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Diploma thesis

Analysis of remuneration system in a construction company

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DT assignment

DECLARATION

I hereby declare that I have written the diploma thesis "Analysis of remuneration system in a construction company and its relevance and research" independently with use of quoted resources in bibliography.

In Prague, on April 15, 2009,

Miroslav Kadlec

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I would like to thank to my supervisor Ing. Richard Selby for his guidance and for his time during consultations. My special thanks belong to Human resource management department in company PKS and also to Mr. František Pokorný, who lent me materials and advises regarding remuneration in PKS Company.

Analysis of remuneration system in a construction company

Analýza systému odměňování ve stavební firmě

SOUHRN

Diplomová práce pojednává o systému odměňování, přičemž důraz je kladen na vztah mezi odměňováním a motivováním. Nejdelší část teoretické kapitoly detailně pojednává a popisuje právě systém odměňování. Vlastním přínosem této diplomové práce je výzkum systému odměňování ve firmě a vlastní implementace nově navrženého systému odměň. Cílem této práce bylo zjistit, zda dosavadní systém splňuje očekávání zaměstnanců a především zda je v souladu s cíli podniku. Otázkou bylo mimo jiné směřování na problematiku odchodu zaměstnanců z podniku, která podle mých očekávání úzce souvisí i s odměňováním. Stávající mzdový systém je analyzován a nový systém je navržen na základě výsledků vlastního šetření. Především aplikace benefitů se ukázala jako požadovaný zlepšení ze strany dotazovaných zaměstnanců. První návrh se týká tzv. Cafeteria systému. Druhý návrh nabízí zaměstnancům týmoví systém odměňování přičemž zaměstnanci mohou obdržet bonus za dobře provedenou práci.

KLÍČOVÁ SLOVA

Remuneration, motivation, research, workforce, cafeteria system, salary, bonus.

SUMMARY

The diploma thesis is dealing with remuneration system. The paper underlines a relationship between remuneration and motivation. The most extensive part of the theoretical chapter is taken up by section which describes remuneration system. Own contribution of this Diploma thesis consists in remuneration research and implementing new wage proposal. The aim of the research was to discover whether the existing PKS Company's system functions and fulfils its targets, and whether the employees are satisfied with their remuneration system. Questions have been aimed to fight and resolve one of the main problems in the company, namely the well trained employees leaving for better jobs elsewhere. The existing remuneration system is analyzed in this Thesis and a new more effective remuneration system is being proposed. It also includes benefits implementation, which was required by the blue collar workers. The first proposal considers The Cafeteria Benefit system solution. The second proposal offers a team rewarding system in which the whole team receives a bonus for work well done.

KEY WORDS

Remuneration, motivation, research, workforce, cafeteria system, salary, bonus.

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1 Introduction

Every company targeting a long term effective and high work performance of its own employees should pay great attention to their motivation and to how to reward them in the most effective way. Good managers are those who can motivate their staff and who intend to find a perfect environment in which all members can feel committed and satisfied. When discussing remuneration it is almost always linked with a work motivation. Those two are practically inseparable when work environment is concerned. **Motivation and remuneration** are the two key words frequently discussed in this diploma thesis.

Remuneration has become a major issue for many companies since the Czech economy transformation and this fact encouraged me to choose this topic for my diploma thesis. I discovered that there are still many companies ignoring the modern ways of motivation and remuneration approach. Despite having already acknowledged some theoretical and practical knowledge with respect to remuneration and motivation, one of the most important reasons for my choosing this topic was to broaden my knowledge and improve my way of thinking with regard to motivation. On the basis of the experience that I have gained from the **blue-collar worker position** during several summers I have decided to develop a new **remuneration system** with respect to the work force in the particular construction company.

It is well known that in the construction business remuneration systems there are many problems left to improve and to reflect upon. **The analysis of the motivation** and the **remuneration** along with the new salary system implementation will be elaborated. The PKS company can, therefore, serve as a perfect model to analyze since it is my understanding that there are some problems regarding a lack of qualified employees.

The theoretical part is focused on the working motivation theory along with other selected motivation theories. The most extensive part of the theoretical chapter is, however, the chapter which describes the remuneration system. Since this issue is absolutely essential to conducting a **reliable research** as well as to establishing the new **remuneration proposal**, there is a special emphasis put on this problem.

In the practical chapter, the research carried out in the PKS Company is elaborated. Once the characteristics of the company are defined, the hypothesis and questionnaire are drafted. On the basis of the research results as well as of experience gained, the research is subsequently evaluated. Once evaluated the new salary proposal system is drafted. The aim of this diploma thesis is to **investigate the present remuneration system** and then to **evaluate** and **propose** a more effective remuneration system.

2 Objectives of thesis and methodology

2.1 Objectives and hypothesis

Objectives

The aims of this paper are to **identify** and to **evaluate** existing motivation and remuneration system in the company PKS. Furthermore, this thesis **proposes a new remuneration system** based on my research results. If not effective, other changes are defined and proposed in this thesis. Motivation and remuneration terms will be defined. Strengths, weaknesses, opportunities and threats of the PKS Company have been compared in a SWOT analysis. The focus has been put on the remuneration system and the results of the proposed changes should serve as a perfect feedback for the Human Resource Department.

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Hypothesis

Present remuneration system is not sufficient and causes workers exit.

2.2 Methodology

The fundamental type of methodology represents **information gathering** which has been very much in the form of literature survey, the internet search and viewing the companies' documents that were made available for the purpose. Whereas the literature and internet resources are mainly used in the literature overview, the companies' documents are mainly applied in the practical part. On the other hand the most important methodological tool was my **own research**. **A questionnaire research method** was used for blue collar workers only while **an interview research** method was used for the Human Resource manager and Department Manager. In the SWOT analysis the Strengths, Weaknesses, Opportunities and Threats of PKS Company are analysed.

3 Literature overview

3.1 Theory of motivation

Motivation at work is a fundamental problem that has never been totally explained. It is assumed that all behaviour is motivated but what motivates one person may have the opposite effect on another, and what motivates now may not motivate next week. Therefore **motivation should be understood as a dynamic concept** rather than the static one. In this chapter a definition and a characterization of motivation will be described. Furthermore some of the pivotal motivational theories will be characterized with regard to intended group of workers.

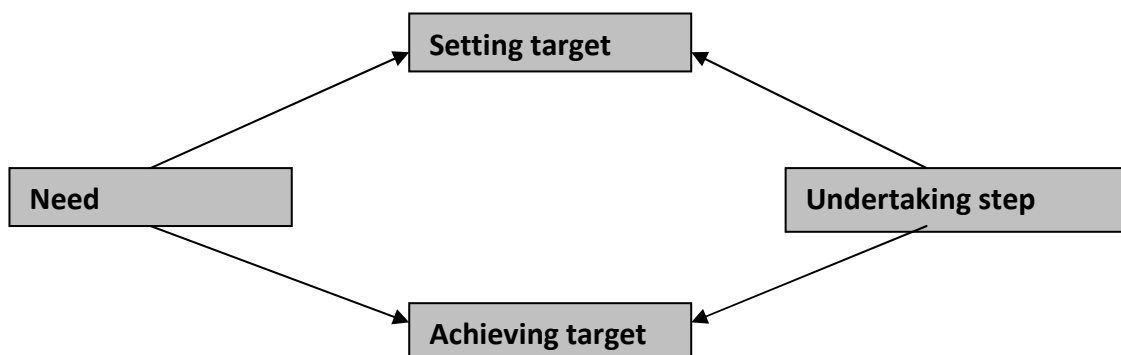
3.1.1 Working motivation

Motivation is an **internal state of human being** (given by wishes, efforts, notions, etc.), **which causes certain behaviour** or rather human activity. Working motivation is than defined as manager's ability to develop a beneficial feeling for inferior employees conformable with company intentions thereby to establish feeling of satisfaction. The objective is to create inner feeling in which respective human being wants to do certain activity. Most people spend majority of their lives at work. It is than essential to identify, whether their work is only a tool for gaining money or something more. Their primary need is to gain money to survive. When this demand is fully satisfied, many of them start to discover other factors, which can bring them working as such: interaction, socialization, work recognition, self-esteem, work environment, etc. **Managerial task is to recognize individual needs and his motives.**

3.1.2 Process and type of motivation

Well motivated people are those with clearly defined objectives and who at the same time undertake steps which lead in anticipated fulfilment of respective objectives. These people can be self motivated. Nevertheless most of us tend to be motivated more or less **from outside**. A company can offer environment where it is possible to achieve high rate of motivation via stimuli and rewards, satisfaction from work and opportunity to educate and grow. Despite these stimuli, it is the manager who must rightly utilize **motivational processes** offered by organisation. Managers should understand motivational processes along with all types of existing motivations.

Figure no. 1: Motivation model related to needs according to Armstrong



Source: M. Armstrong; Řízení lidských zdrojů; page 160 [1]

This model shows that motivation is initiated by **conscious** or **unconscious** recognition of unsatisfied needs. These needs create wishes to achieve or to gain something. Afterwards determining targets which are supposed to satisfy these needs is essential. If the goal is achieved, also requirement is fulfilled. In case of occurrence of this requirement in future, the probability of repeating these steps is quite high. On the contrary, this target does not have to be fulfilled and in that case the steps will never repeat in future.

Types of motivation:

According to Herzberg there exist two types of motivation: internal and external

Internal motivation represents factors which people create for themselves. These factors are autonomy, feeling that work is sufficient, opportunity to use and develop their skills and ability, interesting and inspiring job and awareness of career promotion.

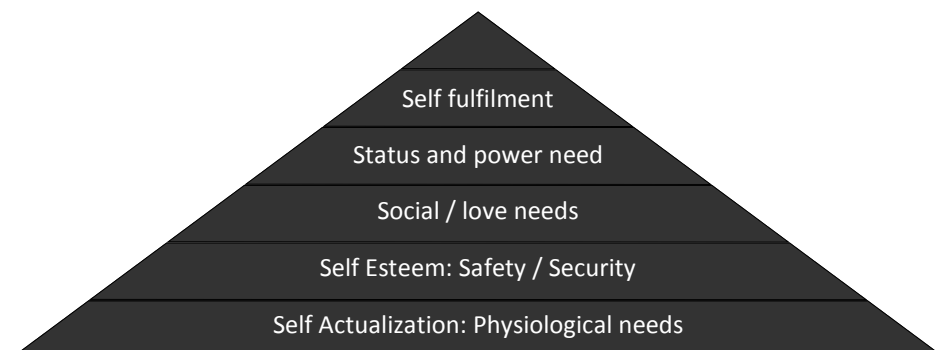
External motivation represents all incentives which managers do in order to motivate people. These include rewards such as increased salary, praise or promotion but also punishments.

3.1.3 Motivation theories

Maslow's hierarchy of needs

In 1946 Maslow proposed a hierarchy of needs which he subsequently extended to include his observations of humans' innate curiosity. The first three needs are **deficiency-oriented** and upper two levels are **motivation-oriented**. The theory says that each level in the hierarchy would need to be generally satisfied before the individual could proceed to the next level.

Figure no. 2: Maslow's hierarchy of needs



Source: illustrated by Miroslav Kadlec

Physiological needs

These are the basic human needs for such things as **food**, warmth, **water**, and other basic needs. Their fulfilment is essential for human life. If a person is hungry or thirsty or his body is chemically unbalanced, all of his energies turn toward remedying these deficiencies, and other needs remain inactive. If some needs are not fulfilled, a human's physiological needs take the highest priority. Physiological needs can control thoughts and behaviours, and can cause people to feel sickness, pain, and discomfort. [15]

Safety needs

With his physical needs relatively satisfied, the individual's safety needs take over and dominate his behaviour. Safety needs include: **personal security from crime, financial security**, health and well-being, safety net against accidents/illness and the adverse impacts. [16]

Social needs

After physiological and safety needs are fulfilled, the third layer of human needs is social. This psychological aspect of Maslow's hierarchy involves emotionally-based relationships in general, such as: **friendship, intimacy**, having a supportive and communicative family. [17]

Esteem needs

All humans have a need to be respected, to have self-esteem, **self-respect**, and to respect others. People need to engage themselves to **gain recognition** and have an activity or activities that give the person a sense of contribution, to feel accepted and

self-valued, be it in a profession or hobby. Imbalances at this level can result in low self-esteem, inferiority complexes. [17]

Self fulfilment

Self fulfilment is the instinctual need of humans to make the most of their abilities and to strive to be the best they can. In this case work is becoming more like a hobby, salary is not that important.

The fair reward theory

The principal of this theory is that people in general tend to **compare** their salaries with others. Every human being compares his inputs giving to his work (the time, the effort, abilities) and also expectations or outputs (salary, recognition, etc.). When any kind of injustice occurs, a motive to remove this injustice rises. If **employee A** recognises that his work input and his work effort is higher than the one of his colleague, then the feeling of injustice released by Employee A can cause loss of motivation. The following decision made is to work less than so far to fulfil the justice.

Employee engagement and level of contribution depends on staff feeling that they are fairly rewarded for their skills, knowledge and contribution, yet only 41% of organisations include fairness as an objective of their reward strategy, according to the Chartered Institute of Personnel and Development. [12]

The fair reward theory is often limited to internal rewarding and does not take into account that **employees compare their salaries** with employees from outside the company. Employer must not offer only financial side, should however search new

competitive advantages to meet employees' needs and satisfy his own needs. The research, reward and diversity: making fair pay add up to business advantage, based on 12 case studies indicates that the following elements are essential to implementing fair reward:

- Ensure objectivity in all aspects of reward
- Good communications with employees on reward principles
- Ensure reward packages are designed to attract a more diverse workforce

Hertzberg's Motivation-Hygiene Theory (Two Factor Theory)

Herzberg found that the factors causing job satisfaction (and presumably motivation) were different from those causing job dissatisfaction. He developed **the motivation-hygiene** theory to explain these results. He called the satisfiers motivators and the dissatisfiers hygiene factors, using the term "hygiene" in the sense that they are considered maintenance factors that are necessary to avoid dissatisfaction but that by themselves do not provide satisfaction. [14]

Motivator Factors – are those which satisfy people needs:

Figure no. 3: Motivator factors

<i>Achievement</i>	<i>Responsibility</i>
<i>Promotion</i>	<i>Recognition</i>
<i>Growth</i>	<i>Work Itself</i>

Source: illustrated by Miroslav Kadlec

Hygiene Factors – they are considered maintenance factors that are necessary to avoid dissatisfaction but that by themselves do not provide satisfaction.

Figure no. 4: Hygiene factors

<i>Company Policy and Administration</i>	<i>Status</i>
<i>Relationships with co-workers</i>	<i>Job Security</i>
<i>Physical Environment</i>	<i>Salary</i>
<i>Pay and Benefits</i>	<i>Supervision</i>

Source: illustrated by Miroslav Kadlec

Douglas McGregor's Theory of X and Y

Theory X and Theory Y are created and developed by Douglas McGregor and defined as theories of human motivation. They describe two very different attitudes toward workforce motivation. It has been assumed that companies followed either one or the other approach.

Theory X - In this theory, which many managers practice, management assumes employees are inherently lazy and will avoid work if they can. They inherently dislike work. Because of this, workers need to be closely supervised and comprehensive systems of controls developed. A hierarchical structure is needed with narrow span of control at each and every level. According to this theory, employees will show **little ambition** without an enticing incentive program and will **avoid responsibility** whenever they can. [8]

Theory Y - In this theory, management assumes employees may be ambitious, self-motivated, and exercise self-control. It is believed that employees enjoy their mental and physical work duties. According to Papa, to them **work is as natural as play**. They possess the ability for **creative problem solving**, but their talents are underused in most organizations. Given the proper conditions, theory Y managers believe that employees will learn to seek out and accept responsibility and to exercise self-control and self-direction in accomplishing objectives to which they are committed. A Theory Y manager believes that, given the right conditions, most people will want to do well at work. They believe that the satisfaction of doing a good job is a strong motivation. [8]

Target theory

The target theory says that motivation and work performance are higher only if individuals **determine their goals** in achievement settings which are in accordance with the company. Employees should feel the full confidence from management and vice versa. Setting goals should not only be in hands of management. Employees' participation should be at least taken into account when setting goals. When employees agree with planned target, they can consequently better focus on fulfilling these targets and also work performance can be improved.

It is always good to take into account and consider all motivational theories when setting motivational programs with respect to company goals and targets. When determining and investigating effective remuneration system it is important to identify those motivational theories which respond to the category investigated. The fair reward theory comes into the fore when work force remuneration is in question. It is my understanding that **blue-collar workers constantly compare their salaries with others** not only within the company but also outside as far as similar job positions are concerned. It is then in every manager and company desire to find the way to make employee feel content and happy. Also target theory has its sense as far as blue-collar workers are concerned

3.2 Motivation Strategy

It is often said that motivation represents a **backbone** of personal management. Work performance is a portrait of how the motivation of employees is. To become a successful manager one must know how to motivate his employees. The biggest challenge is above all to manage and integrate **diverse interests** of all motivated

workers. Since this diploma thesis investigates remuneration analysis applied for work force, will every single subchapter be focused on teams and on collective approach.

3.2.1 Motivation and atmosphere in a team

There are in principal two approaches often mentioned in literature that explain the way how a good climate within a team can be reached. First of all it is a positive relationship to be found. Should a manager achieve to find a formula for positive relationship inside the team, must working formal relationship also have an emotion positive base. He should further intend to establish **natural authority** within the team. Natural authority helps to achieve mutual confidence and willingness to cooperate. On the contrary manager must by no means enable existence of **team rivalry** inside the team. Certain rivalry is healthy until it grows up to be a “war”. It is also very important to **prevent** any **sign of isolation** of each member in the group. This could lead to sense of inferiority, to dissatisfaction and to loss of common living interest. Team norm support is defined as a second approach of how to reach a good climate in a team. Manager has to **guard an observance** of common **discipline principals** and has to simultaneously respect high performance, good outcomes and has to create the environment where those principals will be continuously supported. This can achieved be among others by proper results and performances stimulation and evaluation.

3.2.2 Strategy to motivate teams

Every single team possesses specific characteristics. Literature however offers three basic spheres of needs which are common for regular working team.

Three basic spheres of needs:

- To fulfil common target
- To work and behave as a cohesive entity
- Individual needs and individual interests

The group willing to work on the task given to them, to function as a unit, and to satisfy needs and interests of each individual inside the group must fulfil certain duties. These duties are: **initiatory**, informative, **clarifying**, expression of team feelings. When correct implementation of these functions is managed, should this surely guarantee a positive team dynamics.

3.2.3 Motivation program forming

It will be a problematic of motivation structures forming described in this chapter. It is barely in ones abilities to compose a perfect formula of how to obtain an excellent motivation program for all types of companies. However an universal procedure can be at least outlined.

Investigation of workers' motivation structure

Motivational structure surveys are derived from work theory and are in principle one of the first steps of motivation program formation. They enable us to evaluate initial situation within an organization in the area of **human resource management**, **strengths** and **weaknesses** in management system and his effects. Without basic knowledge become constructions and proposals only a casual process which effects can miss the target if they fall short of employees' priority. There are many types of questionnaire surveys which can be applied by managers to evaluate motivation and remuneration in the company.

Motivation program procedure

Motivational program represents specific, integrated **set of measures** in the area of human resource management that aims to **actively influence** labour legislation and also aims to create **positive approach** toward all employees in the organization concerned. This relates especially to identification reinforcement of employees interests together with company interests and it also relates to employees interests about development of own abilities knowledge and its active utilization in working process.

In order to become successful must motivation process link all external stimuli with internal requirements and workers motives. Should motivation program become **effective**, must it be derived from **personal management strategy** of the Company.

Human resource management strategy is elaboration and specification of the company strategy as a whole. To realize the whole strategy it is supposed to create the whole range of secondary strategies which transfer company strategies to respective working activities such as marketing, investments, financial department and so on. The whole company strategy determines basic targets from the long term point of view, services type, and so on. All company activities are realized through **people activities**. To realize each of this activity it is necessary to use abilities from workers specialized on particular issue and it is essential that these workers are fully committed and motivated as well.

Possible procedure of motivation program formation

- 1.** First we identify the state and efficiency of basic motivational factors and factors of work satisfaction or dissatisfaction.
- 2.** We characterize **motivational climate** in the company and determine reasons of work satisfaction or dissatisfaction and also determine overall internal climate in the area of interpersonal relationships.

3. We set motivational program **targets**.
4. Determining tolls leading to ensure realizing targets in the area of workers motivation. These are tools which are aimed at increasing the company performance potential through developing activities and employees' interests.

Suggested measures can be divided into following areas:

- Improve the quality of employees' evaluation and selection with respect to further career and profession development
 - Effective payment system development
 - Social pleasure system and services for employees including activities such as leisure time,
 - Measures in the area of personal development (education activities, social capabilities development, managers abilities development)
 - Measures in the area of relations formation in the company (company identity, company culture).
5. Processing of motivational program.

3.3 Remuneration

In this chapter, you will become familiar with characteristics and essentials of remuneration. There will also be forms and standards for effective remuneration system defined in this chapter. Obviously a quite extensive part will be addressed to remuneration system as such. Against background will be characterized payment system with respect to motivation. The emphasis will also be stressed on **payment forms** and **benefits** will be mentioned as well. As quite important subchapter is regarded chapter dealing with **incentive systems for work force**.

3.3.1 Remuneration principal

Remuneration is pay or salary, typically a monetary payment for services rendered, as in an employment. It is being considered as one of the most essential human resource management department job. It is the main stimulus for each employee without exceptions. The aim of remuneration is to **satisfy** and **motivate** employees consistent with possibilities of the company concerned. Every organization should focus on remuneration and make a considerable effort toward this issue. It is my understanding that remuneration is being considered as an extensive working activity. The target of rewarding is therefore to ensure that workers are motivated as good as possible under the company capacity and potential.

Why is pay important?

- It is a very important cost for any business
- Pay definitely helps to satisfy people needs such as esteem needs or security
- It is a toll to attract very skilled people to the business entity
- Pay also helps retain employees
- For most employees, the remuneration package is the most important part of a job – and certainly the most visible part of any job offer. [9]

3.3.2 Remuneration forms

There are two simple remunerations forms often used in practise: cash and noncash. However there also exist other views with respect to remuneration forms which will be mentioned in this subchapter. Should we talk about who influences rewards, we can derived remunerations form into two parts: internal and external.

External rewards are explained as more or less tangible rewards which controls and manages organization concerned. It includes following components: salary, promotion, formal recognition, benefits, equipped office, car, machines, etc.

Internal rewards on the contrary does not have tangible character and are related to employee satisfaction over good fulfilled job, satisfaction which job brings with, good feelings such as being part of something big and useful, job targets achievement, flourishing career, career progress, and many others.

Internal and external types of reward posses a common character, however they exist a huge cohesion between them. It is often said that being rewarded brings with it also a feeling satisfaction and happiness. An organization can pretty much influence the area of internal rewards by creating a job which will exactly meet worker expectations and moreover can offer worker attractive jobs which requires exactly the abilities that the worker in question possess and enjoys.

3.3.3 Expectations for efficient remuneration system

Remuneration is one of the most efficient tools in company possession of how to motivated employees. The company should therefore try to coordinate own targets with targets of employees. Every single organization is in essence an unique complex distinguished from others by its own working nature and specific material, financial, human resources, specific conditions in which the company operates. That is why every single remuneration system should be made for each system **individually** to fit concrete organization and its needs and needs of its employees.

According to Koubek, every company should ask themselves these three questions:¹

[2]

1. What do we want to achieve with our remuneration system?

¹ KOUBEK, J.: Řízení lidských zdrojů, Management Press, Praha 2006, page 268

2. What significance has different benefits for our employees?
3. Which external factors influence remuneration system in our company?

Each organization needs to create **competitive advantage** in order to attract new employees, or to keep existing ones, to reach a **competitive productivity**. Should a company reach its targets, it is necessary to develop such a system which can meet these targets and more importantly identify with them.

Employees need to satisfy their needs and family requirements, they need to feel secure, they are looking for stable life and perspectives including future payments, justice and salary comparability, possibility of self actualization, good relationships within the company.

External factors influence remuneration system in the company. These factors are particularly following: population evolution, job market situation, profession qualification structure of human resource, lifestyle, taxation burden, economics and social government politics, remuneration level by competition businesses, etc.

3.3.4 Remuneration strategy

In the previous chapter has been stated some basic questions which need to be asked before the company starts to define and create the remuneration system itself. Remuneration strategy defines a declare intention of the company to **whom, for what, how much** and **how** to pay. It should contribute to realize company's targets. The following spots show how the strategy should look like:

- Recruitment and stabilization of key employees
- Searching for effective stimulation which will lead to over average performances and quality work

- Intend to co-ordinate processes of payment establishment with employees' needs and expectations
- Focus on enforcing flexibility with respect to salary establishment
- Deal with payment system improvement and insist on benefits throughout the company
- Intend to find effective ration between individual and collective company forms interest

The question emerging right from the above mentioned is: How should remuneration politics applied for work force look like? In the following points are mentioned the key factors with respect to work force remuneration:

- Individual or team rewarding,
- Benefits (advantages, disadvantages, how many should be offered, to what extend can they choose them, etc.),
- Time rate pay, piece rate pay, commission pay, performance related pay (the company has to find the optimum to reach bilateral satisfaction),
- The whole salary structure (basic salary, flexible part, indirect rewards, benefits)
- Remuneration justice.

3.3.5 Economical factors influencing payment

Four theories deal with economical factors influencing payment, namely:

- a) Job supply and job demand
- b) Theory of payment efficiency
- c) Theory of human capital
- d) Executor theory

ad a) Supply and demand

Classic theory says that payment level on the job market is influenced by demand and supply factors. Excluding other factors when job supply exceeds job demand, salary level is cut down; if job demand exceeds job supply, salaries and payments rise. Salaries and payment stabilize only when supply meets demand. However this classic is based on assumptions that the terms and the conditions are very much the same and that there exists one perfect elastic market, we say perfect market. In the real market however, terms and conditions are never the same.

ad b) Theory of payment efficiency

Theory of payment efficiency says that companies will pay more than the tariff market because they believe that the higher the salary is given to the employee, the higher the productivity of this employee becomes. They also believe that while increasing employee salary, they motivate him to higher performance and employee will feel appreciated by the company itself. This theory is known as high payment economics.

ad c) Theory of human capital

According to this theory, human resource investments increase the value of the company. Employees expect that their own investment will be returned and rewarded in many forms and companies confess that increased value of their employees will be in the future appreciated and rewarded as well. The **human capital theory** supports using payment systems based on employee's abilities and skills as a remuneration method. It also supports **individual market value approach**, which means that individuals possess own market value which they can further increase by acquiring special skills and abilities through the education, development, progress and practise. If employees are not sufficiently rewarded with respect to the market value, they offer their talent somewhere else.

ad d) Executor theory

This theory is based on the fact that in most companies owners and executors (managers) are not the same people. Owners are in most cases not having full control over managers who can therefore behave in the manner which is hardly in accordance with owners' wishes. That is where called **transmission costs** rise from. These costs result from the difference between what would have been earned if owners would have been managers and what has really been earned under the real managers' ownership.

3.3.6 Salary structure

This chapter deals with the salary structure issue. At the beginning there will be payment system with respect to motivation defined and characterized. Further payment forms will be characterized and also special interest will be given to benefits. As quite important subchapter is regarded chapter dealing with incentive systems for work force.

Wage as a motivation element

A salary of course represents for the majority of workers the main reason why to wake up every morning and go to work. It is the **main incentive** and therefore a huge importance is put on it. When we want to analyze a salary height and structure of the company concerned, we have to bear in mind that people are different and not everyone considers the salary height when making decision about a future job. Getting employee pay right (often referred to as the "remuneration package") is a crucial task for a business. [9]

As many researches show during the last years in The Czech Republic as well as in the global sense, salary is far from being the only and the most important factor to work. There are often mentioned other factors such as **relationship to particular job**, job character, and **interpersonal relationships at work**, relationship between boss and employee and many other of course as well as salary amount. Satisfaction with an earning amount is regarded as positive stimulus, it is however not the most dominant as it is often considered to be. Salary as a work stimulus is very much ambiguous and in the employees understanding it is conditioned stimulus, because most people don't expect maximum salary but fair one which also bring with it subjective and evaluative postures.

Wages form

The target of every wage form is to evaluate each worker's outputs. The aim of each company is therefore to create as effective as possible payment system in accordance with company targets. There will be each forms characterized in this chapter along with mentioning advantages and disadvantages of each of them. At the close stage an optimal combination with respect to work force will be in advance suggested.

Time- rate pay can be in the form of weekly wage or monthly salary sometimes we also talk about per hour wage, especially when talking work force. Usually the time rate is fixed in relation to a standard working month (e.g. 180 hours per month). In The United Kingdom for example the wage is in the relation to a standard working week (e.g. 35 hours per month).

The main advantages of time-rate pay are: [9]

- Time rates are simple for a business to calculate and administer

- Time rates can very easily compared with each other
- It is easy to understand from an employee's perspective
- They can be easily combined with other wage forms
- The employee can budget personal finance with some certainty
- Makes it easier for the employer to plan and budget for employee costs (e.g. payroll costs will be a function of overall headcount rather than estimated output)

The main disadvantages of time-rate pay are: [9]

- Does little to encourage greater productivity – there is no incentive to achieve greater output
- Time-rate payroll costs have a tendency to creep upwards (e.g. due to inflation-related pay rises and employee promotion).

Performance related pay is the most known and most common incentive system. The essence is that employee is paid when worker reached a required standard. This system is used where worker performance can be hardly measured in terms of output produced or sales achieved. Very important term with respect to performance related pay is **performance appraisal**. Each individual performance should be periodically reviewed against agreed objectives. Usually this period is set in practice once per year. Performance related pay has grown heavily in last couple of years and it is supposed to continue in this trend. Individual rewarding better reflects individual circumstances and is being consider as very fair remuneration.

However there are of course some disadvantages of **Performance Related Pay**: [10]

- There may be disputes about how performance is measured and whether an employee has done enough to be rewarded
- Rewarding employees individually does very little to encourage teamwork
- It may encourage unhealthy rivalry between managers
- There is much doubt about whether performance-related pay actually does anything to motivate employees. This may be because the performance element is usually only a small percentage of total pay.

Shares types of rewarding

Despite being very popular for businesses whose shares are traded on a stock exchange, it has little value for work force even if the company belongs to the net of companies trading on a stock exchange. It can be really very effective in linking the objectives of the business (e.g. profit maximisation) and the objectives of employees in the case that an employee can decide about or influence different managerial decisions.

Pay for abilities and knowledge This is a relatively new rewarding method. The principal is that for every work is defined range of requirements no abilities and knowledge that must be fulfilled by a worker who is doing this job. An employee has got the possibility to improve his abilities and broaden his own education to be consequently promoted. A big advantage is that this pay form support flexibility and readiness to face a life change. This method is applied and very successful in Denmark.

Additional pay forms are provided for something special, extra valued added. It is often connected with performance.

- Bonuses
- Shares and options
- Benefits in kind
- Pensions

Commission pay

Commission is a payment made to employees based on the value of sales achieved. It can form all or part of a pay package. Commission is, therefore, a form of “incentive pay” (see also performance-related pay, bonuses). [11]

Advantages of Commission:

Obviously the biggest advantage of Commission pay is that it enables sales oriented employees to earn huge amount of money and therefore it also brings a huge profit to the company that have hired these extremely profit oriented people.

Disadvantages of Commission:

Sales people often tend to cut corners to make sales. They can lay about the product, not tell everything, and cover some disadvantages only for one simple reason and that is – profit. It is difficult to change what proves to be an over-generous commission structure without upsetting and demoralising the sales team.

Companies that are using commission payment system offer their employees a basic amount of pay plus a flexible level. They want to prevent as potential problems as possible and this combination is best so far known way of how to be profitable and sustainable in the global market.

Employee Benefits

Employee benefits or in British English benefits in kind are defined as various forms of non-wage rewarding. On the contrary to wage, they are usually not provided because of performance. They don't have any incentive form and the purpose of the benefits is to increase the economic security of employees. Some of these benefits are: employer-provided or employer-paid **housing**, company products discount, group insurance (health, dental, life etc.), **disability income protection, retirement benefits**, sick leave, vacation (paid and non-paid), social security, profit sharing, funding of education, and other specialized benefits.

Incentive system for work force

These systems are characterized as rewarding according to a **performance**. They are often called payment by results system. Payment results system gives the employee a payment for each item produced. It is also regarded as a very easy way for a company to ensure that employees are paid for the amount of work they exactly do. It is ideal way how to evaluate work because it encourages effort of employees. However it is also argued that despite the job may be done in time it is at the expense of quality. In order to prevent problems which can occur and complicate therefore employees lives, the piece-rate pay systems tend, in reality, to have two elements:

- A basic pay element – this is fixed (time-based)
- An output-related element (piece-rate).

It is of many people opinion, that optimal rate (time-based pay/piece-rate pay) is 4:1. The aim of this rate is to prevent bigger payment fluctuating.

Salary structure

It is important to ask ourselves the question how to structure the pay package it offers to employees. In the picture drawn below there is a payment model described. This model is accepted throughout the Western Europe and is considered as very stable in the long term viewpoint. The payment is divided into two parts: social payment and performance related payment.

Figure no. 5: Payment model

Social payment		Performance related payment	
Social component			
	Basic component	Payment tariff component per one hour work	
	Payment tariff		
			Performance related component
			Extra pay for experience and age
Individual payment			

Source: Kleibl, J., Metody personální práce, 1998, page 32 [6]

Social component

- Contributions for children, family contributions, etc.,
- Supplementary insurance from employer,

Basic component of wage tariff

- Is always the same for each employee

- Securing minimum wage. Absolute amount of basic component is dependent on concrete life costs in the region and has to adapt to local conditions and specifications.

Payment tariff component per one hour work

- Appraisal for work perplexity ,
- To objectively determine value of work, complexity of work is calculated.

Performance related component

- Performance amount estimation, quality of output and work behaviour with respect to work performance,
- Bonus or performance wage is applied when there is the possibility to measure performance quantity.

Extra pay for experience and age

- Work loyalty appreciation
- Performance appreciation.

Extra component

To this group belong output shares that are paid off voluntary and beyond the contract agreements.

Extra pay under the specific work (not stated on the picture)

- Non standard conditions appreciation such as work over time, work during holidays, non regular work time,...
- Extra pay under the health non familiar conditions. Are especially under the extreme conditions special pay compensation.² [6]

² KLEIBL, J. a kolektiv: Metody personální práce, VŠE, Praha 1995, page 33

3.3.7 Team remuneration

As it implies from the title, team remuneration is based on group of people who are awarded of what they produce. The main indicator to determine the amount of reward is a **performance**. Another important indicator can also be costumers satisfaction with product or **quality of work finished**. Team reward is usually paid off in bonus pay. It is divided with respect to whole team proportionally to their own base wage. Few team rewards are calculated and divided by the same portion.

Team rewarding advantages

1. it creates healthy competition
2. it enhances ineffective members to improvement
3. it stimulates to collective improvement
4. a work becomes more flexible
5. defines team targets and priorities

Team rewarding disadvantages

1. Not every employee is a team player
2. Badly gathered team can be contra productive
3. An individual can have a problem with respect to dependence of his salary amount on others.

It is my understanding that team rewarding is very effective with regard to work force. It enhances work interest of each individual and can therefore increase effectiveness. It is essential for manager to know as much as possible about his employees in order to recognize and effectively set a team. Setting two similar teams can creative a health competition. Both teams should be very similar with respect to performance, because having had one team that has in long-term better performance can cause loss of another team motivation and consequent stagnation.

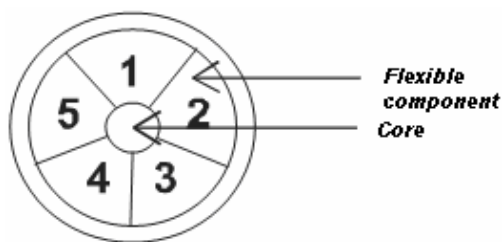
3.3.8 Modern and new trends in remuneration

Cafeteria system

Cafeteria system is defined as a flexible system of employee benefits. The bunch of benefits is defined and everybody can choose which combination is the most suitable for them. Big advantage of the Cafeteria system is that a company can easily discover which bonuses are popular and which are not and can there operate with this information to improve offered menu in the sense of concentrating on the popular ones and replacing the unpopular one. The aim is always the same – to take care of employees and make them feel satisfied.

Typical example how to create cafeteria system is core model drawn below.

Figure number 6: Cafeteria model



Source: Kleibl, J., Methods of personal work, 1998, page 73 [6]

Core system shows social benefits offer. The offer is divided into two basic parts: a core and a flexible component. The core is not flexible and is there to ensure that the employee receives a certain minimum amount of security. Especially social benefits and important company services belong to the core component. Besides core there is also another possibility to choose from.

Qualification salary

Qualification salary is based on remuneration according to qualification of employee in question.

In traditional remuneration system salary is set on the basis of work evaluation and estimation of individual performance. Employee earns a wage exactly corresponding to his qualifications. The qualification can be evaluated either by **individual performance, extra pay or wage tariff** that is differentiated in dependence on qualification. This model stimulates in employees a desire to further study and increase their qualification and education depending on job requirements. This trend reacts dynamically on turbulent environment and secondary role is to contribute to fulfil **company targets**.

It is my understanding that good benefit system has a very positive influence on satisfaction and on the whole company atmosphere. It may also stimulate identification and better friendship among employees whereof other advantages for employees and employer can imply. Cafeteria system implication could have had a very positive effect also on work force.

3.3.9 Relationship between motivation and qualification

Remuneration is in an essence the **way of motivation**. As far as working activities are concerned is remuneration the best factor how to motivate for the majority of the employees. It is far more obvious when we analyze work force remuneration and motivation. For them, the most important part of motivation is certainly remuneration.

4 Research -motivation and remuneration in the company PKS



4.1 Company characteristics

PKS HOLDING, a. s., is a parent company in the group of PKS companies. Besides PKS, there are still following companies: **PKS INPOS, a. s.**, REALSANT, s. r. o., CONVENT, a. s., SANTIS, a. s., PKS MONT, a. s. For the purpose of this research, the company PKS was chosen. The residence of this company is in the city which carries the name Žďár nad Sázavou.

PKS INPOS, a. s. History

Company PKS INPOS, a. s., was founded more the 30 years ago, although was carrying the name Agrostav till the year 1996. The transformation process of the previous Agrostav company started just at the year 1996 and consequently renamed and until nowadays called PKS INPOS, a.s., which became one of the most important filial company in the group PKS.

Present situation

PKS HOLDING, a .s., has become a key company in the area of providing services such as **economic, legal, financial**, advertisement and personal facilities for all own filial companies. In the area of technical support and in the constructive area service covers the company assistance for implementing new developing projects, investment programs, capital inputs and also for creation new strategic plans with regard to future.

The main company production program is short time house construction supply particularly in the following areas:

- house, flat and hotel buildings,
- facility building and service shops,
- industrial halls and buildings,
- ecological and agricultural constructions.

PKS INPOS, a. s. offers others services, which inseparably belong to complete delivery services such as:

- plasterboard construction and inbuilt services,
- electro installation supply– heavy current and weak current,
- supply water installation and heating system,
- spatial reinforces production and supplement,
- concrete mix production and supplement,
- business activity.

Company Target

All companies under the PKS group attempt to build a strong relationship with their costumers and intend to make costumer feel as the friend rather than ordinary client. Emphasis is also put on partnership, co-operation and reliability in relation to client. The main target of the company is to become a symbol of professionalism, quality and seriousness. The main aim of the PKS INPOS, a. s. is than a complex supply of **houses and supermarkets**. PKS INPOS is with the aid of affiliated companies capable of covering demand in all the cities within country and this is done in all aspects starting from finding grounds for a building purpose to house inspection and handing over output to client.

Remuneration System in the company

There will be remuneration system of workers of PKS Company in this chapter characterized. **Payroll system** and **individual tariff systems** will be in details described. These are derived from tariff contract for the year 2008. I will also name all motivational incentives defined not only in monetary incentives but also in other non financial incentives, which relate to final an employee income.

Table no. 1: Tariff salary from 1.7 2008

2008	Tariff degrees from 1.1 2008			
Tariff rank	Fixed weekly working time			
	Normal	Normal	Two shift	Three shift
	40 hours	40 hours	38,75 hours	37,5 hours
	Wage tariff			
	CZK/ month	CZK/ month		
1	7955	48,1	49,7	51,4
2	8700	50,2	51,8	53,5
3	9250	53,4	55,1	56,9
4	9800	56,5	58,4	60,3
5	10600	63,0	65,0	67,2
6	11700	70,0	72,3	74,7
7	13000	75,0	80,0	80,0
8	14400			
9	15800			
10	17300			
11	18800			
12	20300			

Source: collective contract, page 11 [15]

From the table above implies that employees in PKS Company are paid by **time wage** procedure. This generate the basis for the whole salary of each worker. This system is applied also for every technical-economic worker and for the minimum tariff enlistment for technical-economic employee correspond tariff number 8. On the other hand the highest possible salary for worker corresponds with tariff number 7. Employee is classified into the tariff rank according to his manager. There are no rules

how to classify employees whatsoever. Everything purely depends on **manager decision making** and workers or employees capacity to deal.

To every single wage is in addition granted premiums. This results from Code of Law and in our company following premiums are provided.

Premium types granted in the company:

- a) Premium for working during night, respectively from 22:00 to 06:00, and is granted in an amount of 8,5 per every working hour.
- b) Premium for working overtime is granted in an amount of 25% from the average salary. If the work overtime relates to holiday, is premium in the amount of 50% from average salary. In this case a premium in an amount of 50% from average salary is not applicable.
- c) Premium for working overtime in an amount of 25% from average salary on Saturday and on Sunday.
- d) Leading premium is offer to this worker, who is appointed as a leader of a working group. This worker manages work of others and must also do manual work. Premium is than 9,00 CZK per hour in the group of four members and
- e) Premium for work during afternoon work shift is 5 CZK per hour
- f) Premium for guiding a student during his work experience is offered in the amount of 10% per hour.

Premiums are added to basic salary when work quality and work quantity, initiative independence, flexibility, and many other features are assessed. Premiums are offered by particular manager with regard to principals issued by head entity. Premiums are provided monthly, by target premiums is the period determined.

Bonuses in the course of significant life anniversary are provided according to employee contribution in the year, in which this anniversary takes place. This bonuses are amount 200 CZK at the very most for every worked year by employer.

4.2 SWOT Analysis of PKS Company

Strengths

- Strong position on the Vysočina market
- Decades of experience and fair goodwill
- Very profitable business of supermarkets order
- Competitive environment among company divisions

Weaknesses

- Old-fashioned management
- Weak remuneration system
- Inflexible and rigid possibility to be promoted

Opportunities

- Long term increasing investments project from abroad in the area of Vysočina
- State financed project during economic crisis (new windows subvention as an example)

Threats

- Global economic downturn and huge future uncertainty
- Short term decrease in demand for construction products
- Lack of qualified workforce

4.3 Research method

To analyze the remuneration system with regard to workers as good as possible, **hypothesis** will be used. Hypotheses are based on my **own feelings** and **experience**, which I have got working for this company as a blue-collar-worker and as a one month spell internship. Those methods will be verified by means of questionnaire and interview. **Questionnaire** will be used for blue-workers and **interview** will be applied for a manager. To make this analysis more accurate it is very essential to see the issue from the both sides of the coin. It will be very interesting compare ideas, opinions and confessions not only from manager, but also from blue-collar worker side

Interview method is established, as mentioned above, so that we can see the issue from the wider prospect and is therefore applied not only to the manager of the blue-collar segment but also to human resource manager. It is expected that interview can in a certain manner help me to understand the position of the manager in question with regard to the remuneration analysis and his opinions towards advantages and disadvantages of **time / performance remuneration system**. The Interview form of questioning facilitates flexibility of research and researcher can therefore very easy react to some surprising answers and can **spontaneously** gain and ask another amplificatory question and thereby gain very valuable information, which are hardly earned by passive questionnaire. However this method is hardly applicable for blue-collar workers, not only it is very **expensive** to spend half an hour with each of more or less hundred people to query them, but also elaborating data would be hard to manage and even harder to try to find some conclusion. In this case, maybe **group discussion** could be a bright solution, though also this idea will probably be questioned by some exerts. Interview thereafter offers objective insight into the problematic in question and will hopefully help to penetrate in more ways into the remuneration issue.

Questionnaire method is regarded as the very effectual method regarding researching big number of people and especially more blue-collar workers how to obtain

information as accurate as possible. It is expected that answers are going to be very clear and adequate to the question. One of the biggest advantages of this method is obviously anonymity. It is also expected that answer will correspondent reality and will to a certain extent reflect the trend of present needs and expectation on the staffing level. By questioning, it should be learned the stance of employees towards motivation, improving their motivation and hopefully also reasons of their departure from the company in question.

4.4 Research participants

Key participants are evidently workers. Although they are very important, managers had to be chosen as well in order to increase the **reliability of the research**. Two managers were quizzed, namely human resource manager and line manager. The presumption is that major emphasis will be put on line manager; since he is considered having better view regarding needs of his staff.

4.5 Setting hypotheses

For the needs of research evaluation, I have set **five hypotheses**. On the basic of these hypotheses, I have created questions which will be either **confirmed or disproved**. Each of hypotheses is used purposely and with certain target for future evaluation. That is why I am doing in this chapter analysis of each hypothesis and I am also mentioning why the particular hypothesis was placed.

H 1: Blue-collar workers are not satisfied in company and for they are looking for new job for long time since during which time their dissatisfaction spring above all from low wages.

The reality in company PKS is that for several years many skilful workers are leaving the company for either starting their own business or moving another employer. Therefore I set hypothesis, which is based on the reality that discontent results firstly from salary amount. My assumption is based upon **my own experience** and this is the main factor why I do believe that hypothesis H1 will be confirmed. The legitimacy of that hypothesis is being verified in questionnaire particularly in **questions number 1, 2, and 13**. First question relating to the hypothesis is directed to find a conclusion whether the workers are happy with their salary or not. I gave them possibility to choose from three possibilities. I expect every respondent will mark the one, which is for him the appropriate one without any long thinking about it. Second question is related to the issue of changing employer. This question is very easily set with three possible answers and there is no problem with respect to this question expected. The third one question is set because of supervisory reason. This question is placed to verify the first question and to verify whether the respondents completed and responded correctly.

H 2: Blue-collar workers indicate as a main motivational factor financial incentives and it is for them extremely important to compare salaries with their colleges.

Along with setting hypotheses was also considered what the most important **motivational factor** is. I have learned from the theory and from the assumption that the main motivational factor of respondents is financial appraisal and this in whatever appearance. Legitimacy of this hypothesis is verified in questionnaire by questions 4, 8, 12. First question is framed so those employees get some space to evaluate. Five basic motivational factors were chosen and employee did mark the importance of each factor. Thanks to that a very bright picture about every single chosen factor was discovered. Regarding second question, second part of the hypothesis was verified namely significance to compare wages with colleges. The third question just controls the fourth one and will **confirm or disconfirm** whether respondents completed questionnaire correctly.

H 3: Flexible salary rate is for workers more motivating rather than fixed one whereas as an ideal salary they would prefer combination of both.

When setting hypothesis H3, all acquired theoretical and practical abilities in the sphere of remuneration trends were used. This particular hypothesis is verified in questions number 3 and 7. First question refer to time component of the salary. Participants answer the question, whether they are satisfied or not with existing time based salary system. Regarding second question four forms of reward are being given as a choice. I suppose that the majority of respondents chose the combination of **fixed** and **flexible** part of the salary basis. Reliability of this hypothesis is controlled in question number 7.

H 4: Employee benefits are very important and blue-collar workers would definitely appreciate new ones.

On the basis of my own experience it is expected no high standard benefits offered to the employees. According to me correctly selected benefits system can only positively influence an overall content in the sphere of company society. When setting questions thanks to those hypotheses will be verified, I went from theoretical knowledge. In the case of confirming this hypothesis, I will certainly suggest new bunch of benefits which will hopefully improve remuneration. This hypothesis is verified in questions number 9 and 11.

4.6 Interview and questionnaire structure

Questionnaire of blue-collar workers

Questionnaire consists of two parts. In the first one the age, education and work duration in the company were questioned. There were the **legitimacy** of hypothesis in the second part verified. All Answers involved in the questionnaire are chosen as easily

as possible in order to cause respondents no problems with understanding. Workers will hopefully find no difficulties with respect to choosing an appropriate spot. There are also **additional answers** with respect to some questions when required. The aim of those additional answers is to better understand the issue in question and to improve the overall remuneration complex. The filling procedure itself was attended by me so that every potential misunderstanding with respect to question was answered and explained.

Interview with line manager

Hypotheses and questions aimed to workers were taken into account when interviewing manager. Questions directed to manager were framed similarly as done in **questionnaire**. Some of those questions will be further specified and there will also be some questions added. That will depend purely on the answer and some of those will be asked unplanned. These answers will be compiled and compared together with results from questionnaire.

Interview with human resource manager

Interview with human resource manager was very fresh and remuneration issue oriented. The theory ground on one side and the practical experience on the other side meant that interview was hopefully helpful for both sides.

4.7 Interview and questionnaire evaluation

The evaluation process in this chapter has been elaborated for the form of questionnaire chosen. In the first part there is the **age-structure, employment duration** and highest achieved **education**. The questionnaire results and interview

results are evaluated in the second part. For a better overview all the results have been presented in tables and some have also been displayed in graphs.

I. Part of questionnaire - Blue-collar workers in PKS Company

Exactly 69 blue-collar workers from two different sectors were chosen for this research. The rate of return was 100% and this was achieved thanks to my personal attendance. The structure of employees according to age, highest achieved education and employment duration is evaluated in this chapter.

Question number 1 – Highest achieved education

Table number 2: Highest achieved education of respondents

Achieved education	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Primary	8	12
Skilled	49	71
Graduates	9	13
Secondary	2	3
College	1	1
University	0	0
Total	69	100

Source: own data handling

From the table it is very easily identified that the majority of workers are skilled. Full 71 % of respondent are skilled with a leaving examination and only 3% of respondent were secondary educated. 12 % of respondents had only primary education. Only 1% had undertaken college education. The achieved education level **corresponds** with the assumptions made.

Question number 2 - Employment duration

Table number 3: Employment duration of respondent in the company

Employment duration	Absolute occurrence Company PKS	Relative % occurrence Company PKS
up to 1 year	6	9
1 - 5	27	39
6 - 10	20	29
11 – 15	11	16
Over 15 let	5	7
Total	69	100

Source: own data handling

From the results in the table above show that **39 % of respondents** have worked in the company for more than one year and less than five years. We can further see that only 7% of the workers working in the company have been there for over 15 years. This is probably explained by generation exchange. According to me, lots of employee when they acquire sufficient knowledge and experience tend to quit their job for a better paid one.

Question number 3 – Respondent’s age

Table number 4: Respondent’s age

Employment duration	Absolute occurrence Company PKS	Relative % occurrence Company PKS
up to 22	4	6
23 – 30	13	19
31 – 40	32	46
41 – 50	11	16
over 50	9	13
Totals	69	100

Source: own data handling

The results of the age structure question show that **46 %** of the respondents belonged to age group 31 – 40 years. It is also worth noting that there were only 6 % of respondent belong to the category under 22. My understanding is that manual jobs are becoming more and more unpopular in society and there can’t therefore be any surprise that many young people prefer to either continue their studies or go abroad.

II. Second part of questionnaire and interview – interpretation

This part relates to satisfaction with salary, numbers considering a job change, the significance of different motivational factors, the problem of team remuneration, relationship between employees' approach towards benefits and it also relates.

Questionnaire – question number 1: Are you satisfied with your salary?

Question number 1 is concerned with the second part of hypothesis H1. This question examines whether the workers are content with their own salary or not.

Table number 5: Satisfaction with the amount of salary

Answer	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Yes	4	6
Rather yes	10	15
Rather no	41	59
No	14	20
Totals	69	100

Source: own data handling

Most respondents agreed that they are rather unsatisfied with their payment at work. Only 6 % workers agreed that they are happy with their salary. Only 20 % respondents are very unhappy, which is considered to be a surprise finding. Only 15 % respondents are rather satisfied with their pay. Consequently it can be claimed that an absolute majority of respondents **were satisfied with their salaries**.

Interview– question number 1: Are workers according to you satisfied with the amount of salary?

Manager's answer: "I guess they are not in principal happy. I am also not happy with my salary".

An absolute majority of workers were of the same opinion as the manager. Workers as well as manager are not entirely satisfied with their salaries.

Questionnaire – question number 2: Have you considered changing job?

This question is concerned with the first part of hypothesis H1. Respondents were given three possibilities to answer this question. I added a possibility to offer a neutral answer, in case any of the respondents' found it difficult to decide.

Table number 6: Vocation change

Answer	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Yes	36	52
No	13	19
I don't know	20	29
Total	69	100

Source: own data handling

The table number 7 shows that the answers regarding this question are relatively diverse. The enlistment of the possibility „I don't know “ proved to be the right choice. **52 %** of all respondents had considered changing vocation. Only 19 % workers stated that they had not considered changing jobs at all. The remaining 29 % didn't know, which is hard to identify. In my opinion, this was caused by the fact, that some of those are not decided but were still thinking of it.

Interview – question number 2: Do you think your employees are considering new job options?

Manager's answer: "Some workers are testing their options and thinking about a new job."

Supplementary answer to question no. 2: And how do they want to change it?

I thought the question you asked the workers was 'have they considered changing their job' so surely this supplementary question should something like 'What do you think they would do?'

Manager's answer: "They want to do the same, but as an entrepreneur."

Answers coming from the workers corresponded with the manager’s opinion when he assumed that some of his employees had considered a job change. The manager’s answer was at least **surprising**. It was not expected that he was aware of the employees desire to quit their job in case a better offer occurred. Moreover he thinks they are actively searching for a new job, which is an even more astonishing finding. Because of this, the supplement question was put into place, so that the problem of quitting was elaborated. From his answer it was obvious that the workers were thinking about being **entrepreneurs**. It is also my understanding, that the present job was far from being boring for each of the workers and that they would like to continue to do this job henceforward. This must be a significant fact in the analysis and will certainly play a part in my proposal plan regarding improving the remuneration system.

Questionnaire – question number 3: Do you consider a flexible part of the salary as more incentive familiar than the fixed one?

Question no. 3 related to hypothesis H3 and investigated workers’ attitude to the fixed and the flexible part of the salary. The target was to discover the opinion of workers themselves on the issue in question. I regarded this question being rather difficult, that is why also possibility to choose neutral answer has been put at disposal.

Table number 7: Flexible and Fixed salary component

Answer	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Yes	39	57
No	19	26
I don't no	11	17
Total	69	100

Source: own data handling

From the table number 8 implied, that **57 % of respondent** regarded flexible part of salary more motivate than the fixed one, compared to number 26 % of respondent who think otherwise. According to them fixed part of salary was more motivate than

flexible part of wage. Almost one fifth of all respondents could not have recognized the difference.

Interview– question number 3: Do you consider flexible part of salary to be more incentive familiar?

Manager’s answer: “Yes. Fixed salary does not motivate workers to higher productivity.”

Workers opinions on salary problematic differed. Majority however, agreed with manager in what is better stimulus to motivate them. They rated flexible part as being better stimulus. It is essential that the opinion of both sides involved coincided in this important point.

Questionnaire – question number 4: How important are for you the following motivational stimuli?

(Please use scale 1 – 5 and assess each factor, whereas 1 is the worst and 5 means the best - feel free to use the same number more than once)

Question number 4 relates to hypothesis H2. 5 types of benefits have been chosen and respondents’ task was to evaluate each of those separately, without any connection between them. The main target was to learn what type of motivational stimulus is in favour with respondents.

It is obviously financial reward what motivates employees in PKS Company most. Benefits packet is the second most fancied given the options. Almost 41 respondents evaluated benefits by either number 4 or 5 on the scale from 1 to 5. Mobil phone was the less fancied item out of all five items. More than a half of all respondent classified this item using number 1, the worst one. **Overall it can be claimed that the main motivational instruments are benefits and money.**

Interview– question number 4: What was in your opinion the most important thing in terms of salary for the employees?

Answer: “Money.”

Manager was of the same opinion as employees in the sense money being the best factor how to motive workers. This research question also confirmed that benefits are preferred stimuli, which was not assumed at the beginning of the research.

Questionnaire – question number 5: Is current way of remuneration sufficient for you? This question is supplementary hence belongs to none of the hypothesis defined earlier. Despite having no connection to either hypothesis at all, is this question considered to be very much key in terms of clarifying the position of respondents towards the current remuneration system within the company. Since this question is put very clearly, it is expected very bright outcome on either side. Sometimes, as Americans like to say, there is something nice to **simplicity**, which makes things better.

Table number 8: Current remuneration system

Answer	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Yes	11	16
No	39	57
I don't no	19	27
Total	69	100

Source: Own data handling

From the table above is it clear, that the majority of respondents consider current remuneration system as being not sufficient to meet employees' needs. Only 16 % of all respondents stated that actual remuneration system is motivating enough. On the other hand 57 % of respondents consider current system offering few incentives to them.

Interview– question number 5: Do you think that existing remuneration system is sufficient to meet employees' needs?

Manager's answer: "No. But it is not up to me to make a decision with regard to it."

Manager coincides with employees also in this particular question. Both parties understand current remuneration system is far from being at its potential.

Questionnaire – question number 6: Which other form of reward would you like to receive from your employer except existing ones?

This question belongs to neither of already defined hypothesis hence it is supplementary one. There was a room for own initiative given to the employees so that they could express their opinion on this matter. This attempt was in some ways successful since approximately half of respondent reacted actively and most of them in the way that positive outcome could have been gained from those data. The rest of the respondents were probably not able to define their wishes and needs. **The most common records were higher premium pay for working overtime.** Higher bonuses were anyhow mentioned twelve times whereas higher premium pay was noted eight times. It can be easily derived that employees are little motivated for working on weekends and holiday.

Interview– question number 6: Do you know about any wishes or needs from the motivational area which would employees certainly welcome?

Answer: “Workers want task wage. There are however days, when they simply do not fulfil the minimum task and in that case the task wage would be even more painful for them.”

Answers from both sides involved were distinct. Manager’s scepticism towards task wage on one side and the desire of employees to work in form of this performance based structure. There is a possible emerging solution, namely special bonuses for above standard performance which will be further considered.

Questionnaire – question number 7: Which of the following salary forms fit you most?

This question relates to hypothesis H3. The aim of this question is to discover wage form which would best fit employees. There is a possibility to choose between four answers which were considered to be the most convenient for this particular example.

Table number 9: Wage form

Answer	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Time wage	24	35
Task wage	17	25
Knowledge and abilities wage	10	14
Combination of time and task wage	18	26
Total	69	100

Source: Own data handling

From data outcome shown above is obvious, that respondents tend towards time wage rather than task one. Modern method wage namely knowledge and abilities wage is popular only for 14 % respondents. Task wage is preferred by 25 % respondents. Combination of time and task wage is occurred in 26 % cases. **From the table above implies time wage to be the best.**

Interview– question number 7: Which of the wage form satisfy employees most and why?

Manager’s answer: “Time wage. They can work without stress and earn money at the same time.”

Manager consider time wage to be the most convenient payment system for blue-collar workers. From the data above results that workers have similar opinion with regard to payment system as their manager.

Questionnaire – question number 8: How important is for you salary comparison within the company and outside of the company?

This question relates to the hypothesis H2. There is the issue of salary comparison dealt in this section. Respondents are about to decide whether salary comparison is or is not important for them.

Table number 10: Salary comparison within the same position

Answer	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Very important	13	19
Important	33	48
Less important	18	26
I do not care	5	7
Total	69	100

Source: own data handling

From the data source stated above is obvious that almost half of all respondents regard comparing their salaries as important whereas 19 % of respondents even consider comparison is very important for them. From answers implies that majority of respondents do compare their salaries and from most of these it is important.

Interview– question number 8: Do you think that comparing salaries is for employees important?

Answer: “Yes, I think so. I think they recognise that and it is important to them.”

Answers regarding question number 8 are practically the same. Workers find comparison very important and manager is aware of that.

Questionnaire – question number 9: Which of the following benefits would fit you most? Question belongs to hypothesis H4. In this question is queried which benefits from stated below is best for respondents.

Table number 11: Benefits

Answer	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Company services discount	45	65
Pension fund	6	9
Holiday contribution	14	20
Above standard job reward	4	6
Total	69	100

Source: own data handling

Absolute majority of respondents prefer company services discount as a benefit. Since Construction Company offers broad scale of products, could this offer be very

interesting to consider. Second best from this survey question arises holiday contribution. Only 9 % of respondents marked pension fund as a preferred bonus.

Interview– question number 9: Which benefits according to you would your employees appreciate?

Answer: “Holiday and Christmas contribution, Pension fun.”

There were no choices given to manager. His suggestions did not correspond with employees’ wishes. The main reason for this is fact that respondents had limited offer to choose from. Despite that both sides agreed independently from each other holiday contribution as a preferred choice.

Questionnaire – question number 10: What do you think of team bonuses based on work achievement?

This question is supplementary and as such belongs to none of the hypotheses. Results are supposed to clarify the respondents’ attitude towards team rewarding.

Table number 12: Team rewards

Answer	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Good idea	23	33
Rather yes	32	46
Rather no	10	15
I am totally against it	4	6
Total	69	100

Source: own data handling

Graphic formulation:

From table and graph no. 3 implied that 46 % of respondents would appreciate team reward implementation. Full 33 % of respondents say “rather yes” toward team rewarding. Only 6 % of respondents are in principle against team rewarding. It was implied that team rewards can be popular choice among blue-collar workers in company PKS.

Interview– question number 10: What do you think of team bonuses based on work achievement?

Answer: “According to me, this form can work good in praxis and I has got my full confidence.”

Results from questionnaire regarding question no. 10 are very much similar as managers’ answer. Manager considers team rewarding as sufficiently motivate instrument. Results indicate mutual satisfaction in the case of reward implementation. It is however very important that managers on the higher position **share the same opinion.**

Questionnaire – question number 11: How big emphasis do you put on firm’s benefits?

The question belongs to the hypothesis H4. Respondents are supposed to evaluate the percentage importance which is related to benefits.

Table number 13: Benefits emphasis

Answer %	Absolute occurrence Company PKS	Relative % occurrence Company PKS
100	20	29
75	22	32
50	7	10
25	16	25
0	3	4
Total	69	100

Source: own data handling

From the table above is obvious that the majority of employees really appreciate benefits. Only 4 % of respondents put no importance towards benefits. This question only confirms presumption and also proves us respondents’ **credibility.**

Interview– question number 11: How important are for employees benefits?

Answer: “I think that benefits are quiet important”.

Both interested parties found also in this issue common attitude. Manager is of the opinion that benefits represent important part of the whole salary structure and it definitely motive and maintain good atmosphere within the company or within the team.

Questionnaire – question number 12: Which type of reward based on your performance is the most suitable for you?

This question belongs to hypothesis H2 and investigates which type of reward the employees prefer. Respondents were given two possibilities to choose from.

Table number 14: Reward with regard to performance

Answer	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Tangible reward	41	59
Intangible reward	28	41
Total	69	100

Source: own data handling

From answers unambiguously implies that 59 % of respondents prefer tangible reward instead of intangible one. For 41 % of respondents plays intangible more relevant role. Both intangible and tangible variables found their supporters, however it can be derived that tangible incentives are more tempting reward.

Interview– question number 12: Which type of reward based on performance is the most suitable for your employees

Answer: “Tangible it is for sure.”

Manager expresses his opinion in favour of tangible reward and questionnaire confirmed his thoughts. Despite it is not single valued result, we can claim that tangible incentive is more popular one for blue-collar workers.

Questionnaire – question number 13: Do you feel in your job satisfied and motivated enough?

This question is structured to control whether respondents completed the questionnaire correctly and relates to hypothesis H1. The target of this question is then to revise a credibility of respondents.

Table number 15: Satisfaction and motivation

Answer	Absolute occurrence Company PKS	Relative % occurrence Company PKS
Yes	6	8
Satisfied but not motivated enough	37	54
Not satisfied, but motivated enough	4	3
Not satisfied and not motivated enough	24	35
Total	69	100

Source: own data handling

From the table number 18 can be learnt that 54 % of respondents feel in their job satisfied but less motivated. Full 35 % of respondents also mentioned not to be fully happy in the company and the same applies for motivation. Only 8 % of those who were queried are motivated enough and happy at the same time. The aim of this question was to verify and compare this question with questions number 1 and 5. From results implies that respondents **completed this research carefully and correctly.**

5 Results

5.1 Hypothesis legitimacy verification

There will be legitimacy of hypothesis verified in this chapter. Questionnaire and Interview are essential for verifying hypothesis. The legitimacy of hypothesis H1 is being validated through question number 1, 2, 6 and 13, legitimacy of hypothesis H2 is verified by questions number 4, 8 and 12. The validity of hypothesis H3 and H4 is **verified** by question number 7, 3 and 11, 9 respectively.

H 1: Blue-collar workers are not satisfied in company and for they are looking for new job for long time since during which time their dissatisfaction spring above all from low wages.

First part of hypothesis was verified in question number 13. Most of respondents claimed to be satisfied in company PKS, only 35 % of respondents is not happy in the company. One part of hypothesis was thus ratified. Second part of hypothesis was investigated in questions number 1 and 2. More than a half of respondents consider job change and 29 % of respondents still hesitate and thus choose neutral answer. Manager made it in interview clear that he knows about employees' interest to change the job at same time and acknowledge that he can not change this reality. Majority of workers responded negatively regarding question number 1 and stated, they are not satisfied with the wage amount of theirs. Manager was almost of the same opinion. Second part of hypothesis was confirmed in both questionnaire and interview. **It can be thus stated that the hypothesis was confirmed only partly.**

H 2: Blue-collar workers indicate as a main motivational factor financial incentives and it is for them extremely important to compare salaries with their colleges.

First part of hypothesis was examined in question number 4 and the question regarded the importance which put workers towards financial reward as the main motivational

factor. According to presumptions the best score occurred with financial reward menu. To control the credibility of this question, question number 4 and 12 was chosen. There were given tangible and intangible reward as a possible choice in these two queries. If workers really prefer financial reward instead of praise should majority of employees agreed tangible reward as preferred. This was proved. Exactly 59 % of respondents claim tangible reward as more significant. Results form questionnaire also coincided with the manager's opinion which makes that first part of hypothesis affirmed. The importance to compare salaries within the same or similar position was investigated in the second part of this hypothesis. The presumption was confirmed in the question number 8, where the majority of respondents claimed salary comparison to be very important. Manager was of the same opinion. Both part of the hypothesis were certified thus can be stated that **hypothesis H2 was confirmed.**

H 3: Flexible salary rate is for workers more motivating rather than fixed one whereas as an ideal salary they would prefer combination of both.

Question number 3 investigated first part of hypothesis H3. Exactly 57 % of respondents regard flexible part of salary as more incentive than fixed part whereas 28 % of respondents had the opposite opinion. This time manager had the same attitude toward the issue and was almost of the same opinion as respondents. Legitimacy of the first hypothesis was confirmed. To verify second part of hypothesis the results from question number 7 was utilized. Respondents were given several possibilities to choose from. Time wage form got most votes and can be therefore regarded as the most popular wage form. Manager also identified time wage as the most suitable for workers. The assumption set before was not confirmed in questionnaire and neither in interview. It can be claimed that second part of hypothesis was not confirmed. **Hypothesis H3 was confirmed only partly.**

H 4: Employee benefits are very important and blue-collar workers would definitely appreciate new ones.

Questions number 11 and 9 verified hypothesis H4. First part of the hypothesis was investigated in question number 11. Most workers insist on benefits and manager is of the same opinion as well. First part of the hypothesis was confirmed. The second part refers to new benefits which are intended to be implemented. Two benefits were preferred by most of respondents are therefore hot favourites to be finally implemented. Even manager proposed one same benefit. From above implied that **hypothesis H4 was confirmed.**

5.2 New motivation system proposal

The main variables influencing proposal are not only theoretical and practical parts but also experience from long - term practice in this company. **Results from practical part** are obviously the most important guidance for effective motivation system analysis and new system assessment.

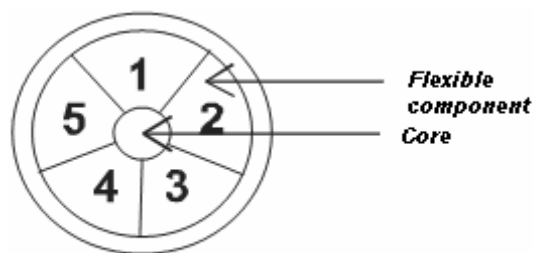
Blue-collar workers in the PKS Company are rewarded by **time wage system**. Salary amount results from tariff level of worker in question. Only **basic premium** pay implying from law are provided as an added bonus. Important motivation factor in company are bonuses. No other employee privilege is offered.

Employer classes each employee into the tariff level whereas no rules for promotion are laid down, which is believed to be a huge deficit. Employees **cannot be sufficiently motivated** if they are not familiar with the condition under which they can be promoted or proceed on higher level within the tariff table. This can easily cause lost of motivation and all other incentives can be found as contra productive. There must be concrete rules and regulations with regard to promotion determined. One-shot high premium or bonuses can cause **contradictory effect** with respect to long – term

motivation. Current motivation system **is based purely on tangible incentives** whereas only financial aspect is taken into account. This is the main factor why PKS Company motivates their employee only in a short – term aspect.

As important motivation stimulus is being regarded employee **benefits**. From research was among others confirmed that blue-collar workers would appreciate it as well. Employee benefits are from long – term point of view very much motivation friendly and can **enhance working moral and satisfaction**. Unified benefit system valid for the whole company hierarchy is strongly recommended. As a determinant system for benefits formation can help so called **cafeteria system**.

Figure number 7: Cafeteria model



Source: Kleibl, J., Methods of personal work, 1998, page 73 [6]

The bunch of benefits is defined and everybody can choose which combination is the most suitable for him. Research confirmed that company services discount as an ideal benefit. This component can be therefore perfectly included in cafeteria system.

One of the considered remuneration method was performance based wage system. This was however in this research refused by majority of respondents and by manager as well. Performance based wage system is therefore strongly not recommended. Performance base wage is more incentive supporting system when compared with time wage, however employees can get under uncomfortable pressure when not delivering the results which are expected especially when some problems occur.

Problems which emerge very easily in construction industry are in many ways caused by external influences which have little to do with workers performance or mistakes. Experiences from practise show that employees **do not work under time wage as intensively as they would** certainly work under performance based wage. It is therefore necessary to analyze and consider this issue more closely. The proposed system is however following: 80 % of the salary base forms fixed component and remaining 20 % of the salary forms individual component based on performance.

Figure no. 8 - Proposed system

80%	20%
Fixed component	Individual component

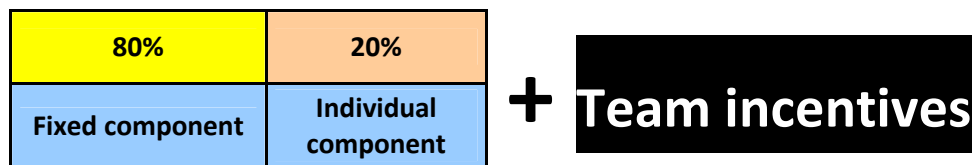
Source: Own data handling

Having the majority of wage structure fixed component, the company **can prevent future payment fluctuation**. In addition the company can with certain control the whole payment system and can also enough motivate their employee.

Team remuneration should be added to the payment base mentioned above. Team incentives are considered to be very effective. Extra premium for in time fulfilled work can **stimulate workers to perform better in the future**. The company can also avoid potential fine caused by late delivery. From questionnaire has implied that in principal blue-collar workers accept team incentives and at the same time they wish to keep time wage. The main advantage of team remuneration is that it enhances less hardworking members inside the group in question to improve their contribution. When manager for example puts together two similar teams in terms of work performance, very healthy and effective competition can be with huge probability created. When creating a team, company or manager should bear in mind some important rules, which can consequently evoke counter effect. When creating teams, it is hugely recommended to make it along with workers and bear in minds their opinion how to divide them into teams. Badly created team can be contra-productive. The

main task of manager is to motivate each of his employees including those who are sceptic.

Figure no. 9: Proposed system



Source: Own data handling

Following steps to improve remuneration system and to increase motivation are suggested:

- **rules and statutes for promoting to higher wage level,**
- **bunch of benefits formation,**
- **to divide existing wage into two parts: inflexible and flexible, based on performance.**
- **add to this payment form team incentives.**

I believe that proposed form of remuneration will improve the remuneration system in PKS Company as a whole and therefore establish competitive advantage with regard of competition. Proposals are also aimed to stop qualified employees' departure.

6 Conclusions

To succeed in the modern turbulent economic environment, it is essential to find a harmony between the personal politics within a company and the company's targets. The topic of this thesis was the remuneration system and the motivation closely related to remuneration.

The theoretical part of this diploma thesis first explains the process and the motivation types.

Each working theory type is selected with regard to workers motivation. The theory quantum merit is considered as the main example bearing in mind the blue-collar workers and their motivation. According to my own experience, **workers constantly compare their salaries** not only within the company but also across the market. In case they find any kind of injustice, a problem for the manager concerned can consequently emerge. It is therefore absolutely essential that employee in question does not feel he or she is getting an unfair deal. The theory of purposes has also been strongly taken into account when analysing and proposing the new motivational system. The second part of theoretical section has described the motivation strategy. The strategy is primarily focused on using the motivation in practise, namely the team motivation. The emphasis is put on new motivation programmes forming. The basic assumptions are also mentioned. They must be borne in mind if a really successful programme implementation is to be achieved. The remuneration theory as such has been given the most attention with respect to the theory. Among others, the essence and forms of the remuneration has been described. Presumptions of effective remuneration, payment incentives and benefits have also been investigated in detail. The team remuneration has been further explored as well and has later become a fundamental source for the new payment proposal.

Consequently, the practical part is very much based on the theoretical one. The PKS Company is characterized in the chapter, together with the existing remuneration system within PKS Company, which is described in detail.

The aim of this research was to discover whether the existing system functions and fulfils the company targets and whether the employees are satisfied with this system. Questions are aimed to fight and resolve one of the main problems in company, namely the qualified employee departure. The existing remuneration system was consequently analyzed and new, **more effective remuneration system has been proposed.**

The remuneration system for the blue-collar workers in the PKS Company is based only on **financial incentives**. Each worker is classed into a certain payment level and earns exactly only the salary derived from the table. When a delivery job order is fulfilled in time, each employee can be awarded a special bonus simply in the form of extra money. **Four hypotheses**, set before the research itself, have been used to analyze the remuneration system. These hypotheses are mainly based on my own experience and on the knowledge and feelings acquired up to now. The hypotheses have been verified using the questionnaire and the interview. **The questionnaire has been applied** to blue-collar workers and the interview to the managers. To make the research successful it is essential to obtain a view from both sides in question.

Based on the results of the questionnaire and the interview the **legitimacy of hypotheses has been verified**. Only two out of four hypotheses have been confirmed, namely the hypotheses H2 and H4. Regarding the hypothesis H1 only the second part has been confirmed and the fact that employees are looking for a new job. The first part of the hypothesis, the employees' dissatisfaction with the PKS Company, has not been confirmed. Hypothesis H2 has shown that workers prefer a financial reward as the main motivation factor and it is very important for them to compare their salaries with the others. Only the first part has been confirmed in the H3 hypothesis and the

fact that the flexible component of the salary base is more incentive familiar than the fixed one. The legitimacy of the second part of H3 hypothesis has not been confirmed. **The research disproved, that workers consider as ideal payment a combination of the fixed and flexible wage components. Legitimacy of hypothesis H4 confirmed that the benefits are a desired form of the remuneration system.**

On the basis of the data evaluation, supplementary questions and the acquired theoretical knowledge, the effective remuneration system has been proposed. Only one side polarization on the financial stimuli has been pointed out and indicated as a main deficiency. The benefits implementation has been proposed. The research itself has shown that the benefits are strongly required also by the blue-collar workers. It is my understanding that the benefits can enhance the motivation in the long – term and can, furthermore, bring an overall satisfaction in the company. One common benefits system for the whole company has been proposed as well. **The so called “Cafeteria system”** has been selected as an exemplary benefits system. The principal consists in creating a bunch of benefits from which each employee can choose the one which really suit him. The company services discount has been chosen as a strongly recommended benefit, mainly because 65 % of respondents declared this benefit as the most wanted one.

As a second suggestion the team rewarding system had been offered. The time wage form has been maintained as an 80 % base payment and to this base a motivational stimulus in the form of a team reward has been added. The main advantage of this is the fact that this system encourages the less effective members of the team to try harder and to perform better. In case that two type similar teams would have been settled, two healthy and competitive entities would only benefit from each other. When forming teams, it is essential to avoid some potential dangers which could cause the opposite effect from the one required. When creating teams, it is strongly recommended to make them in cooperation with the workers and bear in mind their opinions on how to divide them into teams. Badly created teams can be counter-

productive. The main task of the manager is, among other things, to motivate each of his employees including those who are sceptical.

The aim of this work was to discover the existing forms of remuneration and motivation in the PKS Company and to propose other forms and possibilities with regard to the remuneration system. This diploma thesis hopes to provide a good guidance for the personal department in the PKS Company.

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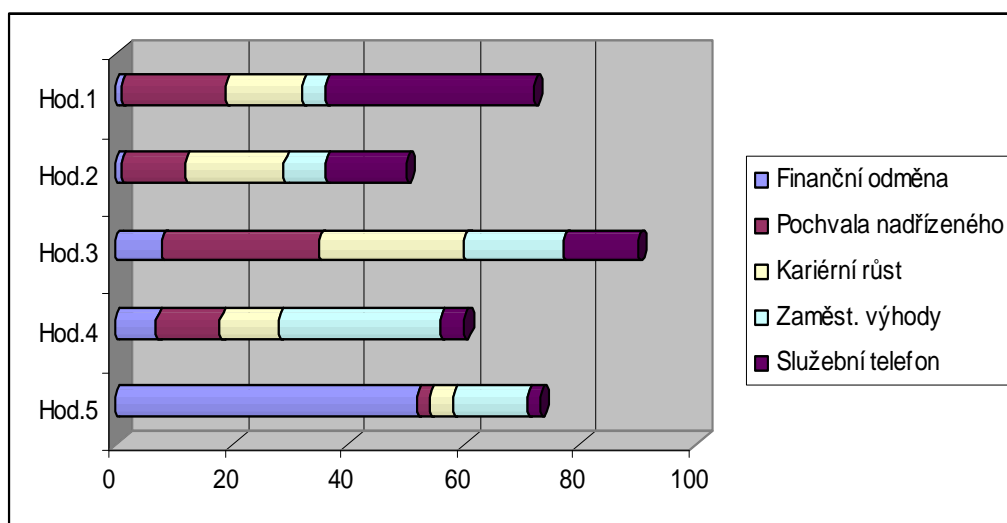
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18. Collective contract from PKS Company

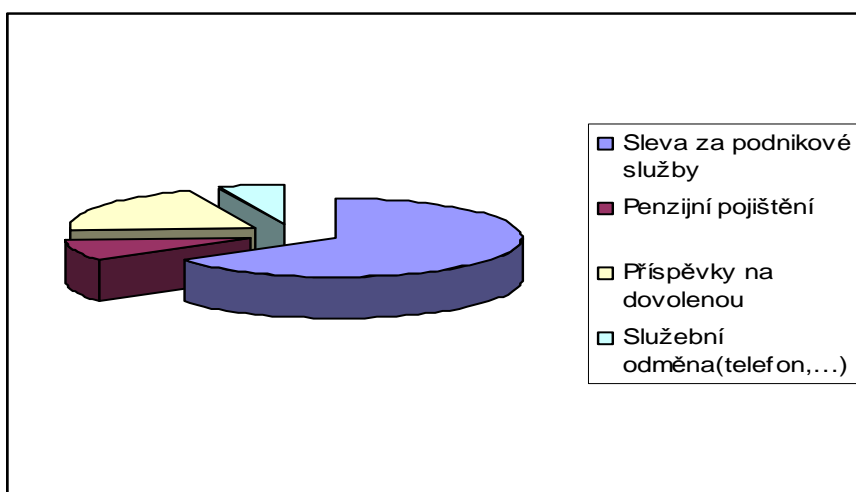
8 Supplements

Supplement no. 1 - Motivational factors graph



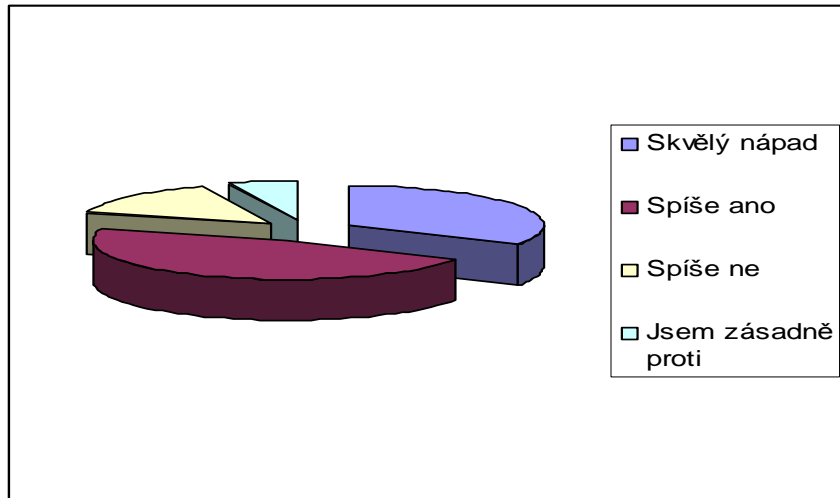
Source: own data handling

Supplement no. 2 – Benefits graph



Source: own data handling

Supplement no. 3 – Team rewards graph



Resource: own data handling

Supplement no. 4 – Swot Analysis

SWOT ANALYSIS



Source: <http://www.excelsia.ch/htmlgb/blog/images/swot-analysis-image.png>