungin työntekijöihin. Kannustimien ja palkkioiden jakamisen periaatteiden ja menettelytapojen tulee olla yhteisesti tiedossa ja hyväksytyjä sekä kaupungin arvojen mukaisia. Menettelytapa on oikeudenmukainen, kun sitä sovelletaan johdonmukaisesti kaikkiin ihmisiin. Lisäksi menettelyn tulee olla julkinen. Pelisääntöjen tulee olla selkeät, yleisesti tiedossa ja yhteisesti (kaupunkitasolla / toimialalla / työyhteisössä) hyväksytyt. Kaupunkitasoiset pelisäännöt käsitellään yhteistoimintaryhmässä, toimialat ja työyhteisöt laativat omat pelisääntönsä. Ensisijaisesti lähin esimies tekee aloitteen aineellisesta palkitsemisesta. Sen hyväksyy vähintään hänen lähin esimiehensä. Mitä merkittävämpi palkitseminen on kyseessä, sitä ylemmällä tasolla se tulee vahvistaa, jotta varmistetaan yhdenmukaisuus ja tasapuolisuus. Palkitseminen ei ole pelkästään aineellista. Tärkeimpiä kannustimia on esimiehen antama välitön kiitos hyvin hoidetusta työstä. Myös mielekäs tehtäväkuva ja vastuu koetaan palkitsevina. Aineeton palkitseminen on täysin lähiesimiehen harkinnassa. Palkitsemiseen varaudutaan vuosittain talousarviossa sekä kaupunki- että toimialatasolla. Tarkoitukseen varatut euromäärät päätetään vuosittain talousarvion käsittelyn yhteydessä.

I Aineellinen palkitseminen

Aineellisella palkitsemisella tarkoitetaan palkinnoksi tai kannustimeksi saatuja aineellisia etuja. Ne voivat olla rahaa, tavaroita tai palveluita.

1 Tuloksellisuudesta palkitseminen

1.1 Rahapalkka ja tuloksesta palkitseminen

Työntekijän varsinainen palkka muodostuu peruspalkasta ja erilaisista lisistä. Se muodostaa palkitsemisen perustan. Rahapalkan tulee olla oikeudenmukaisessa suhteessa tehtyyn työhön ja työntekijän osaamistasoon. Vantaan kaupungilla on mahdollista palkita työntekijöitä henkilökohtaisilla palkanlisillä, joiden perusteena on ensisijaisesti

työntekijän henkilökohtaiset työtulokset, osaaminen ja kehittymiskyky. Lisäksi voidaan maksaa kannustuslisää tai tulospalkkiota.

1.2 Aloitepalkkiot

Aloitetoiminnan tarkoituksena on saada jokainen työntekijä mukaan kehittämään työtään, työyhteisöään ja työympäristöään omatoimisesti. Aloitetoiminnan tavoitteena on:

- lisätä työntekijöiden vaikutusmahdollisuuksia
- saada jokainen työntekijä mukaan jatkuvaan kehitystyöhön
- saada esille uusia käyttökelpoisia ideoita
- kohottaa työtyytyväisyyttä
- parantaa palvelun, toiminnan ja ympäristön laatua

1.3 Erikoispalkkiot

Yksilöä, tiimiä tai työyhteisöä voidaan palkita erityisen hyvästä saavutuksesta ja/ tai toiminnan kehittamisestä. Lisäksi voidaan palkita myös poikkeuksellisen hankalissa oloissa suoritetusta työstä. Palkitsemisen tulee olla vastaanottajan arvostama ja siten edelleen motivoiva. Palkitseminen voi olla esimerkiksi tavara, palvelu tai lahjakortti. Tavan, jolla tunnustus annetaan, tulee osoittaa arvostusta saajaa kohtaan. Annetut henkilökohtaiset palkkiot ovat korvausta hyvin tehdystä työstä ja siksi saajalleen ennakonpidätyksenalaista tuloa. Kaupunki hyvittää ennakonpidätyksestä ja lakisääteisistä vakuutusmaksuista aiheutuvat pidätykset palkkion arvosta saajalle.

1.4 Tunnustuspalkinnot

Hyvän työyhteisön palkinto

Hyvä työyhteisö tekee työtä innolla ja kehittää työtään jatkuvasti asiakkaan tarpeista ja saamastaan palautteesta lähtien. Työyhteisössä on hyvä henki, ilmapiiri on avoin ja keskustelevalta. Palkinnot jaetaan vuosittain helmi-maaliskuussa hakemusten perusteella ja palkinnon suuruus on enintään 6.700 euroa per työyhteisö. Ehdotuksista henkilöstökeskus kokoaa yhteenvedon, jonka käsittelee kaupungin yhteistoimintaryhmä. Palkinnon jakamisesta päättää kaupunginjohtaja. Palkitun työyhteisön on tehtävä esitys henkilöstökeskukselle rahan käyttämisestä.

2 Huomionosoitukset

2.1 Merkkipäivien huomioiminen

Kaupunki huomioi kaikkien palveluksessaan olevien henkilöiden 50- ja 60-vuotispäivät. Käytännössä huomioimisen hoitaa toimiala / tulosalue. Huomioiminen ei ole sidottu siihen, viettääkö ko.henkilö julkisesti merkkipäiväänsä. Lisäksi kaupunki huomioi työntekijää hänen lähtiessään eläkkeelle.

2.2 Kunnia- ja ansiomerkit

Valtion kunniamerkit / Suomen Valkoisen Ruusun ja Suomen Leijonan ritarikuntien kunniamerkit

Kunniamerkit hakee vuosittain keväisin kaupunginkanslia toimialoilta saatujen ehdotusten perusteella. Ehdotuksen tulee perustua asianomaisen henkilökohtaisiin ansioihin, jotka hän on osoittanut omalla ammattialallaan tai huomattavissa yhteiskunnallisissa tehtävissä.

Kuntaliiton kunnia- ja ansiomerkit

Kunniamerkit: Toimialan harkinnan mukaan voidaan kunniamerkkiä anoa kaupungin palveluksessa erityisesti ansioituneelle henkilölle merkki- tai palvelusvuosista riippumatta.

Ansiomerkit: Kaupunki anoo 30 kunnallisen palvelusvuoden jälkeen kaikille palveluksessa olevilleen kultaisen ansiomerkin. Merkin anomisesta ja luovuttamisesta huolehtii toimiala / tulosalue.

Muiden valtakunnallisten keskusjärjestöjen tai yhteisöjen kunnia- ja ansiomerkit

Toimialan esityksestä kaupunginjohtajan päätöksellä voidaan myös muiden kuin kunnallisten keskusjärjestöjen kunnia- ja ansiomerkkejä anoa toimialalla pitkään ansiokkaasti toimineelle, kaupungin palveluksessa olevalle henkilölle.

2.3 Työntekijän huomiointi pitkästä yhtäjaksoisesta Vantaan kaupungin palvelusta

Kun työntekijälle tulee täyteen 20, 30 tai 40 vuotta yhtäjaksoista palvelua Vantaan kaupungilla, tulos- ja kehityskeskustelun kehittämissuunnitelmaa tehtäessä siihen liitetään viikon pituinen ylimääräinen palkallinen työloma tai virkavapaus: ns. tyky-viikko. Tyky-viikko on pidettävä kuuden kuukauden sisällä siitä, kun siihen on syntynyt oikeus ja työntekijän tulee tehdä asiasta esitys. Kaupunki osallistuu tyky-viikon työkykyä ylläpitävän toiminnan kustannuksiin enintään 250 eurolla / viikko.

Työnantajan suorittama kustannus voi kohdentua erikseen määriteltyyn:

1. Liikuntaan tai kylpylähoitoon,
2. Koulutustilaisuuteen
3. Kunnan kohentamiseen liittyvään hankintaan.

Kaikille huomionsaajille tulee hyvissä ajoin ennen merkkipäivää kirje, jossa kerrotaan huomionsoituksesta. Samassa yhteydessä esitellään kulloinkin voimassa oleva valikoima ja annetaan ohjeet lahjan saamiseksi. Lisäksi työntekijälle tulee kutsu työterveystarkastukseen ko. vuonna.

3 Kehittymiseen kannustaminen

3.1 Omaehtoisen koulutuksen tukeminen

Jos työntekijä kehittää itseään omilla rahoillaan, voi hän hakea omaehtoisen koulutuksen tukea. Sitä myönnetään hakemusten perusteella kerran vuodessa. Tukea voidaan myöntää henkilölle, joka on vakinaisesti tai pitkäaikaisena sijaisena kaupungin palveluksessa ja palvelussuhde on kestänyt vähintään vuoden. Tukea voit saada hakemukseen liitettyjen kuittien / maksutositteiden perusteella:

- kurssi- ja tenttimaksuihin
- opintojen matkakustannuksiin
- opiskelutarvikkeiden hankintaan

Tuen määrä vaihtelee vuosittain. Siihen vaikuttavat anomusten määrä ja käytettävissä olevat määrärahat.

4 Työsuhde-edut

4.1 Palvelussuhdeasunnot

Kaupungilla on käytössään asuntoja, jotka se on osoittanut henkilökunnalleen palvelussuhdeasunnoiksi.

4.2 Lounasetu

Kaupunki tukee henkilökunnan työpaikkaruokailua. Tuen määrä vahvistetaan vuosittain.

4.3 Tuettu liikunta

Hyvinvointiryhmän tarjonta:

Henkilöstölle tarjotaan mm. seuraavia liikuntamuotoja (toiminnassa on työntekijän omavastuuosuus):

- kevennetty fysiokimppa, fysiokimppa, itämainen tanssi
- karnevaalisamba, tules samba, jooga, kiinalainen voimistelu, afrotanssi ja rentoutus / venyttely
- vesiliikunta ja kävelytestit
- vesivoimistelu terveydellisin perustein lämminvesialtaassa

Henkilöstön yhteistoimintaryhmän tarjonta:

Henkilöstölle järjestetään mahdollisuus uintiin ja kuntosalikäynteihin tuettuun hintaan.

Toiminnassa olevat jaokset:

- aerobic • pesäpallo • hiihto • pöytätennis / sulkapallo • golf • shakki • jalkapallo • squash • juoksu • tanssi • kaukalopallo • tennis • kulttuuri • luontokerho • lentopallo • yleisurheilu / kuntoliikunta

Yhteistoimintayritykset:

Liikuntajärjestöjen, liikuntaopistojen ja liikuntalaitosten kanssa on tehty yhteistoimintasopimuksia, joilla on saatu henkilökunnalle niiden tarjoamista palveluista alennuksia.

4.4 Muuttopäivä

Esimiehellä on oikeus myöntää alaiselleen työntekijälle / viranhaltijalle oman vakinaisen asunnon vaihtoa varten tarvittaessa työlomaa tai virkavapautta. Työntekijällä / viranhaltijalla on oikeus saada tähän lomaansa sisältyvältä yhdeltä muuttopäivältä varsinainen palkkansa. Loma myönnetään samassa järjestyksessä kuin muukin työloma tai virkavapaus.

II Aineeton palkitseminen

Aineettomalla palkitsemisella tarkoitetaan palkitsemiskeinoja, joihin ei suoranaisesti liity materiaalisia arvoja. Aineettoman palkitsemisen alueelta löytyy kuitenkin tutkimusten mukaan juuri kaikkein halutuimpia palkkioita ja ne juuri vaikuttavat eniten työssä viihtymiseen.

1 Työskentelyolosuhteet

Hyvä ja toimiva työyhteisö lisää motivaatiota ja työssä viihtyminen edesauttaa työntekijöitä jaksamaan työssään. Esimiesten osuus työskentelyolosuhteiden luonnissa on ensiarvoisen tärkeää.

2 Työ

Itsenäinen, haastava ja vaihteleva työ on erityisen palkitsevaa. Tämän vuoksi jatkuva työn kehittäminen on tärkeää. Samalla se on haaste esimiehille, joilta se edellyttää jatkuvaa tilanteen arviointia ja siltä pohjalta joustavaa työn muotoilua. Työntekijät kokevat usein mielihyvää saadessaan käyttää työssään henkisiä voimavaroja. Tästä syystä työt tulisi muotoilla haasteellisiksi ja mielenkiintoisiksi, että niiden suorittaminen voisi johtaa mm. onnistumisen, edistymisen ja vastuun kokemuksiin.

3 Työsuhteen pysyvyys

Vantaalla tulee kiinnittää huomiota työsuhteen pysyvyyden merkitykseen työntekijöille ja mahdollisuuksien mukaan pyrkiä tarjoamaan pysyviä työsuhteita tilapäisten tilalle.

4 Esimiehen ja muun työyhteisön antama palaute

Hyvä palkitsemiskeino on positiivinen palaute ja tunnustuksen antaminen hyvin tehdystä työstä. Palautteen ei kuitenkaan tarvitse olla aina pelkästään myönteistä

ollakseen motivoivaa. Myös korjaava palaute on toisen ihmisen huomioimista. Palautteen antaminen tulee olla arkipäivää jokaisessa työyhteisössä.

III Palkitsemisjärjestelmän ylläpitäminen ja kehittäminen

Henkilöstökeskus kerää vuosittain tiedot palkitsemisjärjestelmän toteutumisesta. Raportointi sisältyy henkilöstökertomukseen. Lisäksi palkitsemisesta tulee kysymyksiä henkilöstökyselyyn ja Kunta10 -tutkimukseen. Raportit käsitellään kaupungin johtoryhmässä ja pääluottamusmiesten kanssa. Henkilöstökeskus järjestää vuosittain tilaisuuden, jossa esitellään kannustamisen ja palkitsemisen parhaita käytäntöjä. Kaupunkitasoista palkitsemisjärjestelmää kehitetään yhteistyössä työnantajan ja henkilöstöjärjestöjen. Aloitteen järjestelmän kehittämisestä voi tehdä kumpi osapuoli tahansa.

http://www.vantaa.fi/instancedata/prime_product_julkaisu/vantaa/embeds/vantaawwwstructure/33067_Kannustaminen_ja_palkitseminen_1_.pdf

APPENDIX 4 Hertfordshire County Reward System

Working for Hertfordshire entitles you to a variety of benefits for you and your family. **Herts Rewards** demonstrates your total reward package, combining your pay, pension, and a number of additional benefits including the following:

Financial:

- contributory pension scheme
- access to a Childcare Voucher Salary Sacrifice Scheme, from Computershare Voucher Services, which enables employees to save on tax and national insurance
- independent financial advice including free seminars on financial planning

Health:

- occupational sick pay scheme
- discounts at local health and fitness centres
- discounted health/dental care, chiropractors, and eyesight tests
- Holistic and alternative therapies available on site (fee payable)

Support and Development:

- free and confidential employee assistance programme, Carewell, which provides advice and support; including counselling services and legal advice
- support groups including the Herts disABILITY Network, Black and Asian Support Group (BAAS), HCC Carers Group and the, Lesbian Gay Bisexual and Transgender (LGBT) Support Group
- regular support and career development including training relevant for your role

Travel:

- subsidised lease car scheme for staff. Eligibility based on business mileage
- Public Transport Season Ticket Loan Scheme
- discounted roadside assistance and travel insurance

Work-Life Balance:

- generous holiday entitlement of up to 33 days (from April 2012), with the ability to transfer a proportion of your holiday entitlement from one year to another

- flexible working arrangements including compressed or reduced hours, term-time only working and career breaks
- occupational maternity and occupational adoption pay for 12 weeks at half pay
- family leave provision including Paternity Leave, Maternity Support Leave and Emergency Leave
- Carers Policy to help employees with caring and parenting responsibilities to successfully combine caring and working
- discounted life style benefits, including discounts at bowling centres and hair salons

<http://www.hertsdirect.org/docs/pdf/h/reward>