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# **CONCEPT FOR MOTIVATIONAL SYSTEM CHANGE IN A SELECTED COMPANY**

CONCEPT FOR MOTIVATIONAL SYSTEM CHANGE IN A SELECTED COMPANY

## **MASTER'S THESIS**

DIPLOMOVÁ PRÁCE

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Aim of the Thesis  
Theoretical Background  
Problem Analysis and Current Situation  
Proposals and Contribution of Suggested Solutions  
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ARMSTRONG, M. and D. BROWN. Strategic reward: make it happen. Philadelphia, PA: Kogan Page, 2006. ISBN 978-0-7494-6964-1.

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MATHE, H., X. PAVIE and M. O'KEEFFE. Valuing People To Create Value: An Innovative Approach to Leveraging Motivation at Work. World Scientific Publishing Company. ISBN 978-9814365062.

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## **Abstract**

The main aim of this diploma thesis is to propose a motivational system change in the company Company XY, in the particular office located in Amsterdam, Netherlands. Based on the theoretical background of motivational theories, data gathered by qualitative and quantitative research, proposal of the motivational system was suggested in order to improve motivation and job satisfaction of employees.

## **Abstrakt**

Hlavním cílem této diplomové práce je navrhnout změnu motivačního systému ve společnosti Company XY v konkrétním sídle v Amsterdamu v Nizozemí. Na základě teoretického základu motivačních teorií, údajů získaných kvalitativním a kvantitativním výzkumem byl navržen návrh motivačního systému s cílem zlepšit motivaci a pracovní spokojenost zaměstnanců.

## **Key words**

Motivation, human resources management, motivational system, work-life balance, variable monetary rewards, working environment, job satisfaction

## **Klíčová slova**

Motivace, řízení lidských zdrojů, motivační systém, rovnováha pracovního a soukromého života, variabilní peněžní odměny, pracovní prostředí, spokojenost práce

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## **DECLARATION ON WORD OF HONOUR**

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## **ČESTNÉ PROHLÁŠENÍ**

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## **INTRODUCTION**

Motivated employees determine success of the business. However, motivation is a volatile concept; it is not a concrete process, nor does it coincide to a one-size-fits-all model. Each company ought to take an exceptional unique and innovative approach to motivation, although the common to all companies is significance put on reciprocating the value that employees bring to the business. Taking into account employee individual needs and ambitions, it is a key and substantial factor for leveraging sustainable motivation at work (Mathe, 2011).

Factors, which may influence the level of satisfaction of employees, are various and each employee is motivated by certain combination of those. These factors should be suited individually on each employee in a way it stimulates them in better individual performance, which consequently leads also to better influence of overall business performance.

In this master thesis, I will analyze motivational system in Company XY company, company focusing on development and application of innovative and energy-efficient lighting systems.

Company XY is major international corporate company with offices all around the world, thus, for the purpose of this diploma thesis, the office in Amsterdam, Netherlands was chosen as a research subject. Analyzing of motivational system in such a tremendous company took my interest, as there have been already plenty of inspiring human resource practices implemented, yet the aim is to examine and identify how non-managerial employees perceive current motivational system and what they consider as the most significant factors for leveraging the motivation. With the regard of the nature of the work, as there are only office workers working in Amsterdam office, work-life balance of employees is undoubtedly an essential issue directly relating to the motivation of employees and therefore this phenomenon will be examined too.

## **1. AIM OF THE THESIS**

The main aim of this master thesis is to propose the motivational system change in the Company XY company. The partial aim is to investigate the current motivational system, to identify what motivational factors are being exploited and what is the gap for proposing the new ones. Knowing the company well is the first assumption to gather sufficient information. As a temporary employee within the company for the period of six months, I had a chance to have an insight into the entire organization, processes, company policies and organizational structure. Therefore, while conducting this research, I used my acquired knowledge about the company, as well as opportunity to use company materials, ability to gain the knowledge of my coworkers and colleagues and possibility for gathering the data.

Regarding the methodology, both qualitative and quantitative form of research were used in this research. Conducting interviews with the responsible Human Rewards Manager, as a form of qualitative research, helped me to gain deeper knowledge about sophisticated and complex motivational system used in the organization, concretely in Benelux (due to the legislative and legal issues, it varies from country to country). Questionnaire, as a form of quantitative research was used in order to be able to obtain the data from the respondents as well as use of internal documents, annual reports, company notices and informal discussions with employees. Author chose one of the countries, where Company XY has its branch, Netherlands, concretely the office situated in the capital – Amsterdam, where non-managerial full-time employees or employees with compressed working hours based in the Amsterdam office were examined.

Lastly, based on the findings from the questionnaire, observations, discussions, internal materials and interview set of recommendations was proposed regarding motivational system change in Company XY.

## **2. THEORETICAL BACKGROUND**

In this chapter, theoretical background, necessary for understanding the next chapter, Analysis of current situation, is described. Human resource management concept is introduced primarily, following by explanation of motivation and introducing the major theories of motivation. Concept of motivational system and company benefits, financial, non-financial or those, which foster work-life balance, are introduced in the last chapter.

### **2.1 Human resource management**

Human resource management (HRM) determines how individuals are managed and employed. HRM is concerned to contribute to the improvement of organizational effectiveness through individuals as well as HRM is dealing with ethical concept of how to treat employees in accordance to moral values. HRM consists of numerous operations in the field of organizational design, learning and development, sourcing, performance of employees and reward, as well as practices which enhance the well-being of employees. These human resource (HR) strategies need to be aligned with the business strategy of the company. The HRM philosophy have been under criticism of manipulating people as any other factor of the production, therefore it is nowadays increasingly substitute for people management, however HR term is the most common term (Armstrong, 2017).

According to Scheider (1987, p.450): *“Organizations are the people; those people make the place”*. Keegan and Francis (2010, p.873) highlight the necessity to business alignment and strategic fit as crucial requirements; however employees needs and motivations must remain equally essential in developing HR policy. HRM ought to strive to support the endeavors of business goals but also to build relations based on trust, personal fulfillment and openness (Armstrong, 2017). Boxall and Purcell (2003, p.1) defined HRM as: *“All activities associated with the management of employment relationships in the company.”* The more comprehensive definition suggested Watson (2010, p.919): *“HRM is the managerial utilization of the efforts, knowledge capabilities and committed behaviors which people contribute to an authoritatively coordinated human expertise as part of an employment exchange (or more temporary contractual arrangement) to carry out work tasks in a way which enables the enterprise to continue into the future.”*

HRM initiatives to achieve its goal are closely related to HR system, which consists of coherently conducive activities (Figure 1) (Armstrong, 2016).

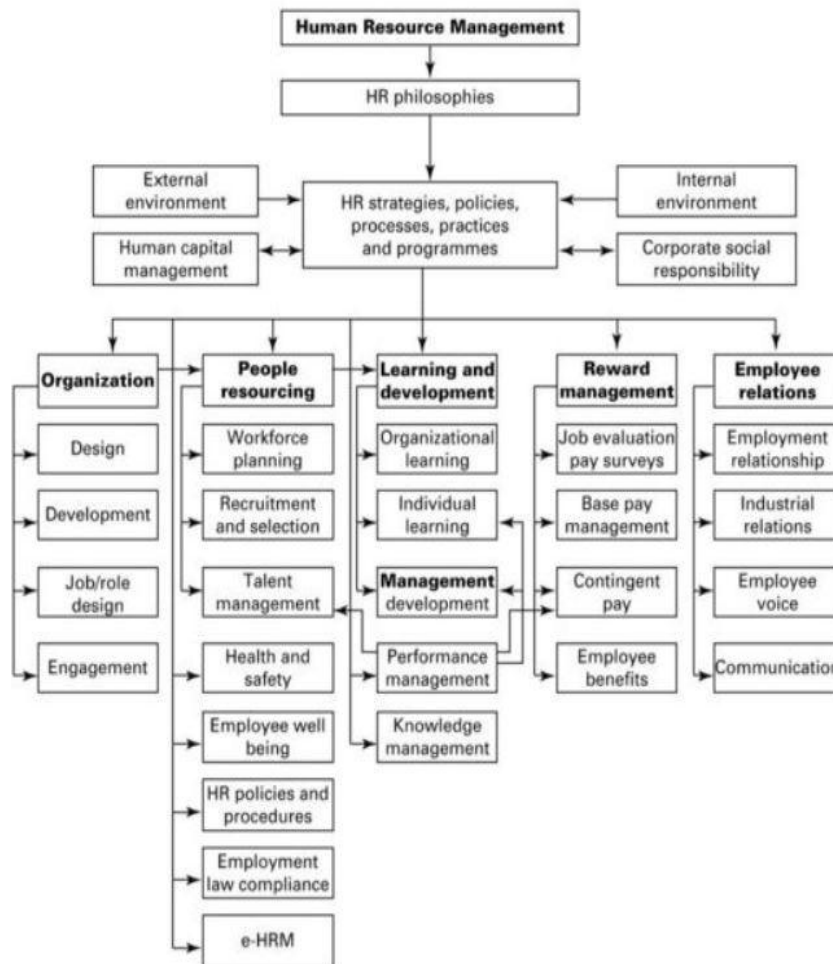


Figure 1: HR system, (Source: Armstrong, 2012, s .117)

Human work is described in the literature in various ways, yet in each case the employee motivation is a fundamental and integral part. Vranova (2012) asserts, there are two different models of human resources management – soft model and hard model. Hard model concentrates on quantitative and practical elements of human resources management, highlighting the interests of management, where employees are considered as resources that need to be managed with the same rationality as any other resource utilized to produce the maximum benefit. This model is a cogitation of the capitalist tradition, where the employee is taken as a commodity. On the other hand, soft model of human resource management highlights communication, motivation and

leadership. It underlines the need to gain the obligation of employees by involving them in decision-making (Vranova, 2012).

## **2.2 Motivation**

People, as the crucial resource of the organization, are being influencing by certain factors. Term motivation comes from Latin word *movere* = motivation plays an important role. Motivation determines factors, which influence individuals to behave in a certain way. Individuals are motivated when the visibility of the process is likely to lead towards achieving a certain goal and valued reward (Armstrong, 2017). Motivation continues nowadays to be an essential issue, which many organizations struggle with, as many of them face challenges in the global and highly competitive environment. Motivation is crucial issue nowadays as organizations require more from employees than ever before, in spite of continued endeavors to remove layers of management that played significant role in motivating employees. In order to approach higher performance level, employees play more significant role in motivating themselves. Technologies and their usage broadened the workplace beyond the time and work office, blurring the difference between working environment and home environment. Challenging work and recognition must coexist together with decent pay and pleasant working environment in order to attract, retain and motivate employees (Siemens, 2005). Self-motivated employees are well-motivated people engaged in positive behavior taking the right direction to achieve the goal. This is the best from of motivation. However, there are numerous types of motivation. Intrinsic motivation happens when individuals consider their work as intriguing, challenging and essential with a level of autonomy, possibilities to improve and develop their skills and abilities. This type of motivation is not encouraged by outer motives and it is associated with the quality of life. On the other hand, among extrinsic motivation components belong rewards such as increased salary, praise or promotion incentives and/or criticism, disciplinary actions and withholding pay (Armstrong, 2017).

## **2.3 Theories of motivation**

Motivation is the key factor influencing employee moral based on daily activity. It may influences employee productivity as well as work quality in numerous aspects and for

this reason various theories of motivation has been investigating from theoretical as well as practical point of you. Theories of motivation help executives to comprehend the reason of employee's motivation and its implications. However, with respect of this issue literature varies. Dvořáková et al. (2007) states, theories of motivation need to be applied in day-to-day organizational managerial activities, while it is not always the case. Since the literature does not offer outright solution, it is always a decision of the manager, his experience and creativity to resolve which motivational tools will be applied in the company.

### **2.3.1 Maslow's hierarchy of needs**

Among the most known motivational theories of 20<sup>th</sup> century belongs undoubtedly Maslow's hierarchy of needs (Figure 2). Abraham Maslow (1943) suggested that five basic needs structured in a hierarchical order from lower to higher are fundamental to most favorable human being existence. In deficiency needs, which are related to the lower-order needs, belong psychological needs, love/belonging needs and safety. In growth needs, which are related to the higher-order needs, belong esteem and self-actualization (Noltemeyer et al., 2012). The psychological needs, as basic human needs, need to be satisfied first, followed by others respectively (Arnolds et al., 2002). Maslow suggested that only when deficiency needs are reasonably fulfilled, can a person sequentially and completely advance to the achievement of growth needs. Maslow further supposed that even one level of needs may have priority at specific time, individual may be potentially motivated by various needs at the same time. Moreover, Maslow proposed, that even when deficiency needs have been satisfied, they might happen to be motivating again if warned at a later point. Maslow asserts that only when an individual has satisfied deficiency needs and growth needs can he reach an optimal level of functioning (Noltemeyer et al., 2012). Howsoever might seem this theory impressive, it has certain limitations. The most significant weakness of this theory is that it seems as wide theory of human growth rather than theory of work motivation. Consequently, Alderfer (1967) tried to address the weaknesses in Maslow's hierarchy of needs by aligning the pyramid with empirical research (Arnolds, 2002).



Figure 2.2 The hierarchy of needs.

Figure 2: Maslow's hierarchy of needs, (Source: Mathe, 2011, s.14)

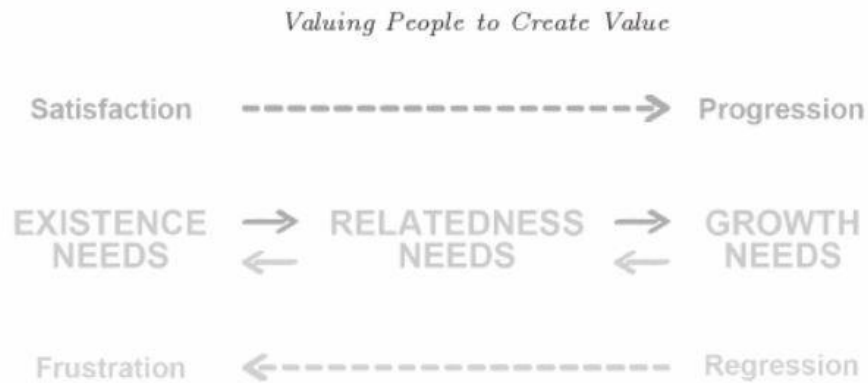
### 2.3.2 ERG Theory

Clayton P. Alderfer deduced, that three core groups of needs drive motivation of an individual, namely: Existence, Relatedness and Growth (Figure 3).

- 1) Existence: needs for physical well-being
- 2) Relatedness: needs for good relationships with others;
- 3) Growth: personal growth and development (Chaudhuri, 2010)

The existence needs are related to psychological needs in Maslow's hierarchy of needs, while relatedness is related to aspiration to retain crucial relationships, acceptance, belongingness as well as status desires. Growth needs correspond with personal development, self-fulfillment and self-actualization. Although, ERG theory is considered as a more significant version of hierarchy of needs (Robbins, 1998). Furthermore, it has evoked more favor from modern researchers as long as motivation in the work is concerned (Luthans, 1998). Among the most relevant pros of the theory developed by Alderfer, is the job-specific nature of its focus. Special appeal is to pay fringe benefits, relatedness needs from colleagues, managers and growth need satisfaction while working (Arnolds, 2002).





*Adapted from Alderfer (1969) by ESSEC ISIS (2010)*

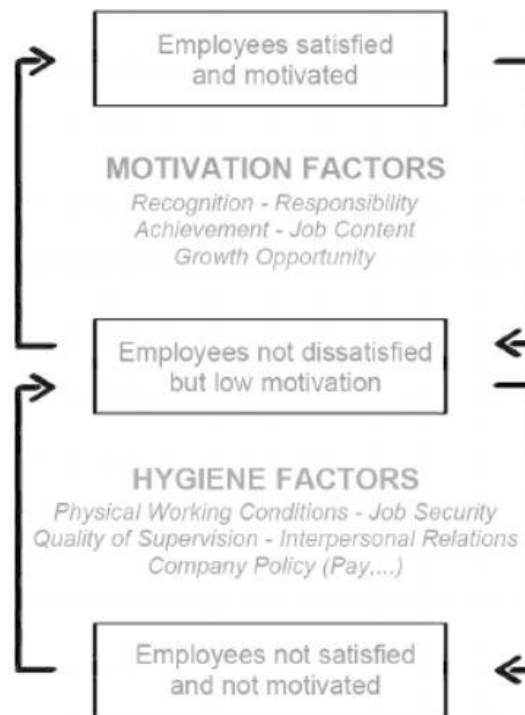
Figure 2.4 Existence-relatedness-growth model.

Figure 3: ERG Theory, (Source: Mathe, 2011, s.16)

### 2.3.3 Motivation-hygiene theory

Two-factor theory elaborated by Frederick Herzberg refers to job satisfaction and on the contrary to job dissatisfaction. Theory based on the ordinary question, whether individuals feel satisfied at work or not. Based on the outcomes, Herzberg disclosed that circumstances that contribute to job satisfaction were motivators leading to progress and development, while circumstance that contribute to job dissatisfaction were hygiene factors, such as salary or interpersonal relationships (Mathe, 2011). Job satisfaction is seen as recognition, challenging work, outcome of achievement, level of accountability and promotion. These five factors are dependent to each other and may determine the satisfaction of individual's needs, increased positive feelings and optimized performance (Miner, 2005). These, also called, motivators, correspond with higher needs in Maslow's hierarchy of needs. (Chaudhuri, 2010; Mathe, 2011). On the contrary, job dissatisfaction is seen as company policy and administrative practices, supervision, relations with the supervisor, working conditions, job security, benefits and salary (Miner, 2005). These hygiene factors correspondents to lower level of Maslow's hierarchy of needs (Chaudhuri, 2010; Mathe, 2011). Herzberg claims that insufficient financial remuneration can lead to demotivation of employees, hence it does not contribute to sustained motivation. Herzberg asserts, it is necessary to enrich and

enlarge job content and concurrently satisfy hygiene factors to a certain level, to ensure sustained motivation employee satisfaction and performance (Mathe, 2011).



*Adapted from Herzberg (1959) by ESSEC ISIS (2010)*

Figure 4: Motivation-hygiene theory, (Source: Mathe, 2011, s.19)

### 2.3.4 McGregor's X Y theory

Douglas McGregor (1960) place the emphasis on the benefits of positive management styles that stimulate accountability and individual growth in order to gain sustainable motivation across the organization. McGregor suggested two contradictory motivational models called Theory X and Theory Y. Theory X is grounded on the premise that employees do not like their work and they are trying to avoid accountability. Individuals work only for financial means and security, hence, if the organization desires to achieve its objectives, management system of force, monitoring and penalizing would be necessary to launched. Theory Y was grounded on the premise that employees are creative, they seek accountability and possess self-direction. Thus, challenging task for the management is to design jobs where employees can enlarge opportunities, allow them to accelerate and provide more of their inherent potential to the organization.

McGregor consequently deduced that these theories are negative and not sustainable. Nevertheless, McGregor enclosed that leadership that includes employees in decision-making process and transmits more challenges, stimulates effective performance (Mathe, 2011).

### 2.3.5 Equity Theory

J. Stacy Adams (1945), author of the Equity Theory, is focusing on the processes, where individual is trying to give something in the exchange of receiving something back, after which this exchange is compared to the colleagues (Figure 5). The major motivation in this theory seeks to find equity and justice. To give something may include: education, experience, job effort, skills, personal appearance, health, On the contrary, to get something back may involve: pay, intrinsic rewards, seniority benefits, job status, poor working conditions, monotony (Miner, 2006). The one who is evaluating this exchange of giving and receiving is called reference person. Reference person might be a friend, colleagues, family member or neighbor etc. When individual consider himself as hard-working, but paid equally then his coworkers, feelings of inequality, dissatisfaction and demotivation may appear. Individuals as human beings tend to compare this giving/getting relationship with the coworkers (Miner, 2006).

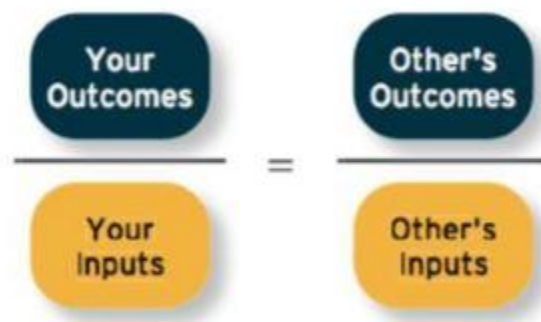


Figure 5: Equity Theory (Source: Confluence, ©2014)

### 2.3.6 Work/Family border theory

Various motivational theories related to work-life balance have been introduced. Considering Work/Family border theory, it is a new theory that explicates how people master and bargain the work and family areas and the boundaries between them to

achieve the balance. By balance authors refers to the satisfaction and decent performance at workplace as well as home, with a minimum of role controversy. Core to this theory is the idea that ‘work’ and ‘family’ represent distinct areas that effect each other. Author claims that changes in society that increased the amount of individuals with important responsibilities at home and at work, boost the further query into the reciprocity between home and work. Brief & Nord (1990) consider for such changes following:

- higher amount of divorces that lead to a greater amount of unmarried parents;
- progressive labor power among women;
- greater amount of part-time workers;
- growing mobility among workers, spacing them from social pillar from nuclear and expanded families;
- divergent worker expectancy suggesting growing concern in the quality of life outside of working hours;
- increasing social appreciation regarding fathers' involvement in the home (Clark, 2000).

## **2.4 The Levers of Motivation**

Motivation at work is driven by three essential needs: need to live, need to grow need to connect. Motivation comes from the need to live a full and healthy life, aspiration to grow, need for developing at professional extent and the need to connect with colleagues across the organization to obtain the feeling of belonging somewhere. Nowadays, these needs are not restricted to the ordinary ‘nine-to-five’ working schedule, as many factors, for instance, long commuting to the work or great demands on individuals and their connectivity throughout the entire day, became common. Thus, factors as lifestyle need to be taken into the consideration in order to stimulate positive motivation for the organization (Mathe, 2011).

Research conducted by Hofstede has proved significant differences in the needs and motivation of employees depending if they were qualified or not, working at the office or not, whether they have been specialists or not. However, various managers still consider financial means as the most significant for motivation of all kinds of employees. (Vranova, 2012).

## 2.5 Work-life balance

Work-life balance may be defined as endeavors of individuals for equality between personal life and working time. A right balance between work and personal issues may optimize motivation of employees, improve employee's retention rates, mitigate absence, attract new talents and diminish workload that can cause stress (PersonnelToday, 2017).

The physical setting, the working conditions and the resources provided by the organization that allow employees performing work have a tremendous impact on physical and psychological well-being of employees. The increase in illnesses caused by stress in today's modern society emphasizes the significance of physical and psychological well-being when it comes to employee motivation and performance. Factors as working environment, working conditions and work-life balance undoubtedly belong to the needs of employees that are essential for retaining motivation at work (Mathe, 2011).

*“Competing demands between work and home have assumed increased relevance for employees in recent years, due in large part to demographic and workplace changes such as rising numbers of women in the labor force, an ageing population, longer working hours, and more sophisticated communications technology enabling near constant contact with the workplace. In response to these changes and the conflict they generate among the multiple roles that individuals occupy, organizations are increasingly pressured to implement work practices intended to facilitate employees' efforts to fulfill both their employment-related and their personal responsibilities.”* (Beauregard, 2009, p. 9).

Work-life balance practices usually refer to the company support for dependent care, flexible working options as flexible working time and place (home office), job sharing, compressed working hours, family leave programs as parental, adoption or compassionate leave, on-site child care, eldercare services etc. Over the time, work-life practices have been discussed by number of researchers focusing on the economics (Johnson, Provan, 1995; Whitehouse, Zetlin, 1999), family studies (Hill et al., 2001; Raabe, 1996), gender studies (Nelson, et al. 2003), industrial relations (Batt e al. 2003), information systems (Baines et al., 2003; Frolick et al., 1993), management (Konrad et al., 2000; Perry-Smith, Blum, 2000), social psychology (Allen, Russell, 1999; Hegtvedt

et al., 2002), and sociology (Blair-Loy, Wharton, 2002; Glass, Estes, 1997). Hence, the standard approach to view work-life balance practices via the sight of the organization is that by offering these practices, organizations are attracting new talents and reducing work-life conflict among existing ones which is consequently improving recruitment and reduced work-life conflict boost organizational effectiveness (Beauregard, 2009). Figures 6 illustrates the relationships between the provision of work-life balance practices and organizational performance.

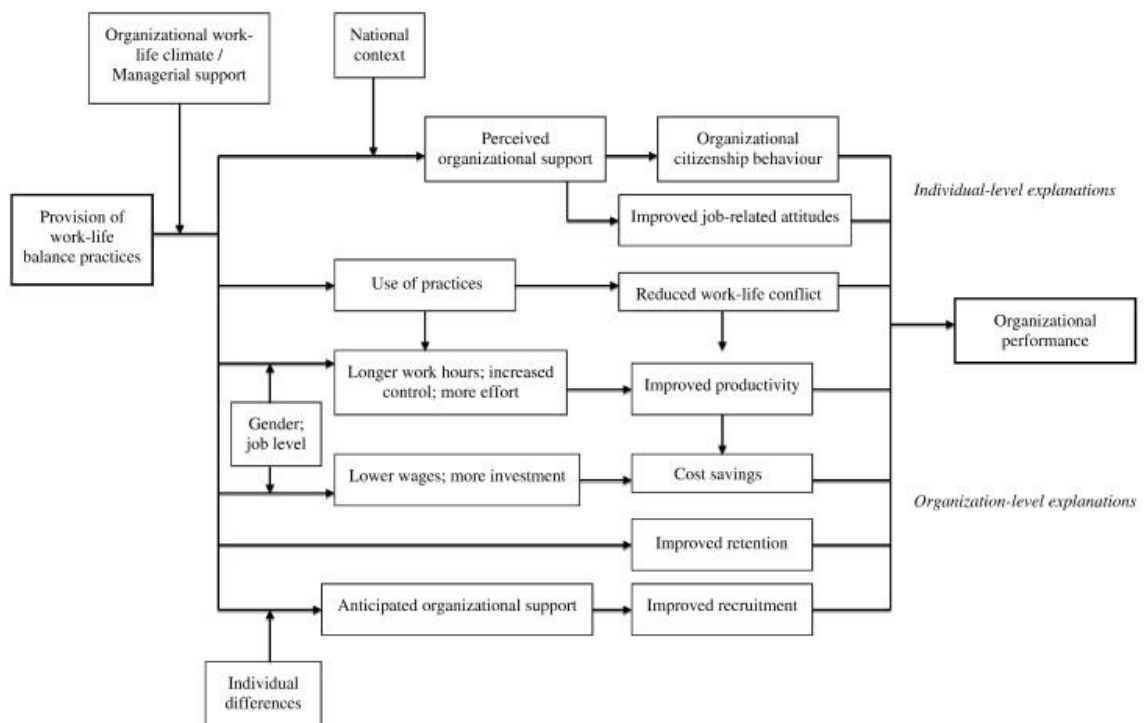


Figure 6: Model of relationships between the provision of work-life balance practices and organizational performance (Source: Beauregard, 2009, p. 11)

### 2.5.1 Working Environment

Secure and convenient working environment that facilitates working life by taking care of employee day-to-day needs promotes team cooperation and conviviality and may encourage right attitude for motivated behavior (Mathe, 2011). A decent and secure working environment is essential condition for fostering motivation at work. Helliker (1998, p.128) points out an example of one-reporter observations from Wall Street Journal: ‘providing flexible working hours, stocks and loose dress code is nowadays not

sufficient, if the office is shabby, comfortless or developer-conceived rather than made-to-order’.

### **2.5.2 Ergonomics and space design**

Typically, employees working at the office spend more time a week sitting in a chair than in a bed. The way working office is designed, as well as its ergonomics, inevitably influences employees: the colors within the workspace, the quality and kind of facilities, outside view and light, noise and level of distraction etc. A research conducted at major insurance company, investigating changes in facilities at the working office, revealed 53 % increase in productivity and 14 % fall in absenteeism after the installation of new furniture in the workspace (Wiedenkeller, 2010).

Open workspaces have various benefits, such as easy communication and access, close interaction with colleagues and closer control and monitoring. On the contrary, there are drawbacks as, noise, causing the creation of an environment where employees are perceptually over-stimulated (Loowen, Suedfeld, 1992). Scientifically grounded fact revealed that individual performance increases by 25 % when employees possess an ergonomically designed workplace (Pheasant, 1991). A survey conducted by Microsoft confirmed this statement with 90 % of respondents claiming that the design setup of their workplace has a direct influence on their capability to be most productive while working (Microsoft, 2004). Open office may be appropriate for employees working in Information Technology sector, as it enables them to have lots of mobility in their work, on the contrary, it may not be suitable for employees working in the different sectors. After all, this is the matter of preference. Some employees prefer to have privacy over working in the open office, however to find the right balance for all employees, considering financial as well as spatial limitations, is thus, challenging. Many companies nowadays have switched to a more versatile design model - mix of, so called, ‘hot-desks’ and open offices – both interactive open spaces and calm private rooms that may be used according to the requirements, needs and moods of the employees (Microsoft, 2008). The disruptive factors as telephones with loud speaker, loud discussions made across the workspace or playing music out loud in such offices may cause a noise which may worsen employees job performance through stress, distraction or overload (Wiedenkeller, 2010). Inspiring example for unique work design is Google. Design of Google offices around the world is outlined in a way to foster

creativity and abandon from the classical office structure (Duetschmann, 2005). A report by the European Agency for Safety and Health at Work deduces, that healthy working environment may have a *'positive impact not only on safety and health performance, but also on company productivity'* and on the other hand, poor environment *'can lead to a competitive disadvantage impairing the firm's status among stakeholders'* (Wiedenkeller, 2010, p.123)

## **2.6. Reward system**

The main aim of reward system is to generate and execute policies, procedures and activities necessary to facilitate accomplishment of the business goals of the organization as well as satisfy the needs of stakeholders. Specifically (Armstrong, 2006):

- establish complex reward system based on trust and organizational values;
- reward individuals from the value they pursue;
- foster the growth of a culture based on the performance (Armstrong, 2006);
- align reward practices with the business goals and employee values (Brown, 2001);
- gratify the right activities to spread the right communication about what is essential regarding expected reactions and deliverables;
- attract and retain skilled and competent workforce to fulfil organization needs, hence facilitate the process of talent acquisition team and *"win the war for talent"*;
- facilitate the process of employee motivation, to engage them and feel commitment towards the organization;
- foster a positive relationships among employees (Armstrong, 2006).

Companies normally use both non-financial motivators as well financial motivators in order to motivate employees. Financial motivation is directly or indirectly related to money. Money is still widely considered be the most effective way to motivate employees. Among financial motivators or extrinsic motivation belong:

- wage;
- salary;
- bonuses;



- profit-sharing;
- paid leave (Sarma, 2008).

Non-financial or intrinsic motivators include factors such as:

- sphere of achievement;
- recognition and growth opportunities (Armstrong, 2006);
- promotion;
- physic rewards;
- status rewards;
- appraisal and prestige;
- delegation of authority;
- participation;
- job security;
- job enrichment (Sarma, 2008).

Armstrong (2006) declares that if individuals are rewarded both extrinsically and intrinsically, it helps foster work engagement, commitment to the work and, so called, *positive discretionary*, which basically means that employees are willing to work outside of their scope or handle unexpected tasks.

Armstrong (2006) continues with the claim that total reward theory is anything but repetition of old theories written by Frederick Herzberg and others. Intrinsic rewards are just as fundamental as financial incentives and bonuses and perhaps last longer.

For instance, compensation system in Mayo Clinic is based on maximum salary achieved in five years period with yearly increments over that period of year. In practice it means that 37-year old employee working for the company for five years receives the same salary than 53-year old employee with several years of experience, however 53-year old employee would receive more leave days. Herzberg considers salary as a crucial factor regarding satisfaction, mainly when it is aligned with employee achievement in the work. That leads to recognition, which means higher income and feelings of job well done, which eventually means that employee is progressing in his work (Mathe, 2011). However, Lambert (2007) points out on limitations of financial incentives. He alerts that difference between yearly salary of five thousand dollars and yearly salary of fifty thousand dollars is tremendous, however difference between yearly salary of fifty thousand dollars and fifty million dollars is not that striking.

Regarding the benefits fostering work-life balance, work-life balance procedures enable individuals to balance work with their personal life and affect positively not only individuals, but also the organization and well-being of individuals. Consequently, it leads to elevated productivity, enhanced retention and decreased absenteeism, it mitigates overheads and eventually it ensures more motivated and content employees (The Work Foundation Factsheet, 2008). Among effective policies regarding work-life balance belong:

- flexible working hours: with emphasis on performance rather than time spent at work, annualized hours or time-savings accounts;
- flexible leave agreements – other than annual leave and maternity, which belongs to the statutory entitlements. Thus, leave agreements including paternity leave, emergency leave, employment or career break, sabbaticals, exam leave or study leave;
- decreased working time: part-time work, job-sharing, agreement to work on a fixed basis or for a limited period with right to return to full-time work;
- flexible location: e-working, virtual teams (Mathe, 2011).

Among benefits offered by companies to promote work-life balance belong:

**Benefits in-kind:**

- offering or facilitating child-care furnishing for employee children;
- establishment of a day-care hub;
- provision of a corporate concierge service;
- support with acquiring housing in reasonable price;
- launching cafeteria system or subsidized food (Mathe, 2011).
- legal support referring to buying a property;
- legal support referring to financial literacy;
- legal support referring to preparing a testament;
- legal support referring to adopting a child and civil affairs;
- free of charge assistance with buying/selling personal matters and services (MayoClinic, 2012).

**Financial benefits:**

- providing food vouchers for employees;

- holiday vouchers;
- mutual fund allowances;
- financial support with assisting families with child-care costs;
- educational support for employee children;
- special bonuses regarding the marriage or birth of child;
- special financial support related to compensation for maternity or paternity leave (Mathe, 2011);
- financial support regarding purchasing a new computer for home (MayoClinic, 2012).

Finally yet importantly, **job satisfaction**, is one of the driving force of every company. While not only satisfaction ensures productivity, willingness to work and/or positive attitude towards work and towards employer used to be a considerable element too. (Dvorakova, 2007). There is no direct link between satisfied and productive employees, neither vice versa. Taken into account this concept of job satisfaction, it has a double meaning. There are two kinds of job satisfaction. There is job satisfaction that reflects satisfaction from carrying out meaningful work, positive feelings of using one's skills and competencies and self-fulfillment. On the other hand, there is job satisfaction that makes individuals be satisfied with the present state of issues but do not motivate them to work harder (Armstrong, 2006).



Figure 7: The motivation spectrum (Source: Mathe, 2011, s.87)

## 2.7 Summary of the theoretical background

Individuals are not motivated purely by salary, attractive perks or by decant relationship with their manager. There are numerous factors that help to create and sustain individual's satisfaction, engagement and happiness at the workplace. Two-way communication is crucial in order to work together for the common objectives of the enterprise. Furthermore, motivation may change over the time and therefore it is so important to listen the needs and aspirations of employees (Mathe, 2011).

The theoretical background in the first chapter illustrated Maslow's hierarchy of needs that drive individuals forward. Those are physiological needs, safety needs, love/belonging needs, esteem and on the top figures self-actualization. Alderfer developed ERG theory, where **Existence**: needs for physical well-being, **Relatedness**: needs for good relationships with others and **Growth**: personal growth and development are related to the Maslow's hierarchy of needs. Similarly, Two-factor theory designed by Frederick Herzberger that refers to job satisfaction and job dissatisfaction, may be also related to the Maslow's hierarchy of needs. McGregor based his Theory X and Theory Y on the premise that employees do not like their work and they are trying to avoid accountability and on the contrary that employees are creative, they seek accountability and possess self-direction. Moreover, Adams, author of the Equity Theory focuses on the processes, where individuals are trying to give something in the exchange of receiving something back.

To motivate employees may be ensured through feedback, recognition, rewards, communication etc. Nowadays, the well-being of employees is also considered as crucial element in order to create a reciprocal relationship between an employer and employee. To offset personal life with work may foster better productivity and satisfaction of the workforce. Therefore, management support for work-life balance is critical in order to prevent employees from excessive stress, burnout, workload and illnesses. In this respect, trying to synchronize the business interests of the organization with the personal needs of employees and stimulate them to find an ideal balance between family life and work, is nowadays essential.

### **3. PROBLEM ANALYSIS AND CURRENT SITUATION**

Second part of this master thesis deals with an introduction of the examined company – Company XY, its history, main characteristics, magnitude and scope for this research. Current situation and organizational structure is explained, in detail. Furthermore, the current motivational system as well as current reward system in the company is outlined, following by empirical part of the research, where the aims of this research and methodology used is described. In the last part of this section, quantitative and qualitative data obtained for the purpose of the research are analyzed.

#### **3.1. History of Company XY**

*Company XY & Co.* was established in 1891 by Frederik and Gerard Company XY in Eindhoven, one of the largest cities in Netherlands, that has nowadays developed into the leading high tech cities, hand in hand with the growth of, today called, Company XY. Soon after that, Company XY joined the international business world and launched the global corporation. In 2016, Company XY split into Company XY and Company XY and both companies became standalone enterprises.

Company XY is global leader in lighting systems providing the light to homes, retail environments, offices, cities etc. Company XY pioneered the development of high-quality, energy-efficient LED lighting. The company is now taking lighting into a fully digital world that connects people, places, and devices. Company XY is one of the few companies in the world that offers solutions across the lighting value chain – including software, controls, luminaries, light sources, and modules. As the global leader in lighting, Company XY has a great position to capture growth opportunities by:

- leading global customer and market positions;
- world-class innovation and design capabilities;
- deep application and systems integration expertise;
- unmatched distribution strength and brand.

### **3.1.1 Characteristics of Company XY**

Before May 2016, Company XY was a part of company consisting of three divisions:

- **Consumer Lifestyle** (focusing on home appliances products and audio equipment);
- **Healthcare** (focusing on medical equipment);
- **Company XY** (since 2016 as a standalone company focusing on the lighting).

### **3.1.2. Portfolio of Company XY**

Products, systems and services of Company XY include:

- incandescent lamps;
- halogen lamps;
- fluorescent lamps;
- linear fluorescent lamps;
- CFLs;
- HID lamps;
- LED lamps;
- electronic ballasts and drivers;
- complete luminaries.

The business also place emphasis on offering innovative, integrated and customized lighting systems and services, including light management systems and value-added services such as energy audits, light design and engineering, remote monitoring and managed services. The company has evolved its lighting portfolio from individual products to connected LED lighting systems and services, LED luminaires and LED lamps for the professional and consumer markets across the following areas:

- cities – to create brighter safer streets, reducing costs and carbon footprint;
- offices – to help businesses to reduce energy and reinvent the working environment;
- home – to redefine the space we live in and to create new experiences and reduce energy bills;
- retail – to help retailers drive sales and build customer loyalty;
- industry – to improve efficiency and safety and reducing maintenance costs;
- government – to empower a sustainable environment;

- stadiums – to enhance the experience for fans with flexible lighting;
- horticulture – to allow crops to grow better, faster and healthier indoors, all year round;
- entertainment – to enhance the theatrical spectacle.

### 3.1.3 Financial performance

Comparable sales growth has been improved in comparison to previous year. Further efforts to increase the operational profitability and free cash flow are continuing. Here are some financial highlights from the first quarter of 2017:

- sales of EUR 1,690 million;
- total LED-based sales growth of 19% (61% of total sales);
- continued year-on-year improvement in operational profitability;
- adjusted EBITA( EBITA excluding restructuring costs, acquisition related charges and other incidental charges) of EUR 142 million;
- EBITA (Income from operations excluding amortization and impairments of acquisition related intangible assets and goodwill) of EUR 122 million;
- net income of EUR 61 million;
- free cash flow of EUR 2 million.

Comparable financial figures between 2016 and first quarter of 2017 are illustrated in the Appendix A, Income Statement in Appendix B and Balance Sheet is enclosed in Appendix C.

### 3.1.4 Position on the world market and competitors

Company XY is global leader in lighting systems. Among the most significant competitors belong:

Current peer companies		
3M	General Electric	Osram
ABB	Hitachi	Protector & Gamble
Cooper	Honeywell	Schneider Electric
Cree	Johnson & Johnson	Siemens

Danaher	Johnson Controls	Smiths Group
Eaton	LG Electronics	Toshiba
Electrolux	Legrand	Panasonic
Emerson	Medtronic	

Figure 8: Competitors (Source: Own work based on company materials)

### 3.1.5 Organizational structure

The business is organized and managed into four operating Business Groups (BG):

- **BG Lamps;**
- **BG LED;**
- **BG Professional;**
- **BG Home.**

Business Groups consist of 21 Businesses with the different focus on the products.

Furthermore, the organization is also fractured into four geographical Market Groups (MG):

- **MG Europe;**
- **MG Americas;**
- **MG Growth Markets;**
- **MG Greater China.**

Market Groups consist of 18 Markets and 72 countries. One Market may include more than just one country, e.g Market Lighting Benelux is composed of Luxemburg, Netherlands and Belgium.

Furthermore, Company XY is also organized into 8 enabling functions:

- **Business Transformation;**
- **Finance;**
- **Human Resources;**
- **Innovation;**
- **Internal Audit;**
- **Legal;**
- **Operations;**
- **Strategy & Marketing.**



The organizational structure is very complex. Employees belong either to the Market Group which refers to the geographical belonging or to the Business Group which refers to the products, e.g. conventional lamps, LED lamps etc. Employees belonging in the Function have a global role.

The business has a global reach with commercial activities that cover approximately 180 countries; has operational manufacturing plants in 22 countries in all major regions of the world; established more than 70 sales offices worldwide; employs over 34,000 employees globally and acquired sales amounted Euro 7.1 billion in 2016 (Company XY internal documents, 2017).

### **3.1.5.2 Job Grading**

Job Grading is a method used to link individual jobs to levels or grades. It determines the level of a job based on its complexity and the contribution it gives to the organization, relative to that of other jobs. It is important to ensure an internal equity for roles that deliver a similar contribution to the business and external equity that ensure that the organization can attract talent from the market and maintain it. There is no single look at each role in isolation. Rather, each role is compared to similar jobs in other functions or roles are compared to similar roles in other businesses. For instance, a project manager in finance might be compared with a project manager in IT, because these jobs are part of the same job family. Job Grading is also directly linked to the reward systems and salary structures. It is the cornerstone of the reward systems, because **salary scales** are linked to the different grades. Although jobs in different countries may be graded the same, it is important to remember that actual salaries will differ due to the labor market situation in each country. Job Grading is a fair and objective way of benchmarking the salaries externally.

Figure 9 illustrates the organizational hierarchy with respect to the corporate grading, which consists of:

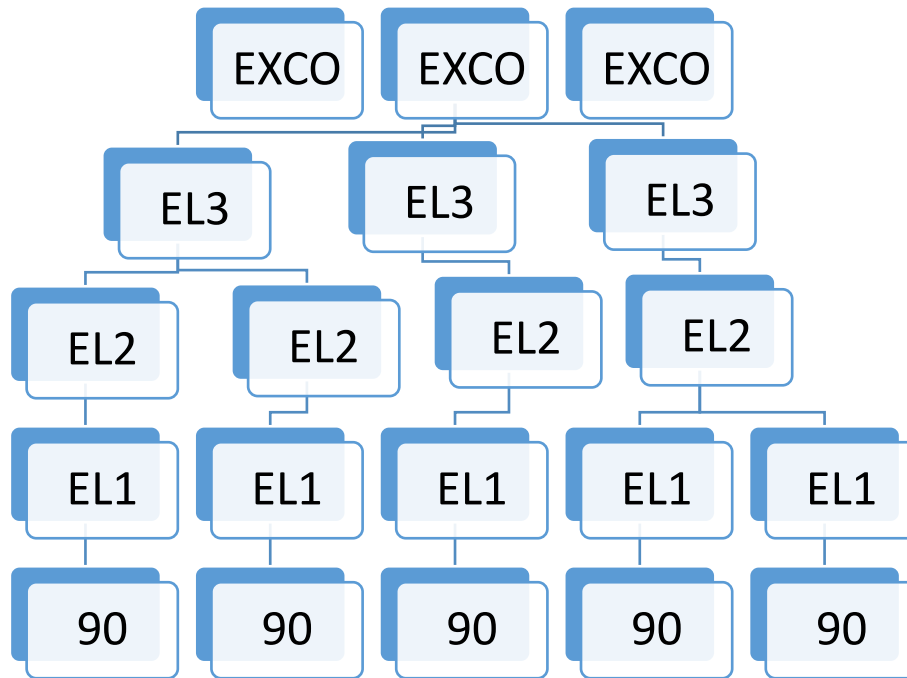


Figure 9: Job grading hierarchy (Source: own work based on the company materials)

### 3.2. Analysis of the motivational system in Company XY

Company XY provides employees wide range of monetary as well as non-monetary benefits. Remuneration system is also aligned with the grading structure of the company, depending on what accountabilities employees have, what critical skills company requires on the certain position, if it is managerial or non-managerial position, etc. Remuneration system also varies from country to country due to the legal issues, tax regulations and legislative. This diploma thesis analyses the motivational system of employees in Amsterdam office of Company XY. Hereafter, term “employee” refers to the non-managerial office full-time worker / office worker with compressed working hours with the corporate grade 37, 40, 45, 50, 60, 70 and/or 80 based in Amsterdam, Netherlands. Neither leadership team, executives, managers in a grade 90 and above (EL1, EL2, EL3, EXCO), interns, contingent workers and/or part-time workers were not included in the analysis.

In the following chapters, aims of the research, research methods and methods used for evaluating the results are described. After identification of the research sample, research results are analyzed. First part of the analysis is dedicated to the demographics, second

part deals with motivational factors at work, third part discusses job satisfaction of employees and last part tackles the work-life balance of employees.

### **3.2.1. Aims of the research**

The aim of this research is to find out what are the factors that employees consider be motivating at work (e.g. job elements, working environment, benefits etc.), what is the level of satisfaction with the current motivational system (both monetary and non-monetary rewards), to what extent the work-life balance is maintained and eventually to identify what other benefits would be welcomed.

### **3.2.2. Research methods**

To achieve the objectives of the research, both empirical methods of quantitative and qualitative research were used. Qualitative and quantitative approach is equally valid and complementary, normally qualitative approach precedes quantitative approach (Reichel, 2009).

#### **3.2.2.1 Interview**

In order to obtain sufficient information about the current motivational system in the company in-depth interview with the Human Resources Rewards Manager of Benelux was conducted as a method of qualitative research (Appendix D). In-depth interviews can be defined as a qualitative research technique which involves “*conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program or situation*” (Boyce and Neale, 2006, p.3).

Eighteen pre-formulated questions were sent electronically via the company mail to the Human Resources Rewards Manager in April 2017, who sent it back to the author in a two weeks period of time with the attachment of sources where the author could find additional information.

#### **3.2.2.4 Questionnaire**

In addition, the survey method, questionnaire, using non-probability sampling selection was carried out as a method of a quantitative research (Appendix E). The online questionnaire was distributed to the employees via internal email in May 2017 for the period of three weeks. After that, data has been collected and analyzed in *Microsoft Excel Office*. The charts and tables were created out of the received data in order to

visualize findings and conclude the set of potential recommendations. Due to the internal company regulations, author was not allowed to reach out random employees and distribute the questionnaire across the organization. Therefore, questionnaire was sent to the employees who author knew personally, thanks to the internship in the company. Those employees had a possibility to share the questionnaire to their colleagues and into their teams. For this reason, the convenience sampling method was selected. Convenience Sampling is a non-probability sampling method used, when there is limited amount of individuals from the target population who may become respondents of the survey. This type of sampling method is common for the quantitative nature of the research, thus, possibility to participate is not the same for all chosen individuals from the target population and research results do not necessarily have to be generalized for the population. Thereupon, there are several limitations regarding this sampling method due to the potential biases (Sincero, 2012).

### **3.2.3. Current motivational system and remuneration of employees**

#### **3.2.3.1 Compensation**

Company XY provides a range of variable rewards for its employees besides base salary, paid last working day of each month. Comprehensive compensation package aims to foster a successful relationship between employees and Company XY, enabling employees to contribute to the company's success and drive their own professional growth and development. Key compensation elements are:

- *base pay;*
- *incentives;*
- *benefits.*

Compensation is administered in *Workday* (internal system used for all the core HR processes within the organization). Employees can find there their personal information, search for internal vacancies, pay, incentives, time off, etc.

The monthly salary (basepay) of the employee is determined by:

- *employee's job grade (corporate grading);*
- *the salary scale for each job grade;*
- *the appraisal of the employee's performance (PPM rating).*

Each position is linked to the corporate grade where employee belongs to and salary scale. Salary scales differ from country to country to reflect differences between local labor markets. Each salary scale is defined taking account of labor market surveys conducted by leading global consultancies to represent competitive pay for a particular grade in a given geographical location. Furthermore, the cornerstone of the rewards program is the People Performance Management (PPM), which is used as a basis for establishing and evaluating the value of employees' positions and salaries in a market-driven and performance-oriented way (Company XY internal documents).

### **3.2.3.2 Short-term incentives**

In order to allow the employees to participate in the company success, and to reward them for their target achievement, Company XY provides an **Annual incentive plan**.

Annual Incentive Plan provides an incentive influenced by both corporate performance (actual financial results measured against Company XY and market targets) as well as individual performance - measured in the Company XY Performance Management rating (PPM). The Annual Incentive plan represents the short-term and variable portion of the total compensation provided to eligible employees and it gives eligible employees an opportunity to earn market competitive incentive-based rewards, depending on the PPM and relevant financial results. Country-specific norms, market practices, and company internal compensation policies determine which positions and grades are eligible to participate in the Annual Incentive plan and the level of incentive (Netherlands – corporate grade 50 and above). Between PPM mid-year and end-year are two check-ins (quarterly check in). The Annual Incentive plan formula includes a multiplier calculation of base salary, Annual Incentive target percentage, and the following three components:

- *PPM rating*;
- *Own Financials*; as per the supervisory organization the participant belongs to (MG, BG, Market, Business)
- *Lighting Financials*.

**PPM rating** is conducted twice a year and the main focus is on performance and development of the employees. PPM 1 as a mid-year performance rating (Individual Development plan) is focusing by 80 % on the development and 20 % on the performance, while PPM 2 as an end-of plan-year performance rating (Individual

Performance plan) is focusing by 80 % on the performance and by 20 % on the development. The PPM End-Year rating, on a 5-point rating scale, where 1 – “Significant improvement required”, 2 – “Improvement required”, 3 – “Strong”, 4 – “Exceeds”, 5 – “Outstanding” or *Too early to rate* - usually referring to new hires or graduates, is determined by assessing the participant’s individual performance relative to their key areas of responsibility and up to five SMART personal goals (SMART = (specific, measurable, achievable, relevant and time-bound). Three of these five personal goals should be derived from the Key Performance Indicators (KPIs) from the **Balanced Score Card**.

The Balanced Scorecard is designed to improve the connection between actions you can take and enterprise value. As part of the Balanced Scorecard, KPIs have been established in order to see how the company is progressing in driving enterprise value. It allows to identify what is working well and what needs more focus in order to reach the organizational objectives. Therefore, in order to align the personal objectives with the organizational goals, at least three out of five personal goals should be aligned with or contributing to KPIs from the Balanced Scorecard. Personal, SMART KPIs are determined by managers of employees, while financials KPIs are determined by the overall performance of the company (Appendix F).

**Own Financials** – refer to the business unit where an employee belongs to (e.g.: Business Group, Business Unit, Market Group, Market, Country and Function) as the KPIs. Annual Incentive payout of the participants of these organizations is determined by the achievement of these KPIs (Appendix G).

<b>Business Group/ Business Unit</b>	<b>Market Group/Market/Country</b>	<b>Functions</b>
CSG% (comparable sales growth)	CSG% (comparable sales growth)	Costs as a percentage of target
Adjusted EBITA% (Adjusted Earnings Before Interest & Tax)	Adjusted ISM% (Adjusted ISM (Integral Sales Margin as % of total sales)	
Internal FCF in EUR (Free Cash Flow in mil. Euro)	AWoCa% (Business or market controllable working capital excluding intercompany	

	balances. Applies as an average for the year).	
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Figure 10: Own Financials in KPI (Source: Company XY 2017)

**Lighting Financials** - Three financial measures are defined at Company XY company level as the KPIs. Annual Incentive payout of all of the participants in this plan is determined by the weighted realization of these KPIs:

- *CSG %* - Comparable Sales Growth (externally reported)

$$CSG\% = \left( \frac{\text{Comparable sales}_{CY}}{\text{Comparable sales}_{LY}} - 1 \right) * 100$$

Equation 1: Comparable Sales Growth, Source: Company XY (2017)

- *Adjusted EBITA %* - Adjusted Earnings Before Interest & Tax (externally reported)

$$Adjusted\ EBITA\% = \frac{\text{Adjusted EBITA}}{\text{Total sales}}$$

Equation 2: Adjusted EBITA, Source: Company XY (2017)

- *FCF* – Free Cash Flow in mil. Euro

All figures combined give us **Annual Incentive Formula** (Equation 3), which is determined every year for the upcoming year. It takes into account an individual performance of the eligible employee and performance of the business unit where employee belongs to (60 %) and business performance of the whole company (40 %).

The PPM End-Year rating is determined typically before the end of January after the Annual Incentive plan year. The PPM rating and Own Financials multiplier carries a weighting of 60% and will lead to a payout of Annual Incentive as long as the PPM rating is at least 2 - “Improvement Required” or higher, even if the Own Financials are not attained, due to the 30% floor on the Own Financials multiplier. The PPM rating has a maximum multiplier of 200% and Own Financials have a maximum multiplier from 30 - 100%. The maximum multiplier of Lighting Financials is 200%. Annual Incentive payout typically takes place in the month of March after the plan year and it is a gross payment, which is subject to tax and social security deductions as per the relevant local

regulations. Periods of paid leave (e.g. holidays, maternity) during the Annual Incentive plan year typically have no impact on entitlement to an Annual Incentive payout, whereas periods of unpaid leave (e.g. sabbatical, extended parental leave) would lead to a pro-rated Annual Incentive calculation. It is visible on the employee compensation profile in the internal portal called Workday for the employee, manager, and Human Resources Manager (HRM). Annual incentive calculation applies for the financial results in Netherlands and it is in accordance with the collective labor agreement.

*Example: yearly salary is 100 000 €, bonus target is 10 %. PPM rating is 4 => 150 %, while Company XY financial results are 120 % and Business unit financial results are 100 %. Therefore, according to Annual Incentive Formula, the calculation of the bonus will be: base salary x target AI % x (60 % of the PPM x own financials) + 40 % of the Company XY financials).*

*Calculation: 100 000 € x 10 % x (60 % x 150 % x 100 %) + (40 % x 120 %) = 100 000 x 0.1 x (0.6 x 1.5 x 1) + (0,4 x 1.2) = 13 800 € bonus.*

*Considering the maximum payout of 200 %, if an employee performance is outstanding – PPM = 5, all financial target - 3/3 financial KPIs within the business unit are met and weighted realization of Company XY financials is 200%, base salary is 50 000 € and AI target is 10 %, the maximum bonus will be :*

*50 000 x 10 % x (60 % x 200 % x 100 %) + (40 % x 200 %) = 5000 x (1.2 + 0.8) = 10 000 € (Company XY 2017 internal documents, 2017).*

$$(40\% \times \text{Company results}) + 60\% (\text{Group targets} \times \text{PPM}) = \text{Payout} (\%)$$

Equation 4: Annual Incentive Formula, Source: Company XY (2017)

### **3.2.3.3 Long-term incentives**

In order to ensure sustainable financial success, retain the top leadership and promote continuous commitment, Company XY offers a long-term incentive plan (LTI plan) for 20 % of all employees with corporate grade 80 and above. They are elected, because they perform very well or have key positions/are scarce on the labor market, playing a critical role in helping Company XY achieve its goals. LTI plan consists of a performance share plan and a restricted share rights plan. Performance shares are a conditional award of free shares at the start of a three-year performance period.



Restricted share rights are the rights to receive Company XY shares for free three years after the award date provided. The LTI plan is designed to give employees in a key role stake in the company, which in turn gives them an opportunity to earn significant rewards based on the value the help to create (Company XY internal documents, 2017).

#### **3.2.3.4 Company XY à la Carte**

Company XY offers a variety of benefits to employees, depending upon locally defined practices and country-specific regulations and norms. In Netherlands there is, so called - *Company XY à la carte*, which is a budget enabling employees to spend the money that they received from the company (monthly salary, personal budget, variable salary, etc.) for specific purposes or even convert 'time' into money or spend that money again within *Company XY à la carte*. The gross value will remain the same.

With *Company XY à la carte* there are following allocation options:

- *Bicycle scheme;*
- *Purchase days;*
- *Life course savings;*
- *Travel expenses from home to place of work;*
- *Home workplace;*
- *Bicycle and bicycle accessories;*
- *Shares.*

*Example: the monthly salary is € 3,500 and if the employee buys 13 purchase days, the personal budget is thereafter 18.66%, so the total of the salary and personal budget is €  $3,500 \times 1.1866 = € 4,153.10$ . Taking into account age of the employee, in case it is more than 23 years (Collective labor agreement Company XY 2017) (the minimum wage is € 1,551,60 gross (pro-rated for part time, net income depends on the taxes and social insurance contributions withheld from the wage (Government of the Netherlands, 2017). Furthermore, if the employee makes use of the Company XY à la carte choice, travel expenses from home to work, the amount is € 155. This means the budget would be €  $4,153.10 - € 1,551.60 - € 155 = € 2,446.50$  (Collective labor agreement Company XY, 2017).*

- **Personal Budget** – receives every employee at Company XY each month on

top of his or her salary. For most employees the level of the personal budget is 24,57% of the monthly salary and it includes the legal holiday allowance of 8%.

There are following options regarding the Personal Budget:

- have it paid;
- purchase free days;
- leave it for the time being with Company XY and have it paid to you later ('set it aside');
- use it for Company XY à la carte (explained above);
- combination of these.

- **Bicycle scheme** – in the case, employees use the bicycle to travel to and from work on more than half of the days on which they work and they are employed in Company XY in the current calendar year and for the two following calendar years (or at least expect to remain in employment), they may take advantage of the bicycle scheme once in a three-year and purchase a bicycle on favorable terms (free of tax and social insurance contributions). After a purchasing of the bicycle, Company XY reimburses the amount to a maximum of €749. In addition, when buying a second-hand bike at a recognized bicycle dealer the same conditions apply and when purchasing a standard bicycle insurance cover or bicycle accessories, the maximum of €82 of the gross income every calendar year, may be applied. The purchase sum is deducted from the gross income and at the same time the net sum is added to the income.

*Example: an employee purchases a bicycle to the value of €700. This sum is deducted from his gross income, standard tax in Netherlands is 42% tax (Government.nl, 2017). His net income therefore drops by just over €400. €700 net is then added to his income. The result is that the employee has a bicycle worth €700 for which he has only paid €400.*

- **Purchasing days off** – employees are entitled to twenty-five days of holiday for the calendar year. In principle, holidays must be taken in the calendar year in which the entitlement arises, however it is possible to have a maximum of five (non-statutory) vacation days paid at the end of the year. In addition, in consultation with the Works Council, Company XY can establish five days off for all employees as a collective holiday (note: usually on Friday after the bank holiday on Thursday). Furthermore, employees can purchase a maximum of 20 free days per year (previously consulted with

the manager). It is possible to purchase days in whole or half days and the value of one hour is 0.682% x full-time monthly salary. It is possible to buy thirteen days off at the end of the year to be used in the following calendar year.

- **Life course leave** - enables employees to save a portion of their gross salary in order to finance a period of unpaid leave in the future. Employees who are also subject to taxation in another country and employees who make use of the 30% tax ruling are advised to inform themselves properly in advance about the possible tax consequences of participation in the life course scheme. (NOTE: 30% tax ruling allows the employer to pay 30% of the salary of expatriates free of tax. This part of the salary is treated as a tax-free allowance for extraterritorial expenses) (Dutchtaxadvice, 2015). An amount is withheld from the employee's gross salary and paid into a special savings account of the employee or paid into a 'life course insurance policy' of the employee with an insurer, bank or subsidiary of a pension fund or investment fund manager. Under the Work and Care Act, employees have a statutory right to participate in the life course scheme. The employee decides with which institution he wishes to have the life course savings account or insurance policy. An employee is allowed each year to save a maximum of 12 per cent of the gross salary earned in that year.

- **Employees Stock Purchas Plan** – employees who have been employed by Company XY for at least six months and whose contract is covered by Collective Labor Agreement (CLA) are allowed to spend a maximum of 10% of their annual salary on purchasing shares in Company XY at a 15% discount.

*Example: Employee investment is € 170 and the share price is € 21. Company XY contribution is € 30 (15% of the total purchase price of € 200.) This is used to purchase 9.5238 shares (200/21). The contribution of 15% is for the most part subject to income tax and social insurance (12.25% instead of 15%). In this example, €24.50 is subject to income tax and social insurance contributions in the month of participation instead of € 30.*

- **Travel expenses from home to place of work** - under tax rules it is permitted to receive a fixed monthly expense allowance of € 0.19 per kilometer travelled between home and the work. The employer is allowed to base the calculation of the level of the allowance on 214 days of travel per year. This takes short-term absences into account (holidays, leave, sickness etc.) and the minimum of 60 % from 214 days spent by the

travelling to the work. For part-time employees these numbers of days must be reduced in proportion to the number of days of travel.

*Example: an employee travels a distance of 50 kilometers from home to place of work and at present receives a fixed travel expense allowance of € 145.60 per month. Under tax regulations a fixed allowance is permitted of  $(50 \times 2 \times 214 \times 0.19)/12$ , which equals € 338.83 per month. By participating in the travel allowance scheme of Company XY à la carte the employee's gross monthly income is reduced by  $(338.33 - 145.60)$  € 193.23. Given a tax rate of 42%, the net income then decreases by approximately € 112. The employee subsequently receives (net) another € 193.23 free of tax, which means that he/she has approximately € 81 net per month more.*

These rules are not applicable to travel provided by the employer (lease car, season ticket for public transport, etc.).

- **Home workplace** – in certain cases, employees may purchase ergonomic desk, chair and/or artificial lighting for their home workplace under favorable tax. Employees purchase the equipment or a part by themselves, following which Company XY makes a payment to them for the purchase. This payment must not exceed €1,815 (including VAT) over a period of five years. Employees do not have to spend this amount at once, however they must spend a minimum of €100 on each purchase. Company XY does not refund the money that employees have spent on these items, hence they gain because the cost of these purchases is deducted from their gross income. They do not pay any tax on this part of their gross income, as the purchase price is deducted from the gross salary and at the same time the net sum is added.

*Example: an employee purchases an office chair to the value of €700. This sum is deducted from his gross income (standard tax is 42% tax). His net income therefore drops to €406. The net sum of €700 is then added to his income again. The result is that the employee possessed a chair worth €700 for which he has only paid €406 (Collective Labor Agreement Company XY, 2017).*

### **3.2.3.5 Care leave**

- **Care leave** – there are specific rights for the following forms of care leave granted by the Work and Care Act: emergency leave, short-term care leave, long-term care leave, paternity leave, pregnancy and maternity leave, adoption and foster care

leave, partner leave and parental leave. **Maternity leave** (during pregnancy, adoption and foster care leave too) is paid leave for a period of sixteen weeks. **Parental leave** is unpaid leave, employees are allowed to have 6 months parental leave (legal rules apply).

- **Sick days** are paid up to six months, afterwards six months with 95 % pay and then maximum two years with 90 % pay. If disability continues, contract will end and employee is eligible to a disability pension.

- **Sabbatical** – once every three years, employee may take a sabbatical for a period of three consecutive months. For this period of unpaid leave, employees may use the vacation days to which they are entitled in the year in which the leave of absence starts.

- **Paid leave** - paid leave of absence is applied in cases of:
  - a) death of the spouse/ close family (maximum of one working day);
  - b) death of the employee partner/ spouse/ child or parent living in your home (the working days between the death and the funeral);
  - c) celebration of twenty-five or forty years anniversary (one working day);
  - d) for the course in preparation for the retirement, three years before the retirement (maximum of five working days);
  - e) the birth of child, marriage or registered partnership (one working day)
  - f) 20<sup>th</sup> or 40<sup>th</sup> wedding anniversary (one working day);
  - g) after the birth of the child for the employee as the partner (three working days);
  - h) in case employee is unable to visit a doctor, dentist, midwife, specialist, physiotherapist in his free time (Collective Labor Agreement Company XY, 2017).

### **3.2.3.6 Company XY MyShop**

Each employee (including interns or part-time workers) can benefit from a tax-free discount of 20% Company XY products, TV Vision, to a maximum purchase price of € 2,500 per year (Collective Labor Agreement Company XY, 2017).

### **3.2.3.6 Representation allowance**

Each employee in the job grade 50 to 90 will receive a representation allowance, which is made monthly, together with the payment of the salary.

Grade	Net amount per month
50 & 60	€ 32,70
70	€ 65,80
80	€ 79,00
90	€ 91,30

Figure 81: Representation allowances, (Source: Collective Labor Agreement Company XY, 2017)

Representation allowance can be paid by Company XY free of tax such as:

- the cost of receiving and visiting colleagues in case of illness;
- small gifts (flowers, a bottle of wine or a box of ) to business contacts;
- small expenses in connection with accompanying business contacts in the evening and at weekends, such as tips, parking fees, refreshments, etc.
- small gifts to a colleague, for example on the occasion of a wedding, a birth, illness, promotion, anniversary or departure;
- expenses in connection with the business use of private stationery and visiting cards, etc. and Christmas and New Year greetings cards for business contacts (Collective Labor Agreement Company XY, 2017).

### **3.2.3.7 Pension plan**

All employees are entitled (in fact, it is an obligation) to the benefit of the pension ruling. This includes life, disability and survivor's pension. Company XY pays 24% of the salary to the pension fund, the employees pays 2% of the pensionbase (= salary minus off set, currently 13.860 per year). For this contribution, an employee accrues old age pension and survivor's pension and he will receive disability pension in case of disability. Standard retirement age is sixty-seven years. Early retirement is possible between sixty and sixty-seven years, the maximum age in seventy years (Collective Labor Agreement Company XY, 2017).

### **3.2.3.8 Long service anniversaries**

The company celebrates long service when any employee has been with the company for 25 or 40 years. Besides a memorable day employees can count on a fixed number of amenities and additionally, employees can choose from a number of gifts. The milestone of 50 years of service is celebrated too, but this is arranged separately on an individual basis (Company XY internal documents, 2017).

### 3.2.3.9 Development and learning - Benelux

Learning and development is a core value of Company XY. It assists employees in developing their key capabilities to meet the critical demands and challenges of the business. Additionally, learning offers employees a wide range of personal development opportunities customized to their particular interests and aspirations. Following the 70:20:10 = (learning by doing: learning from other: formal external training) learning approach employees develop primarily by experience and coaching. Learning approach 70:20:10 is also related to ERG theory:

- **70- Experience;**
- **20- Engage;**
- **10- Educate.**

Formal learning programs that align individual and business needs accelerate the development process. On- demand e-learning solutions are available to employees free of cost via the Learning Portal to support on the job performance.

#### **Learning Portfolio:**

- **Business Agenda** – programs are closely linked to key business priorities. Each program is designed to support employees in making a strong contribution toward the strategic goals of Company XY;
- **Role- Centric** – Programs provide employees with the skills and competencies to excel employees in their role;
- **Personal Development** – a wide variety of opportunities exist which enable personal development based on employee individual needs and aspirations.

Company XY offers a wide range of learning opportunities via examine-learning, where employees may enroll in those they are interested in e.g: Change Management, Performance Management, Project Management, Personal Effectiveness focused on the soft skills and ability to resolve conflicts, Leadership, Finance, Marketing as well as face to face courses provided either by internal Company XY trainers or externals. In case of face-to-face courses, managers have to approve the request of an employee and after the course, Company XY reimburses the training course costs.

- **getAbstract** – leading online media company that provides users with access to compressed, relevant knowledge to drive innovation and help solve everyday business problems with accuracy and efficiency. It contains more than 10 000 summaries of the

most recent and most recommended business books (also audio versions are available), personalized profiles for aligned abstract recommendations, the ability to share getAbstract with colleagues also on the social media and free mobile app.

- **Harvard ManageMentor** – top-notch interactive learning content available to all Company XY employees, including over 40 topics on personal development, business skills and management skills. In each topic, there are useful tools, engaging videos, and content that facilitate the learning experience from the desktop to on-the-job.

- **BlueTube** - is a video platform available for Company XY employees to view and share online videos. It is used for video with an internal target group. Content shared on BlueTube is only visible to the Lighting organization. Users can securely create, upload, share, search, browse, and watch live and on demand videos, presentations, webcasts, and other rich media content.

- **CEB** – best practice insight and technology company with over 30 years of experience in share, analyze and apply proven best practices of member companies. Every year CEB equips over 20,000 senior leaders and their teams from more than 10,000 organizations across 110 countries with intelligence needed to respond quickly to evolving business conditions. Company XY has CEB council memberships in a number of domains, sponsored / funded by functional leaders (Company XY internal documents, 2017).

### **3.2.3.10 E-miles**

E-miles are virtual value points (E stands for employability). All employees who work in the Netherlands and fall within the scope of the CLA have an annual entitlement of 1000 e-miles. Every year a new portfolio of products and services is compiled on which employees can spend their e-miles, to work on their personal development. There are several learning packages offered, in which employees start working on a topic important to them for several months. Coaching is also part of the e-miles program. Employees can decide whether they would prefer an external coach or a peer coach. A peer coach is a Company XY colleague who makes his knowledge and experience in certain areas available to him and is happy to be your sparring partner by engaging in dialog with him. It is a program that revolves around 'lifelong learning' and where



development is a key to stay “fit for the future” and improve employee’s labor position at the market (Company XY internal documents, 2017).

### **3.2.3.11 Health portal**

Health portal is an interactive website, an online health platform that has arisen from a partnership between Company XY and the health care insurers. It provides all kinds of information on medical issues. The portal also gives an insight into a number of health-related themes like exercise, diet, dealing with conflicts, work-life balance, how to stop smoking, etc. Additional step by step plans, tests, courses and questionnaires coach you through the themes in an individually-tailored way. In the nine available coaching programs, the computer draws up a personal program for employees on the basis of an intake questionnaire. The personal program is gradually refined by the data that employees enter in the system during the process. The Health Portal offers employees instruments that provide insight and inspiration and stimulate them to change their lifestyle where it is necessary. It creates an environment for employees who are healthy and who want to work on their health in a preventive manner. As, Company XY enables employees to work on their health in a safe, high-quality environment at any time they choose, primarily at their own responsibility (Company XY internal documents, 2017).

### **3.2.3.12 360 degree feedback**

360 degree feedback is a tool that gives valuable feedback on behavior and performance and how employees can grow. It is measured against the competencies. If line manager agrees that employee would benefit from the 360 degree feedback, HR manager or Human Resources Business Partner is contacted in order to kick off the process and employee is required to complete the evaluation questionnaire about himself. After that employee get to choose who will give feedback for the 360 degree feedback, e.g: line manager, matrix manager, peers, direct reports, customer/client or others (Company XY internal documents, 2017).

### **3.2.3.13 Personal Laptop and Mobile phone**

All the office workers employees receive a personal laptop and mobile phone to use for business purposes. There is no limit regarding the usage of the mobile phone and some reasonable private use is also allowed and not monitored. Managers and employees

receive a monthly overview of costs for mobile phone usage if the amount is within the reasonable limits (Company XY internal documents, 2017).

#### **3.2.3.14 Company Car**

Employees in CLA are eligible for a lease car only when travelling more than 23.000 km per year for business purposes. All employee with a corporate grade 90 and above are eligible for a lease car as reward element (Company XY internal documents, 2017).

#### **3.2.3.15 Talent card**

Talent card is an internal CV maintained and updated by employees **to capture:**

- job history;
- work experiences;
- education;
- languages;
- career preferences & interest;
- job interests;
- short-term and long-term mobility.

It is visible for the manager of an employee and Talent Acquisition team. It is used when applying for internal vacancy, used by Talent Acquisition team when sourcing internal candidates for job openings and by management teams and HR during talent reviews and development discussions. It can be updated throughout the year and it is eligible for employees with corporate grade 50 and onwards (Company XY internal documents, 2017).

#### **3.2.3.16 Team Dialogue**

Team dialogues are sixty minutes meetings that are held quarterly and help teams to reflect and focus on continuously improving business impact by effectively dealing with team challenges. It is structured around six guiding questions and led by managers, however driven by team members. In each Team Dialogue, the team defines one action for that quarter to move them forward focusing only on what the team can change. There is no external facilitation required as manager and team can arrange dialogue sessions anytime. All sessions are short and easy to use, available globally and applicable to teams at all organizational levels. Following questions are suggested to use in Team Dialogues:

1. Have we followed up on all our actions since last time?
2. What are your initial reactions to the overall team report?
3. If we asked people from outside our team, what would they say we do well and where would we need to improve further?
4. What can I do personally to improve our team effectiveness?
5. What action do we need to focus on as a team over the next quarter?
6. Which one thing should change or continue, so that you would recommend Company XY as a great place to work?

Results are conducted in overall for the whole company, as well as per Market Group or Function. Answers are illustrated in the graphs and sent back to employees via company email (Company XY internal documents, 2017).

#### **3.2.4. Methods used for evaluation the questionnaire**

For the evaluation of results of the questionnaire, author used descriptive statistics of quantitative data. Data set was analyzed and converted into the tables and charts in the Office Microsoft Excel program. All questions are illustrated in a charts, accompanied by the authors 'comments and explanation of the most significant findings. Each answer choice was assigned a numeric value and shows a weighted average. Furthermore, in order to get more accurate interpretation of the results, in the first, fourth and fifth question, the ordinal data were processed by assigning different values to every possible options. In questions seven, eight and nine, which were depict the research sample, descriptive statistics of nominal, interval and ordinal data has been used. In the second, third and sixth question, the absolute and relative frequency of the answers using descriptive statistics of nominal data have been used.

#### **3.2.6 Target Population**

For the purpose of this research, the scope of the population was diminished to the Amsterdam branch in Netherlands and the scale of the population was reduced to the non-managerial fulltime (or with reduced working hours) office workers. In total, there are 284 employees based in Amsterdam. After excluding all executives and managers with corporate grade 90 and above, interns and contingent workers as well as *Legal* function (due to the Company XY internal policy and regulations), the target population consists of 170 employees from 16 different functions.

Function	Number of employees
<b>Brand, Communications and Design</b>	12
<b>Business Transformation</b>	10
<b>Finance</b>	81
<b>Human Resources</b>	32
<b>GM General Management (Assistants)</b>	3
<b>IT</b>	2
<b>Marketing</b>	1
<b>Manufacturing</b>	3
<b>Public Affairs and Government Relations</b>	2
<b>Procurement</b>	1
<b>Quality, Regulatory and Compliance</b>	1
<b>Research &amp; Development</b>	1
<b>Sales</b>	1
<b>Supply Chain Management</b>	1
<b>Strategy, Alliances and New Business Development</b>	17
<b>Sustainability</b>	2
<b>Total</b>	<b>170</b>

Table 1: Target population in Amsterdam office (Source: own work based on company materials)

The target population consists of 94 women and 76 men (Company XY internal documents, 2017).

### 3.2.7 Research sample and research results

The questionnaire was sent out electronically via company email. Questionnaire consisted of 10 questions, both open and closed. The online questionnaire was sent directly to 40 people, which author knew personally due to the internship in the company. As the recipients were encouraged to share the questionnaire to their colleagues and teams, the remaining 21 questionnaires were filled by employees, who received the questionnaire from one of the initial recipient. Therefore, it is difficult to determine the response rate of the respondents, as, in total, 61 completed questionnaires were collected.

The questionnaire was divided into the four sections. First part depicted the research sample - demographical part of the questionnaire (questions 1.-4), second part tackled motivational factors (5.-6. question), third part was dedicated to the Job Satisfaction (7.-8. question) and last part was related to the work-life balance and working environment (9.-10.question). Due to the busy schedule of the employees, questionnaire needed to be shortened to ten questions in order to ensure the highest possible amount of respondents and highest possible response rate. Questionnaire may be seen in Appendix E.

### 3.2.7.1 First part: Demographics

The aim of this part of the questionnaire is to found out the demographic composition of the research sample and gain the basic data about the respondents like gender, age, amount of years working for this company and organizational placement of the respondents.

First demographical question was investigating the amount of years working for the company.

#### Question one: How long have you been working for this organization?

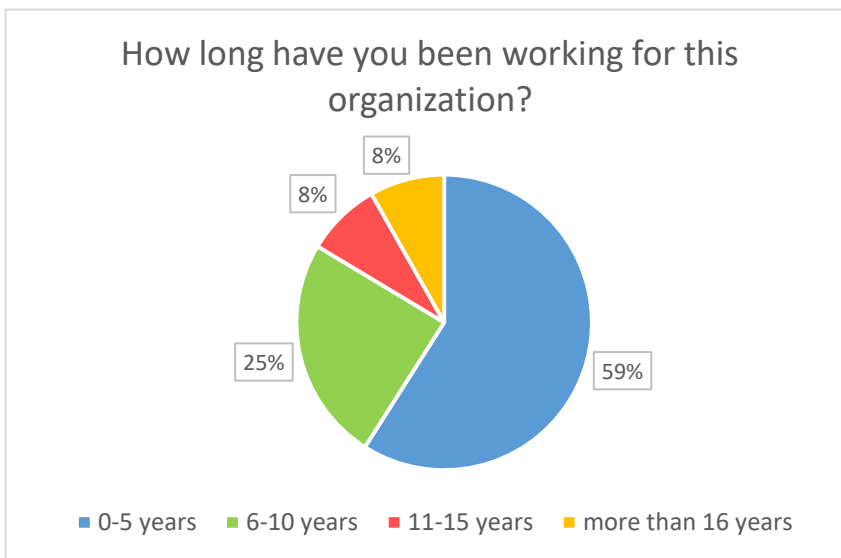


Chart 1: Time worked for the company (Source: Own work)

36 respondents work for Company XY less than 5 years (59%), following by 15 respondents (24,6 %) working for the company 6-10 years. There were 5 respondents (8,2 %) working for the company for 11-15 years and 5 respondents (8,2 %) working for the company for more than 16 years. The research sample is therefore relatively

“new” in the company, however, with undoubtedly sufficient experience in the working field. Majority of the respondents have been working for the company for less than 5 years. Therefore, we can assume that there is relatively high level of employees' fluctuation.

**Question two: Could you please specify your gender?**

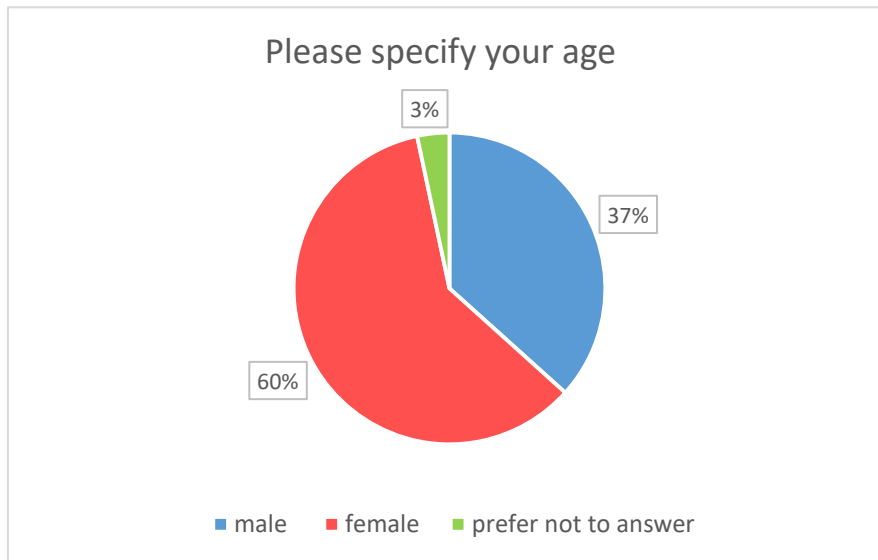


Chart 2: Gender distribution (Source: Own work)

Out of 61 completed questionnaires, 36 respondents (60%) were female, 22 respondents (36,7 %) were male, and 2 respondents (3,3 %) preferred not to answer.

Considering, the overall Company XY population (all countries throughout the world where Company XY possess an office), there is larger men population - 63% of male population comparing to only 37% of females. Comparing to the whole population in Amsterdam office), this ratio is more balanced - there is 45 % of women and 55 % of men. This balanced number is due to the office nature of the work, where women usually have large representation, especially functions as Human Resources, Finance or Legal or Communications. In overall, Human Resources is most represented by female population. In Company XY (entire population), there are 74% women in Human Resources, while in the whole population in Amsterdam office there are 84 % women in Human Resources function.

This relatively high number of female respondents in research sample (58,9 %) is due to the high amount of female employees within the Human Resources function (16 % from the population in Amsterdam), whom the author had the greatest interaction with.

**Question three: Could you please specify your age?**

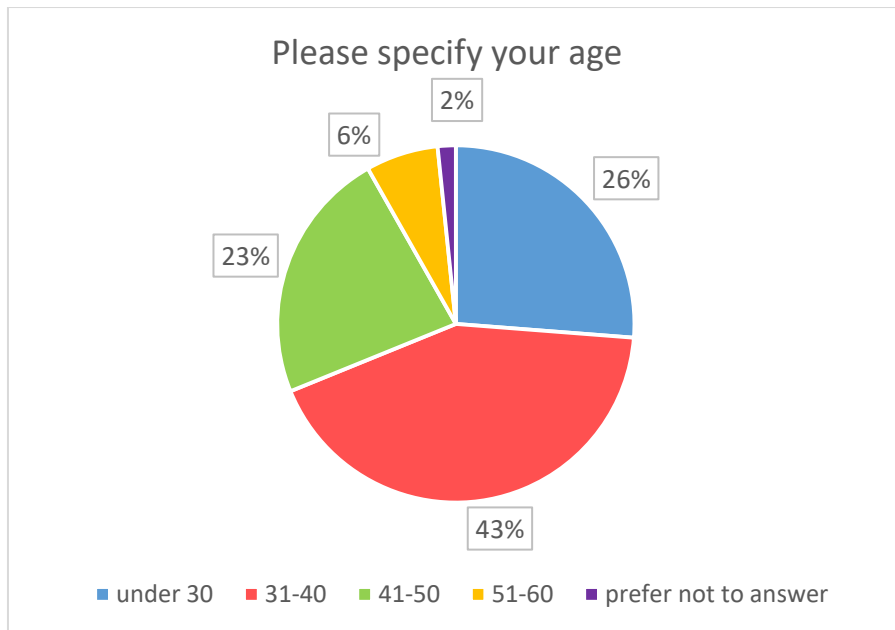


Chart 3: Age (Source: Own work)

Question number 3 examined the age of the respondents. The largest amount of the respondents 26 are between the age of 31-40 years (42,6 %), following by 16 respondents under 30 years (26,2%). There are 14 respondents between 41-50 years, which represents 23% and 4 respondents are between 51-60 years (6,6%). There is no representative of age above 60 and 1 respondents (1,6%) did not answer the question. The results are aligned with the overall company profile of Company XY (entire population), as the largest population of employees are between 31-40 years (34 %), following by 28% of employees between 41-50, 18% under age 30, 17 % between 51-60 and 3% above 60 years. This category is also the most represented in the entire population of Amsterdam office. There is 43 % of employees between 31-40, 28% in the age 41-50, 18% under 30, 8% in the age 51-60 and 3% of employee above 60. Higher number of employees in older age is due to the presence of managerial and executive positions above corporate grade 90 with several years of experience and

significant level of qualifications. It is also common to hire external professionals for strategic roles in the company to bring a fresh and bright insight into the business.

**Question four: Could you please specify position and where are you placed in the organizational structure (optional)?**

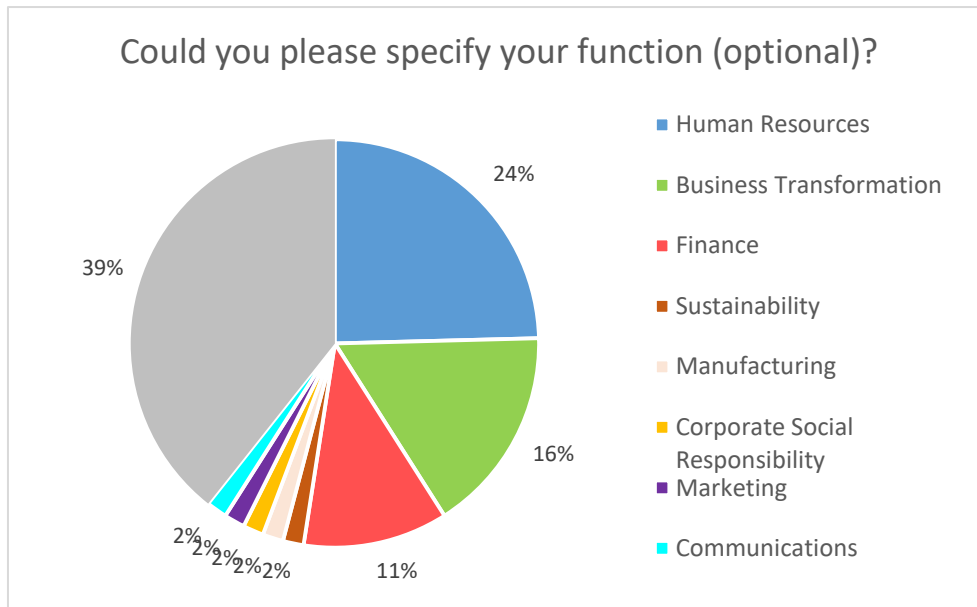


Chart 4: Organizational placement (Source: Own work)

This question had to be optional and therefore not all the answers are applicable. In total 37 respondents stated their organizational placement in the organization, while 24 respondents did not specify it (39%). Hence, the most respondents (15) are from Human Resources (25%), following by Business Transformation (10 respondents – 16%), Finance (7 respondents – 11%), and 1 respondent (2%) from Sustainability, Marketing, Manufacturing, Corporate Social Responsibility and Communications. This question had to be optional, as not all respondents feel comfortable in revealing their position in the organization.

Question regarding the University degree was omitted, as it is a standard in such a companies in Netherlands, including an entry level positions.

**3.2.7.2 Second part: Motivation factors at work**

The aim of this section was to determine what factors respondents consider motivating among various monetary and non-monetary rewards as: flexible working hours, pleasant



working environment, variable monetary rewards, chance of promotion or sense of belonging to the organization, recognition, base salary etc.

Respondents were asked to leave an answer on the 4-point scale: definitely yes/rather yes/rather no/definitely each of the options. Furthermore, the option for expressing the specific comments was offered.

**Questions five: Do you consider following factors motivating?**

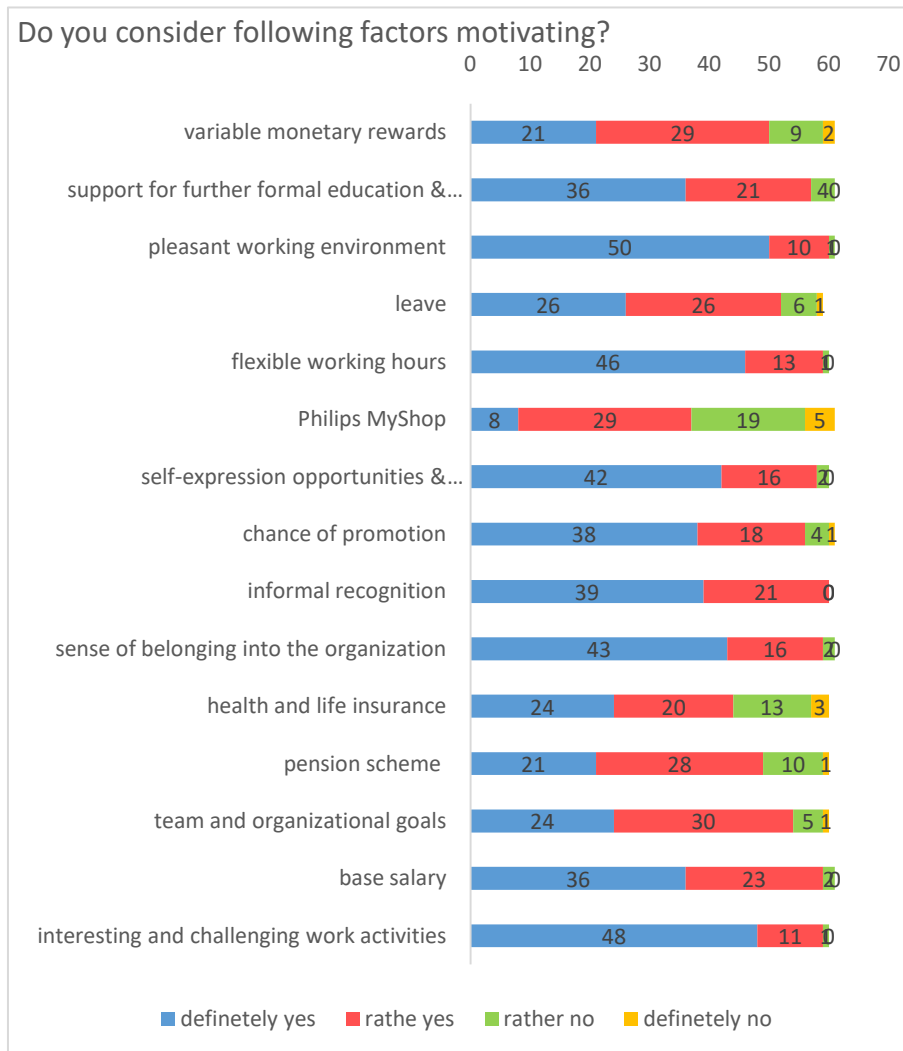


Chart 5: Motivational factors (Source: Own work)

50 respondents (82,0 %) are definitely motivated by the pleasant working environment, following by 48 respondents (80,0 %) motivated by interesting and challenging working activities and 46 respondents (76,7 %) are motivated by the flexible working hours. 30 respondents (50 %) rather motivated by the team and organizational goals, following by 29 respondents (47,5 %) rather motivated with variable monetary rewards and Company

XY MyShop discount. On the contrary, 19 respondents (31,1 %) are rather not motivated by Company XY MyShop and 13 respondents (21,7 %) are rather not motivated by health and life insurance. 5 respondents (8,2 %) are definitely not motivated by the discount in Company XY MyShop following by health and life insurance (3 respondents - 5%). There is overall high motivation of respondents especially regarding the non-monetary elements as pleasant working environment, informal recognition, flexible working hours, interesting and challenging work activities and monetary rewards as base salary, leave and chance of promotion.

In order to get more exact insight into the most motivational factors for the respondents expressed in the numeric values, each option on the 4-point scale was assigned to a value from 1 – 4 (definitely yes = 1, rather yes = 2, rather no = 3, definitely no = 4). As a result, the lower value, the more essential factor is for leveraging the motivation. For the better illustration, motivators are divided into intrinsic and extrinsic ones. Hereafter, it is obvious, that intrinsic motivators predominate over the extrinsic ones.

Motivator	Numeric value	Nature of the motivator
pleasant working environment	1.20	intrinsic
interesting and challenging work activities	1.22	intrinsic
flexible working hours	1.25	intrinsic
sense of belonging into the organization	1.33	intrinsic
self-expression opportunities & involvement in decision making process	1.33	intrinsic
informal recognition	1.35	intrinsic
base salary	1.44	extrinsic
chance of promotion	1.48	extrinsic
support for further formal education & development	1.48	extrinsic
leave	1.69	extrinsic
team and organizational goals	1.72	intrinsic
pension scheme	1.85	extrinsic
variable monetary rewards	1.87	extrinsic
health and life insurance	1.92	extrinsic

Table 2: Motivational factors (Source: Own work)

**Question six: What are the three most motivational factors for you (job elements, working environment, benefits, etc.)?**

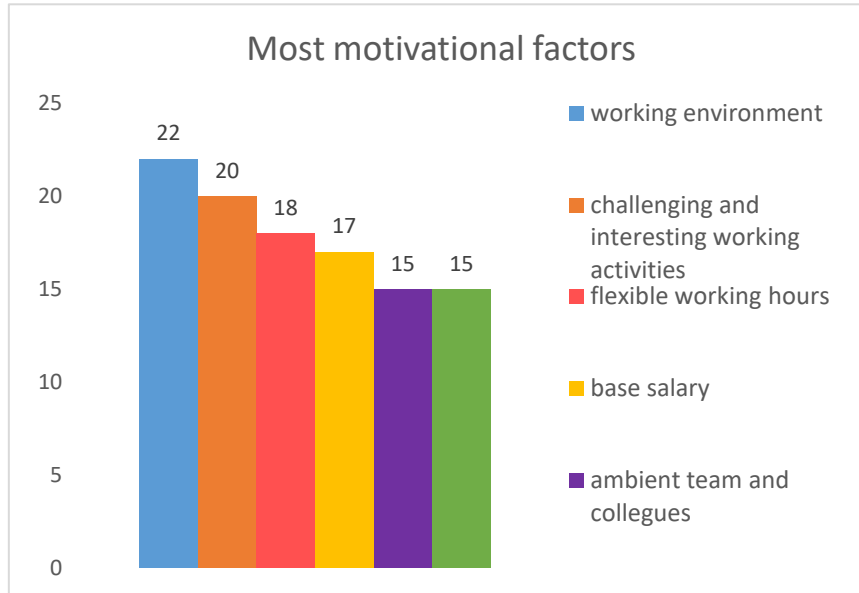


Chart 6: : Most motivational factors (Source: Own work)

The aim of the sixth question was to trigger the own thinking and ideas of respondents about the internal and external motivation. Interesting fact resulting from this open question was that among top eight motivational factors were seven of non-monetary nature. This, so called, intrinsic motivation occurs when employees consider their work as captivating, challenging, with certain level of autonomy and possibilities to improve and develop their skills and abilities. It is not influenced by external motives, but it is related to the quality of life. We can see that intrinsic motivators play a significant role in the motivation of the respondents, as challenging work, pleasant working environment, ambient team and colleagues and recognition exceed the extrinsic motivators like monetary rewards, base salary, incentives etc. Intrinsic motivation is driven by an interest and exists within the individual. As an outcome of the questionnaire this internal motivation is crucial for the respondents. Pleasant working environment is the most motivational factor for respondents encompassing the healthy company culture and fun place to work in. Second most frequent answer were

challenging and interesting work activities. Respondents want to be challenged at work, want to see the purpose in what they are doing. The job content is important as well as carry out inspirational work. Third most frequent answer were flexible working hours. Undoubtedly, one of the most valuable benefit nowadays. By mutual flexibility Company XY allows employees make adjustments of working time, workplace and working hours. Home office is very convenient in many unexpected occasions like sickness of children, traffic jam, saved time by commuting etc. This flexibility gives employees great deal of independence and ability to combine work and personal life. Especially in the high-performance oriented culture, where time spent at work is not so important than performance of employees. Fourth place belong to the base salary, which is considered as an extrinsic motivation coming from the outside of an individual. According to the incentive theory, it is assumed that behavior of an individual is primarily motivated by extrinsic factors and individuals feel more motivated working in case they will receive a reward after rather than because they simply enjoy the activities themselves. Other studies argue that extrinsic reward may interfere with the intrinsic reward of the activity itself. In addition, other studies suggest that intrinsic motivation such as verbal praise may increase intrinsic motivation (Boundless, 2017).

The fifth most frequent answer was an ambient team and colleagues, trust from the manager and nice professional relationships at supporting environment, following by informal recognition or reward for extra ownership or capabilities demonstrated. Decision responsibility and involvement in decision-making process was the next most frequent answer as well as ability to influence and impact change, self-expression opportunities, trust from the manager and empowerment. Nice challenging opportunities to grow, development opportunities, advancement opportunities, career opportunities and assignment to the new projects, activities and increasing the scope of a job responsibilities and ability to learn new things were indicated as also crucial motivators.

### **3.2.7.3 Third part: Job Satisfaction**

Following section was dedicated to satisfaction with the monetary and non-monetary rewards. Respondents were asked to answer on the 4-point scale definitely yes/rather yes/rather no/definitely no on each of the option, furthermore the option for expressing the specific comments was offered.

**Question seven: What additional benefits would you welcome having (check all that apply)**

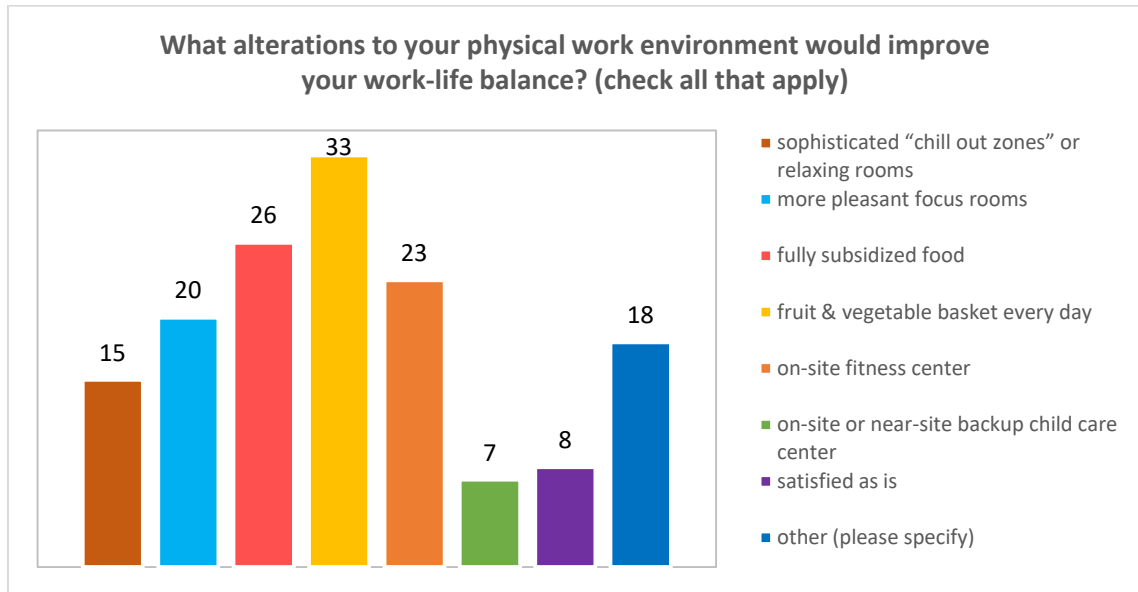


Chart 7: Additional employee benefits (Source: Own work)

In the seventh question, alternative motivational system changes were presented and respondents were asked whether they would be open to those choices. As a result, 39 respondents (65 %) would like to have discounted access for gym membership, 33 respondents (55 %) lack social events organized by the company and 31 respondents (51,7%) would welcome teambuilding activities. 28 respondents (46,7 %) would accept company support for personal volunteering, following by 27 respondents (45 %) who would like to have discounted access for language courses. This option was offered due to the high number of foreign employees in Amsterdam office. There is a wide range of nationalities and despite of using English as the working language, expatriates living in the Netherlands might feel encouraged to learn Dutch language or another world language. 26 respondents (43,3 %) would welcome discounted access to cultural events and 21 respondents (35 %) would welcome discounted access to sport events. Among the options with specific comments were contribution to sustainability initiatives in job conditions (e.g. electrical car, efficient home lighting, solar power), quality facilities for two-wheeled commuters (motorcycles & bicycles, e-bike charging, showers, lockers for motorcycle gear etc.), kindergarden on the ground floor, access to external networking events and so on. (note: Amsterdam is the most bicycle friendly city in the

world with more than 881,000 bicycles. Citizens of Amsterdam ride a bicycle more than 57 % of their trips on daily basis. There is an amazing cycle infrastructure throughout the entire country and the bike usage in Amsterdam has increased by more than 40% in the last twenty years).

**Question eight: Are you satisfied with following?**

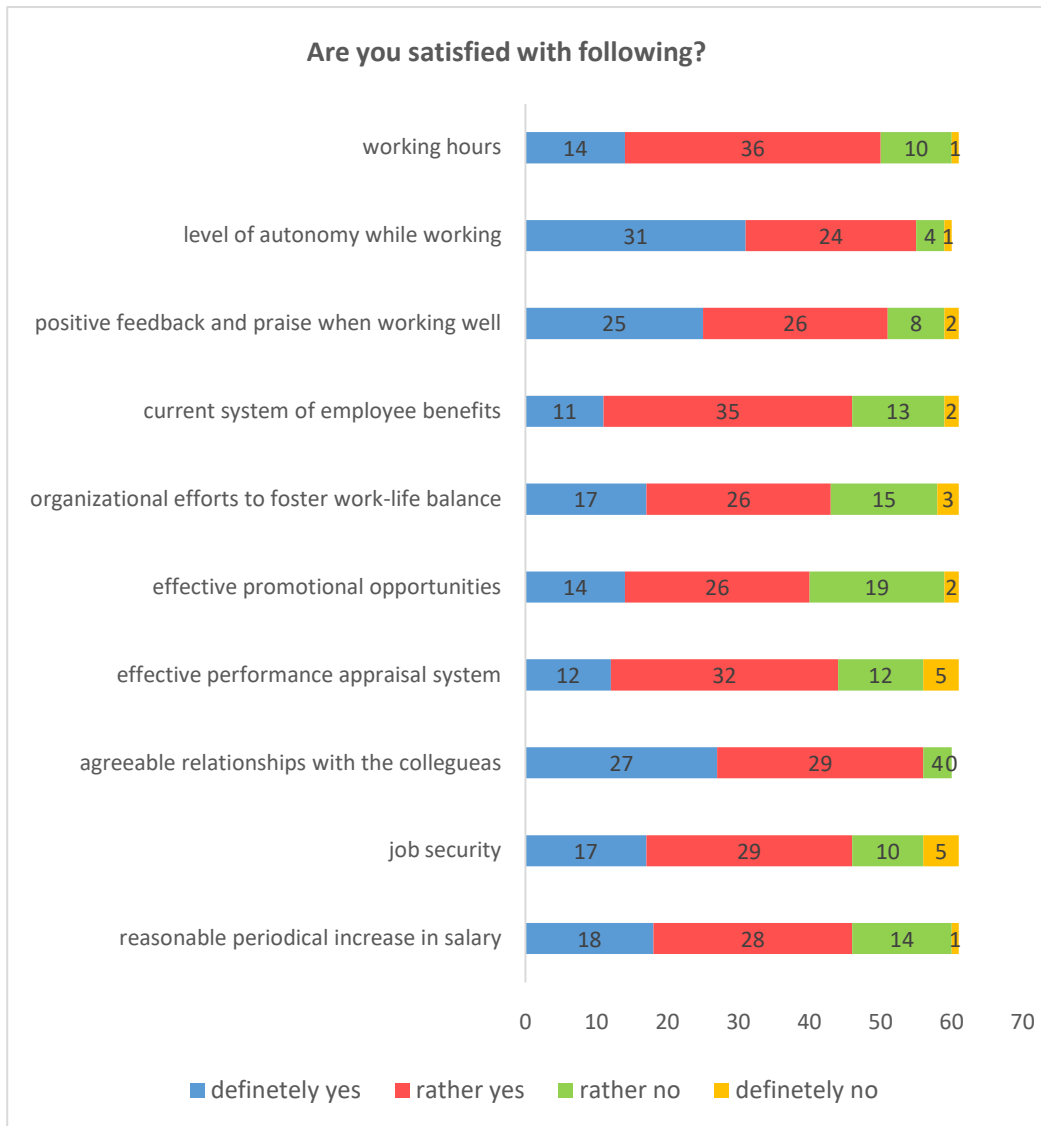


Chart 8: Crucial factors regarding the job satisfaction (Source: own work)

Eighth question investigated the level of satisfaction with the certain job elements (monetary and non-monetary). Respondents were required to answer each of the options on the 4-point scale (definetely satisfied/rather satisfied/rather dissatisfied/definetely dissatisfied). Respondents indicated as most satisfying non-monetary job elements as

level of autonomy while working (51,7% - 31 respondents), agreeable relationships with colleagues (45% - 27 respondents) and positive feedback and praise ( 41% - 25 respondents). As we can see on the chart below, most of the respondents are rather satisfied with job elements encompassed in the questionnaire. Among top three answers which respondents are rather satisfied with are – working hours (59% - 36 respondents), current system of employee benefits (57,4% - 35 respondents) and effective performance appraisal system (52,5% - 32 respondents). Highest number of highly dissatisfied respondents were related to the job security (8,2% - 5 respondents). In fact, certain functions were at that time going through the process of restructuring, thus it is possible that this number was caused by the current reorganization. Similarly, as in the first question, the numeric values of the answers were created in order to get more exact result. Each option on the 4-point scale was assigned to a value from 1 – 4 (definitely yes = 1, rather yes = 2, rather no = 3, definitely no = 4). As a result, the lower value, the more satisfied respondents with the job element are.

Job satisfiers	Numeric value	Nature of the job element
level of autonomy while working	1.58	internal
agreeable relationships with the colleagues	1.62	internal
positive feedback and praise when working well	1.79	internal
working hours	1.97	internal
reasonable periodical increase in salary	1.97	external
job security	2.05	internal
organizational efforts to foster work-life balance	2.07	external
current system of employee benefits	2.10	external
effective promotional opportunities	2.15	external
effective performance appraisal system	2.16	internal

Table 3: Job satisfiers (Source: Own work)

From the Table 3, it is obvious that internal satisfaction prevail the external one, however there is overall high satisfaction with the factors regarding the job satisfaction.

### 3.2.7.4 Fourth part: Work-life balance

The aim of this part of the questionnaire was to discover, to what extent the balance between the work and personal life of employees is maintained. Subsequently, the intention of the leadership team to foster the work-life balance of employees was investigated as well as the possible adjustments in the working environment, that may improve the work-life balance of the employees are examined. As Company XY is known for its high-performance culture, in combination with the office type of work, work-life balance might be neglected. For this reason, an importance of the healthy employees should be a priority on business agenda.

#### Question nine: How would you evaluate your work-life balance?

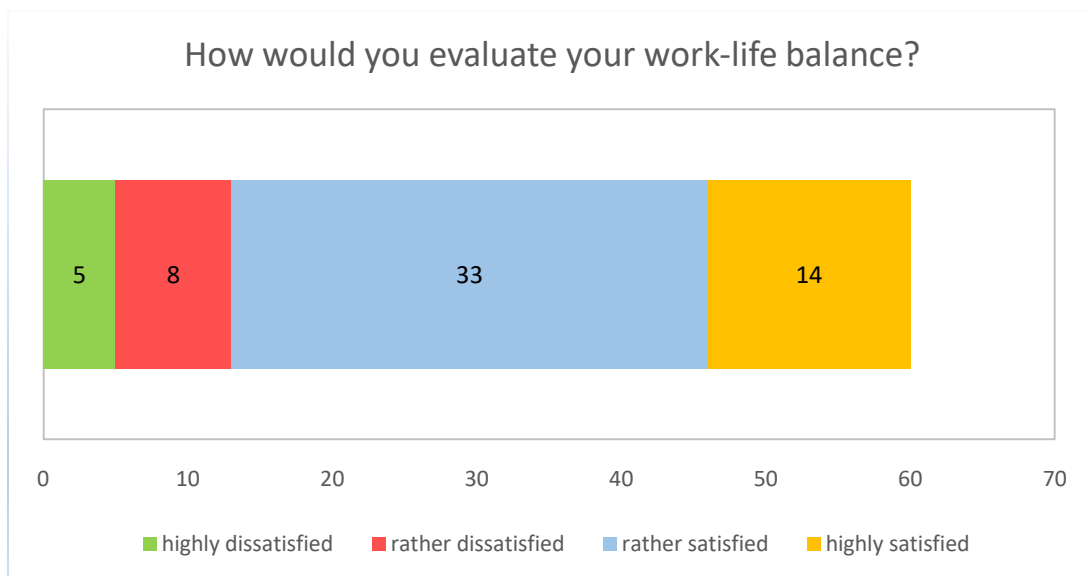


Chart 9: Work-life balance (Source: Own work)

Seventh question was examining the level of satisfaction of employees with their work-life balance on the 4-point scale (highly dissatisfied/rather dissatisfied/ rather satisfied/ highly satisfied). 33 respondents (55%) are rather satisfied with their work-life balance, 14 respondents (23,3%) are highly satisfied, 8 respondents (13,3%) are rather dissatisfied and 5 respondents (8,3%) are highly dissatisfied. One respondent skipped the question. In overall, almost 80 % of the respondents expressed their satisfaction with the current balance between the work and personal life. The possibility of flexible working hours and home office working is also a great added-value advantage which company supports its employees to combine these two phenomenons.



Assigning the values (definitely yes =1, rather yes = 2, rather no = 3 and definitely no =4), the numeric value of the satisfaction with the work life balance is 2,07; thus there is an overall satisfaction.

**Question ten: What alterations to your physical work environment would improve your work-life balance (check all that apply)?**

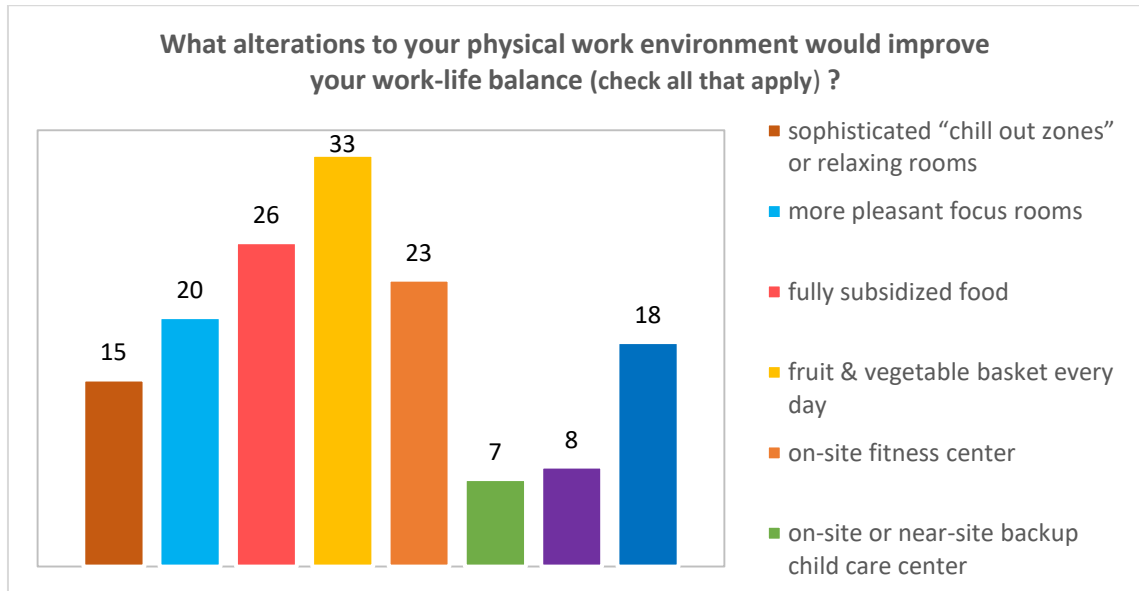


Chart 10: Working environment alterations (Source: Own work)

Last question was examining how working environment influences the work-life balance of employees and what changes would improve its current level. Among the offered alternatives, respondents could specify their own suggestion or express their satisfaction of the current state. Respondents could indicate more options. 33 respondents (54,1 %) would welcome having the fruit and vegetable basket every day at the working office. 26 respondents (42,6% ) would like to have fully subsidized food, following by 23 respondents (37,7 %) that would like to have an on-site fitness center. 20 respondents (32,8%) would welcome having more pleasant focus rooms, while 15 respondents (24,6%) would welcome sophisticated chill out zones or relaxing rooms. 8 respondents (13,1 % ) would like to have on-site or near-site backup child care center and 7 respondents (11,5 %) are satisfied with the current state. 18 respondents (29,5%) expressed their own opinion in an option "other" as desire to have more meeting rooms, focus rooms equipped with the white board, more desk spaces and phone call booths, stabile wi-fi connection, healthy subsidized food availability or discounted access to the

near café places, more ergonomically adjusted desks and chairs or better parking availability.

### **3.2.8 Summary of the findings via questionnaire**

Second part of the questionnaire was dealing with the motivation of respondents on various monetary and non-monetary elements. As a result, respondents considered as most motivating pleasant working environment, interesting and challenging work activities and flexible working hours. On the other hand, discount in Company XY MyShop tend not to be significant factor. Respondents are motivated mostly by intrinsic motivators prevailing the extrinsic ones. Drawing on the results of the sixth open question, among the top six motivational factors were five of them of non-monetary character and just base salary as the one of the monetary character. However, base salary and variable monetary rewards are definitely motivating or rather motivating for respondents, the internal motivators as working environment, team and colleagues, recognition, working hours and nature of the work prevail the financial ones.

Resulting from the seventh question, respondents are open for discounted access to mainly gym, but also to sport and cultural events, hotels or near cafes. There is a potential space for launching social activities organized by the company, personal volunteering or teambuilding activities.

Third part of the questionnaire was dealing with the job satisfaction with both external and internal motivators. There is relatively high job satisfaction among the respondents. On the whole, results indicate that employees feel rather internally then externally motivated. The highest level of satisfaction is related to the level of autonomy while working, agreeable relationships with the colleagues and positive feedback and praise when working well. On the contrary, the highest dissatisfaction is related to the job security. More than seventy percent of respondents are definitely satisfied or rather satisfied with the organizational efforts to foster work-life balance comparing to slightly under thirty percent of respondents rather dissatisfied or definitely dissatisfied. Seventy-eight percent of respondents expressed their overall satisfaction with their current work-life balance comparing to the slightly over twenty percent of respondents definitely or rather dissatisfied with their work-life balance.

Slightly over eighty-eight percent of respondents consider flexible working hours as definitely or rather motivating comparing to only one respondent from the research sample who would rather not consider it as motivating. No one consider this job element as demotivating.

According to economists, they are progressively identifying the importance of non-material incentives, e.g. pleasure of carrying out a good job (Bénabou, Tirole, 2003; Besley and Ghatak, 2005), social respect or appreciation resulting from a good performance (Ellingsen, Johannesson, 2008).

Furthermore, according to other studies, there is a positive relationship between job satisfaction and satisfaction with performance appraisal (Ellickson, 2002) and job satisfaction is positively related to the performance (Judge et al., 2001).

Bearing in mind results of the questionnaire, the overall satisfaction with the current motivational system within the company is significant; yet author will focus on the improvements regarding the working environment and how to contribute to better motivation at the working place by connecting with others and by maintaining a healthy and balanced life.

## 4. PROPOSALS AND CONTRIBUTION OF SUGGESTED SOLUTIONS

The motivational system in Company XY is enormously rich and offers wide range of attractive benefits for employees. Undoubtedly, Company XY is one of the most attractive company to work for. According to the survey conducted by *Internediair*, a leading Dutch career platform, of more than four thousand highly educated Dutch citizens, Company XY was ranked to be the number one company respondents would like to work in (Company XY, 2017). In addition, according to the results of Talent Survey in the Netherlands, conducted by *Universum* and voted by more than twenty-thousands students, for the most attractive employers of 2017 in Engineering/IT/Natural Sciences was Company XY ranked on third place after Tesla and Google (Universum, 2017).

However, author identified certain elements of the current motivation system, which might be improved. These changes will lead to:

- higher motivation at the working place;
- increased connectivity with others;
- maintaining the healthy and balanced life;
- higher satisfaction at the job;
- higher attractiveness and image of the company from recruitment prospective;
- enforcement of the company culture.

Resulting from the outcomes of the questionnaire, author proposes set of recommendations to the current motivational system at the company. These are:

1. *Teambuilding activity;*
2. *Promotion of the health in the workplace;*
3. *Subsidized gym membership;*
4. *Job crafting intervention;*

### 4.1 Teambuilding activity

The reason for organizing teambuilding activity is to strengthen and reward employees and to develop relationships between team members, managers, functions, service lines

etc. Team building events should be enjoyable, but also informative and effective in a way that it will contribute to the more efficient and productive workforce. As a result of the questionnaire, 31 respondents (52%) would welcome having a teambuilding activity as an additional benefit.

There are several ways how to arrange a teambuilding activity:

- hire an external company;
- delegate internal employees to arrange such an event;
- add it to the personal budget so it becomes matter of choice for employees and potentially create a session in cooperation with other company which may lead to the external networking and straightening the bonds outside and inside the company.

There are many external companies focusing on the organizing of teambuilding sessions depending on the queries of the company. However, as a citizen of Amsterdam for half of the year, author came out with the own suggestions which is cost efficient.

#### **4.1.1 Escape room**

Nowadays very popular, thinking out of the box game, where the idea lies in unlocking a safe with the help of clues and puzzles located in the room. There are several variants of this game, but the most popular is called *Room of Riddles*. For a private event there is a personal *Riddle Master* provided who creates the tailor made game depending on the skills of the participants. Small gift for participants is included in the price too. The games lasts for 60 minutes. There are two rooms available with the maximum amount of 14 people in each. The price is 17 euro/person (including a free soft drink, booking costs and VAT) for 14 player up to 34,50 euro/person when 2 players are playing (Room of Riddles, 2017).

Since there is limitation of 2x14 people at the same time, considering the participation of 250 employees, authors recommends splitting the game in two rounds accompanied with the lunch for all participants. First 112 participants would play from 9:00-10:00, 10:00-11:00, 11:00-12:00, 12:00-13:00. Second round of 140 participants would play after the common lunch for all participants from 13:00-15:00, from 15:00-16:00, 16:00-17:00, 18:00-19:00, 19:00-20:00 and extra one from 20:00-21:00.

<b>Participants</b>	<b>1.room</b>	<b>2.room</b>	<b>Total</b>
<b>1.hour</b>	14	14	28
<b>2.hour</b>	14	14	56
<b>3.hour</b>	14	14	84
<b>4.hour</b>	14	14	112

Table 4: Amount of participants in the first round (Source: own work)

<b>Participants</b>	<b>1.room</b>	<b>2.room</b>	<b>Total</b>
<b>1.hour</b>	14	14	140
<b>2.hour</b>	14	14	168
<b>3.hour</b>	14	14	196
<b>4.hour</b>	14	14	224
<b>5.hour</b>	14	14	252

Table 5: Amount of participants in the second round (Source: own work)

As the price per person depends on the amount of participants, we can assume that with the high number of participants there will be a significant discount. Therefore, estimated costs for 252 participants with the 12% discount (15€ per person) are 3780€ and with 30% discount (12€ per person) are 3024€.

<b>costs</b>	<b>17 €/per person</b>	<b>15€/per person</b>	<b>12€/per person</b>
<b>252 people</b>	4284€	3780€	<b>3024€</b>
<b>170 people</b>	2890€	2550€	2040€
<b>130 people</b>	2210€	1950€	1560€
<b>60 people</b>	1020€	900€	720€

Table 6: Costs for teambuilding activity (Source: own work)

Similarly, depending on the total amount of participants, discount for the common lunch may be considered. Due to the high living standard, average salaries and average prices for the services, the average price for the main course with a drink included is around 20 €. In the Table 6, different amount of participants in combination with the 15% discount (17€/person) and 25% discount (15€/person). Estimated costs for 252 people with 15%

discount are 4284€ and with 25% discount are 3780€. Participation in this event is voluntary and each employee would participate in his free time.

Note: According to the (Centraal Planbureau, 2016) the median gross salary in Netherlands was 2 816€ gross/month (36.500€ gross/per year). From gross salary - income tax, social security contributions and pension contributions are deducted in order to get the net salary.

costs	20€/per person	17€/per person	15€/per person
<b>252 people</b>	5040€	4284€	<b>3780€</b>
<b>170 people</b>	3400€	2890€	2550€
<b>130 people</b>	2600€	2210€	1950€
<b>60 people</b>	1200€	1020€	900€

Table 7: Costs for teambuilding lunch (Source: own work)

#### 4.1.2 Summary of the proposal

As Company XY is trying to cut the non-manufacturing costs, therefore launching the teambuilding event for employees is up to the decision of executives. Estimated costs listed above are thereafter depicted in the Table 9 for 250 people with the greatest discount (12€/person for an escape room and 15€/per person for the lunch). Total amount for 252 participants is 6084€.

Proposal	252 part.	170 part.	130 part.	60 part.
teambuilding activity	3024€	2040€	1560€	720€
lunch	3780€	2550€	1950€	900€
<b>total costs</b>	<b>6804€</b>	4590€	3510€	1620€

Table 8: Total costs for teambuilding session (Source: own work)

Furthermore, author suggest organizing such an event twice a year, as resulting out the questionnaire, respondents are relatively “new” in the company, working from 0-5 years (59%) and that is why it may be a good event for getting to know the colleagues, managers and team. The final costs would double for  $2 \times 6804€ = 13\ 608€$ .

## 4.2 Promotion of the health in the workplace

Considering that fact that age of retirement is nowadays raising, necessity to maintain a healthy workforce is crucial. There are several organizations in Netherlands (Dutch Centre for Workplace Health Promotion, Institute for Healthcare Improvement, Dutch National Institute for Public Health etc.) that focuses on promoting health in the workplace. Greater job satisfaction, a better working atmosphere and better long-term health are reasons why employees should protect their own health. Employers may also stimulate and facilitate this regards. Therefore, there are two recommendations suggested in order to promote a healthy balanced life.

### 4.2.1 Lunch walks

It is essential to strive for a culture where employees feel valued and where well-being matters. Statistically, more than half of Dutch employees do not meet the exercise minimum. 59% of office workers sit during the lunch and 16% don't take any break at all. 39% of office workers claim that they want to be more active during their lunch break. Only 17% of office workers exercise during the lunch break (Medicinfo, 2016).

A survey conducted by (Schwartz, 2010) revealed that out of 1200 respondents - 60% take less than 20 minutes for lunch, 20 % take less than 10 minutes and 25% never leave their desk. Another study by American Dietetic Association found out that 75 % of office workers eat lunch at their desk at least twice a week (Financial Post, 2010).

These are allarming numbers. With the regards of the nature of the work, it is crucial for employees to have enough of movement. Moreover, one of the most positive way to reduce stress is exercise and each person should exercise at least 30 minutes daily. Therefore, author proposes promotion of *Lunch walks*. Usually, employees take from half an hour up to one hour lunch break. This is sufficient time for going up from the office and walk for couple of minutes. It does not cost anything, however employees should be aware of how much beneficial advantages this little change can bring. On the top of that, author suggests introduction of 20% discount in the near cafe place when showing the company badge. This can encourage employees to take take a break in the middle of the day, use premises for business meetings, company celebrations or gatherings, etc. This discount should be negotiated with the management of the cafe and



promoted to employees via the company email. An economical aspect of this benefit depends on the amount of visitors, amount of events organized.

Different campaigns are suggested to promote each month among the employees via the internal email. Among those may be encouraging employees to use the stairs rather than elevators more frequently, purchasing the smart activity tracker which is able to measure amount of steps per day, calories, the daily time spent by activity. The price of this sport tracker begins already on €30, therefore Company XY could even consider it as an non-taxable benefit.

#### 4.2.2 Fruit & vegetable basket in the workspace

As a result of the questionnaire, 33 respondents (54,1%) would consider having fruit and vegetable basket daily at the working space as alteration that would improve their work-life balance. Having a proper source of vitamins and minerals daily at the working place is ideal suggestion for stimulating employee’s motivation through the fostering the right eating habits. Therefore, author suggests this simple, cost efficient and healthy option which is easy to administrate but it may reinforce the employee’s loyalty towards the company.

amount of employees	day	week	month	year
140	20 €	100 €	400 €	4800 €
144	23 €	115 €	460 €	5520 €
<b>Total</b>	43 €	215 €	860 €	<b>10320 €</b>

Table 9: Estimated costs for fruit basket (Source: Own work)

#### 4.2.3 Summary of the proposal

In order to foster and support health of employees in the workplace, various suggestions are recommended as lunch walks, taking stairs, support for purchasing activity trackers etc. It is recommended, that Communications (function) with the cooperation of Human Resources (function) would come up with intriguing leaflet for monthly campaigns to support the healthy workforce. Leaflets would be sent to employees by an internal e-mail, appear in the tv-screens situated in the *coffee corners* and physical leaflets could also hang in the office premises. Production of these leaflets would not require any significant costs. There is a multifunction printer, scanner and copy machine available

for employees to use. The topic of the campaigns could be changing each month in order to keep employees motivated to maintain a healthy balance. For these tasks, author suggests to use the creativity and fresh ideas of interns within the company. It is a win-win act for both parties, as a group of interns from Communications and Human Resources will be in charge of the project, which would help both employees and the overall company.

Moreover, research has shown that educating people about nutrition and providing a healthy choice of meals in the company restaurant has a positive influence on employees' nutritional habits. Employees who eat healthy and exercise are less at risk of getting sick and missing days from work, which could ultimately detract from your company's productivity. Therefore, author sees as important do ensure daily income of fresh fruit and vegetable for every single employee. As nowadays, facility worker is in charge of delivering the goods to the coffee corner. The supplier could remain the same, however amount of the fruit would increase, therefore it is possible to count with mass discount on regular bases. In total, there are 284 employees in Amsterdam office split in two floors. The estimated costs are therefore depicted in two rows that illustrate each floor. Yearly costs would be **10 320€**.

### **4.3 Subsidized offsite gym membership**

Resulting from the questionnaire, employees would welcome having an on-site gym available. However, this solution is demanding from financial standpoint as well as it needs sufficient physical premises. In addition, it requires significant costs for employer to maintain it. According to the information of HR Manager located in the headquarter of the company in Eindhoven, there are approximately 200 employees taking advantage of the on-site fitness center. Counting with the 20 working days per week, it is 10/people per day. Drawing on this not high number of users, subsidized offsite gym membership could be a good solution to foster a work-life balance of those employees who welcome it (37,7% of the respondents).

#### **4.3.1 Summary of the proposal**

There are plenty of fitness centers in Amsterdam. Employer could negotiate a discounted price and subsidize 50% of the monthly membership.

Usually, fitness centers include sport facilities, group classes, sauna, solarium or swimming premises and possibility to hire a personal trainer or consultancy.

There are discounts for students or older people and the longer membership is bought, the cheaper it is. Almost all fitness centers in Amsterdam offer a free trial week, where individuals may decide if it suits them. The surrounding fitness centers in the area of the company are:

- Arena Gym;
- Bijlmer Fitness club;
- Professional Fitness;
- Reebok Crossfit;
- Sport centrum Pleizier;
- OptiSport Healthclub;
- Fitness 365;
- Arena Gym.

Monthly fee is from 30-50€ depending on the individual queries as well as period of membership. Taking into consideration the average price 40€ and 30% discount, the total yearly price for all employees in Amsterdam office is 222 656€. With 40% discount it makes 163,584€ and with the half price (50% discount) it is 113,600€.

	cost/1 employee	cost/284 employees	cost 284 people/ year
<b>average price</b>	40 €	11,360 €	
<b>30% discount</b>	12€	3408	
<b>discounted price</b>	28 €	<b>7952</b>	<b>222,656€</b>
<b>40% discount</b>	16€	4544	
<b>discounted price</b>	24 €	<b>6,816 €</b>	<b>163,584€</b>
<b>50% discount</b>	20€	5680	
<b>discounted price</b>	20 €	<b>5,680 €</b>	<b>113,600€</b>

Table 10: Monthly gym membership (Source: own work)

There are following benefits regarding the promoting health in the workplace for employees:

- better health;

- better sense of well-being;
- greater job satisfaction;
- better resistance to stress;
- better working atmosphere;
- less absenteeism and fewer accidents.

Promoting health in the workplace has also various benefits for **employers**:

- less absenteeism and fewer accidents;
- lower medical expenses;
- better work performance;
- better working atmosphere;
- better production quality;
- better corporate image;
- less staff turnover;
- more benefits than costs involved in investing in the promotion of health in the workplace.

#### **4.4 Job crafting intervention**

The Job Crafting is seen as “*a specific form of proactive behavior in which the employee initiates changes in the level of job demands and job resources to make their own job more meaningful, engaging and satisfying*” (Bakker, Demerouti 2014, p.415).

Job redesign approaches have been influential in stimulating organizations to consider employee motivation and well-being as important organizational goals. Employees may actively change the design of their jobs by choosing tasks, negotiating a different job content and assigning meaning to their tasks or jobs (Parker & Ohly, 2008). There is evidence that individuals generally craft their jobs when they experience more autonomy and when the jobs are demanding. Moreover, job crafting occurs on days that employees experience high work pressure combined with high autonomy. Because managers today do not simply require employees to change but also to proactively introduce changes (Grant & Parker, 2009). Job-crafting interventions can be effectively used to encourage employees to modify their own work environment proactively in order to stay engaged.

Job crafting as an individual job redesign approach is suggested to implement due to result of the questionnaire, where 80% of the respondents find as motivating to have interesting and challenging working activities and 70% of the respondents feel motivated they are can express themselves and involve in decision making process. This process is usually seen as the process through which the organization or supervisor changes something in the job, tasks or conditions of the individual (Tims & Bakker, 2010). In each case, the structure and content of the work can be redesigned by the organization, with as the ultimate goal the improvement of outcomes such as employee work engagement, performance and well-being. The theory suggests, that stimulating jobs foster motivating psychological states that contribute to favorable attitudinal and behavioral work outcomes. Proactive Job redesign perspectives that apply the proactive approach aim at job redesign to stimulate proactivity, which examines how organizations can structure jobs and tasks to encourage employees to take the initiative and actively shape their work tasks and contexts (Bakker, Demerouti, 2014). Therefore, author suggests launching a job-crafting training which consists of several phases:

1. *Organizing and communicating job crafting*. At this phase, all aspects of the training are organized and communicated in consultation with the organization that will apply the job-crafting training as a motivational intervention. The training session will start with a job-crafting workshop that consists of a one-day session for small groups of employees. Through various explanations and exercises during the workshop, employees get to know the concept of job crafting. The workshop concludes with the development of a so-called **Personal Crafting Plan** which consists of specific crafting actions that the participants have to undertake for a period of four weeks.

2. *Getting started with job crafting itself*: In this phase, the employees themselves keep a so-called '*crafting logbook*'. Crafting logbook is a weekly logbook in which employees keep detailed reports of their crafting activities of that week for the period of one month as they have been specified in the PCP. During the first week of van den job-crafting intervention, participants were asked to increase job resources (search for feedback and for social support), while during the second week they were instructed to decrease job demands. In the third week, participants were asked to seek job challenges, while during the fourth week they were again asked to increase three different job resources: autonomy, participation in decision-making and developmental possibilities.

Moreover, participants were asked to make time to think about a number of reflection questions every week. Answering these questions each week was expected to increase personal effectiveness and meaning making.

3. *Exchange of experiences*: After the participants themselves had crafted their job for one month, they met again to exchange their experiences on the crafting actions. During this reflection meeting they discussed successes, problems and solutions. In this way, employees could learn from each other's best practices. Moreover, attention was paid to how employees in the future could overcome possible obstacles that hinder their job-crafting attempts.

Job Crafting provides various benefits for employees:

- employees feel more engaged as they take control over certain aspects of their work to avoid negative consequences such as alienation from work.
- employees feel motivated to redesign their work to enable a more positive sense of themselves to be expressed and confirmed by others;
- job crafting allows employees to fulfill the basic human need for connection to others;
- by redesigning the work, employees create conditions in which they can work more healthily and be more motivated;
- employees alter their tasks or other job characteristics on their own initiative;
- improving employee's "job fit" and work motivation;
- the positive effect of the job-crafting training on employee work engagement, motivation and well-being.

For facilitating a job-crafting workshops and sessions, the company premises are sufficient in order to organize individual sessions or sessions with small groups. There are plenty of focus rooms, conference rooms and meeting rooms available which work thanks to the internal reservation system. For organizing sessions and workshops it is needed to hire a full-time human resources specialist who will facilitate these sessions. Such a specialist with certain level of experience in the field may belong to the corporate grade 70-80, where the monthly salary is estimated to be € 4500 gross/month. However, it would be still more cost saving than hiring an external company.

Furthermore, for highly skilled expatriates working in Netherlands, the 30% ruling may be applied, where 30% of gross wage is tax free. There are many expatriates working in Amsterdam in huge corporate companies. However, there are certain salary criteria for applying this benefit:

- the annual taxable salary for an employee with a master's degree and who is younger than 30 years, must be more than € 28,125;
- the annual taxable salary for other employees must be more than € 37,000 (thetax.nl, ©2017).

Costs	
gross month income	4500€
gross year income	54000€
taxable income (30% ruling applied)	37 800€
payroll tax	- 5231€
social security tax	-9343€
general tax credit	+1401€
labor tax credit	+3030€
year net income	43 858€
month net income	3654€
allowance travel expenses	+145,60€
representation allowance	+32,70€
payable amount	<b>3832,3€</b>

Table 11: breakdown of monthly salary for HR specialist

Gross salary provided includes 8% of holiday allowance. On the top of that, a new hire will be eligible for a Personal Budget of 24,57% each month (€1105,65). In addition, we have to count with the administrative costs regarding the materials on the workshop; however there is a company printer available for the print, which is serviced by the facility worker.

The trainer should be experienced in the field, possess extent of knowledge about the the industry, the willingness of the trainer to tailor the language used during the training to that of your organization, adjust the nature of training according the employee's preferences and the opportunity for on-the-job application and follow-up. These sessions will be more personalized then currently used *team dialogues* and will focus on the job-fit of employees and their own aspirations which should increase their inner

work motivation. Employees need adjust their time availability according to the schedule of the workshop, which is due to the flexible working hours possible.

#### **4.5 Summary of the suggested solutions**

The aim of this chapter was to improve the current motivational system in the company. Author proposed set of recommendation, those were:

1. *Teambuilding activity;*
2. *Promotion of the health in the workplace;*
3. *Subsidized gym membership;*
4. *Job crafting intervention;*

Having pleasant working environment, sense of belonging into the organization and decant relationships in the workplace are motivating factors for employees in Company XY. Therefore, launching social activity as teambuilding activity may be proper way how to “icebreak” relationships on the workplace. In addition, as a result of frequent home offices, it is necessary to keep good relationships at the workplace which should be enhanced by such an activity. The final costs for teambuilding activity twice a year would be around **13 608€**.

Second proposal was dedicated to the promotion of the health in the workplace. In order to create a pleasant working environment (which motivates 82% of the respondents) for employees and demonstrate that employer care about healthy workforce, various campaigns are suggested to promote each month among the employees via the internal email. Among those are lunch walks, encouraging employees to use the stairs rather than elevators more frequently, purchasing the smart activity tracker, taking advantage of discount in a near café place, etc. The whole campaign would be in charge of a team of interns from Communications and Human Resources function, therefore no additional costs would be accounted. In addition, resulting from the questionnaire, 54,1% of respondents would welcome having a fruit & vegetable basket at the work place. Taking into consideration the nature of the work and high-performance company culture, many managerial and leadership positions at the office, this alteration could foster retaining healthy, focused and motivated workforce. Yearly costs are estimated for **10320€**.



Third proposal was dedicated to the gym membership contributions. 37,7% of respondents in the questionnaire expressed that they would like to have an on-site fitness center. Having an on-site fitness center is costly and requires significant turnover. Therefore, author suggested subsidize 50% of the monthly membership for employees of the company. Considering 284 employees and half price (50% discount), summed up it is **113,600€**.

Lastly, job crafting intervention was suggested in order to maintain highly motivated workforce. As a result of the questionnaire, 80% of respondents are definitely motivated by interesting and challenging working activities. By redesigning their work, employees create conditions in which they can work more healthily and be more motivated. For such a workshops and specialized trainings, the Human Resources Specialist with the certain level of experience is necessary to hire. Yearly costs are **54 000€**. Conference rooms, meeting rooms or even informal coffee corner premises would be used for this purpose in the company building. Schedule of the meeting would organize the trainer and employees would arrange their work activities in accordance with this schedule.

Below the total costs of the suggested changes are calculated.

<b>Proposals</b>	<b>costs all employees per year</b>
teambuilding activity	13 608€
promotion of the health on the workplace	10 320 €
subsidized offsite gym membership	113 600 €
job crafting intervention	54 000€
<b>total costs</b>	<b>191 528€</b>

Table 12: Total costs of the suggested proposals (Source: own work)

The total costs of the suggested changes are 183 515,6€. Since this is not a negligible sum, it is essential to measure whether these changes have the desired effect. Company should measure employee's motivation, satisfaction, quality of work, productivity, level of absenteeism, etc. In overall, the implementation of suggested proposals should increase motivation of employees; however it is up to the decision of an employer if the costs are relevant towards the desired result. According to the author, efforts of the company to cut the non-manufacturing costs should be applied to such an extent that employees feel motivated and satisfied at their work.

## CONCLUSION

The aim of the master thesis was to investigate the current motivational system, to identify what motivational factors are being exploited and to propose the motivational system change in the Company XY company.

First part was dedicated to the theoretical background of motivation and its importance, I named and clarified the most important motivational theories and tackled also work-life balance motivational theories.

In the second part I described the Company XY, its history, main focus and products, organizational structure. I described the current motivational system in the company with wide range of employee benefits and bonuses. Consequently, I used the information gained from interview, internal documents and observations. I conducted the questionnaire to find out whether employees are satisfied with the current motivational system or what additional benefits they would welcome.

The target group was non-managerial office workers who wish to have freedom of decision making, space for own creativity and variety of challenging job tasks. They are driven by internal motivation and positive feedback and recognition is crucial factor for them. Resulting from the questionnaire, flexible working hours are one of the driving forces in motivation among employees. This “new” trend in the working world encourages employees to combine a work with their personal life. There is a significant increase in the value of flexibility in employee’s working hours in order to maintain and improve the well-being of employees (Harunavamwe, 2013).

That is the reason why author focused on the work-life balance of employees and suggested the set of recommendations to help foster the motivation through maintaining the healthy workforce. In general, Netherlands may be proud on their open working culture. Employees feel encouraged to express their opinion, as instead of traditional (top-bottom) approach, bottom-to-up approach is applied. Superiors and inferiors have very open and friendly relationships, where there are regular feedback realized in order to review employee’s performance and help to achieve own career aspirations and developments.

Boundaries between work and personal life have blurred significantly in recent years due to the ubiquity of technology. While smartphones and laptops allow greater flexibility in where you work, they drive expectations that employees are always available. That is why the importance of healthy employees in nowadays crucial.

Author had a chance to personally get to know employees in Amsterdam office in Netherlands and thanks to the personal discussions, observations, interview, access to the internal documents, annual reports and conducted questionnaire, launching a teambuilding activity twice a year; promoting a healthy workplace by providing a daily fruit basket in the workspace, promotion of the lunch walks or taking stairs, subsidized gym membership may and job-crafting intervention may help to keep motivated, healthy and satisfied workforce. Employees in the Company XY are highly motivated by internal motivation and therefore availability of well-designed jobs and optimal working conditions facilitate their motivation and performance. An effective motivational program is a win-win for both employees and the company and it motivates employees to drive the company's growth and success.

Total costs of the suggested changes may seem high, but the economic performance of the whole company is expected to improve. The proposals were deigned to be as feasible and specific. I believe that the aim of my diploma thesis was fulfilled.

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## Appendix A

### Financial review

<i>in € million, except percentages</i>	First Quarter		
	2016	2017	change
<b>Sales</b>	<b>1,702</b>	<b>1,690</b>	<b>-0.7%</b>
<i>Comparable sales growth</i>			-0.8%
<i>Effects of currency movements</i>			1.2%
<i>Consolidation changes</i>			-1.1%
<b>Adjusted gross margin</b>	<b>640</b>	<b>669</b>	<b>4.5%</b>
Adjusted SG&A expenses	-470	-483	
Adjusted R&D expenses	-91	-86	
<b>Adjusted indirect costs</b>	<b>-561</b>	<b>-569</b>	<b>-1.4%</b>
<b>Adjusted EBITA</b>	<b>121</b>	<b>142</b>	<b>17.4%</b>
Adjusted items	-21	-20	
EBITA	100	122	22.0%
<b>Income from operations (EBIT)</b>	<b>71</b>	<b>94</b>	<b>32.4%</b>
Net financial income/expense	-17	-11	
Income tax expense	-40	-23	
<b>Net income</b>	<b>14</b>	<b>61</b>	<b>335.7%</b>
Adjusted gross margin (%)	37.6%	39.6%	
Adjusted indirect costs (%)	33.0%	33.7%	
Adjusted EBITA margin (%)	7.1%	8.4%	

## Appendix B

### A. CONDENSED CONSOLIDATED STATEMENTS OF INCOME

In millions of EUR unless otherwise stated

	First Quarter	
	2016 unaudited	2017 unaudited
Sales	1,702	1,690
Cost of sales	(1,075)	(1,024)
<b>Gross margin</b>	<b>627</b>	<b>666</b>
Selling expenses	(430)	(442)
Research and development expenses	(90)	(87)
General and administrative expenses	(49)	(56)
Impairment of goodwill	(2)	-
Other business income	18	16
Other business expenses	(3)	(3)
<b>Income from operations</b>	<b>71</b>	<b>94</b>
Financial income	4	2
Financial expenses	(21)	(13)
Results relating to investments in associates	-	1
<b>Income before taxes</b>	<b>54</b>	<b>84</b>
Income tax expense	(40)	(23)
<b>Net income</b>	<b>14</b>	<b>61</b>
<b>Attribution of net income for the period:</b>		
Net income attributable to shareholders of Philips Lighting N.V.	15	64
Net income attributable to non-controlling interests	(1)	(3)
<b>Earnings per ordinary share attributable to shareholders</b>		
Weighted average number of ordinary shares outstanding used for calculation (in thousands):		
Basic	-	148,172
Diluted	-	148,407
Net income attributable to shareholders per ordinary share in EUR:		
Basic	-	0.43
Diluted	-	0.43



## Appendix C

### C. CONDENSED CONSOLIDATED BALANCE SHEET

in millions of EUR unless otherwise stated

	31 December 2016	31 March 2017
<b>Non-current assets</b>		
Property, plant and equipment	566	547
Goodwill	1,899	1,865
Intangible assets, excluding goodwill	768	727
Non-current receivables	25	39
Investments in associates	26	27
Other non-current financial assets	11	11
Deferred tax assets	472	484
Other non-current assets	28	26
<b>Total non-current assets</b>	<b>3,795</b>	<b>3,726</b>
<b>Current assets</b>		
Inventories	886	982
Other current assets	52	109
Derivative financial assets	29	22
Income tax receivable	50	56
Receivables	1,600	1,472
Assets classified as held for sale	3	3
Cash and cash equivalents	1,040	935
<b>Total current assets</b>	<b>3,660</b>	<b>3,579</b>
<b>Total assets</b>	<b>7,455</b>	<b>7,305</b>
<b>Equity</b>		
Shareholders' equity	2,704	2,647
Non-controlling interest	104	99
<b>Total equity</b>	<b>2,808</b>	<b>2,746</b>
<b>Non-current liabilities</b>		
Long-term debt	1,224	1,214
Long-term provisions	881	866
Deferred tax liabilities	35	33
Other non-current liabilities	150	147
<b>Total non-current liabilities</b>	<b>2,290</b>	<b>2,260</b>
<b>Current liabilities</b>		
Short-term debt	157	146
Derivative financial liabilities	26	24
Income tax payable	57	78
Account and notes payable	1,024	1,034
Accrued liabilities	502	450
Short-term provisions	244	216
Liabilities directly associated with assets classified held for sale	1	1
Other current liabilities	346	350
<b>Total current liabilities</b>	<b>2,357</b>	<b>2,299</b>
<b>Total liabilities and total equity</b>	<b>7,455</b>	<b>7,305</b>

## Appendix D

### Interview with Rewards Manager Netherlands (Human Resources, Benelux)

1. What is your responsibility and role in the organization?  
*I am the Reward Partner Netherlands.*
2. How many employees work in your team? What are their responsibilities?  
*There are five people in the team including me and the head of the team, Reward manager Europe, who I report to.*
3. Besides personal laptop and telephone, what are the allowances for day-to-day use? Which employees are eligible to use company car? What about leasing the car?  
*Besides Laptop and Mobile phones there are no allowances for day to day use. Employee should use the mobile for business purposes. Some reasonable private use is allowed and we do not check this. Managers and employees receive a monthly overview of costs for mobile phone usage and if this amount is within reasonable limits it's ok.*  
*Employees in the collective labor agreement (CLA) are eligible for a lease car only when they travel more than 23.000km per year for business purposes. All employee CG90 and up are eligible for a lease car as reward element.*
4. How many days of leave is each employee eligible to obtain? Are there any extra days off besides of public holidays? How many days are employees eligible to receive referring to **parental leave** and **sick days**?  
*Holidays per year: 25 days. For further details please see the CLA paragraph 8. Parental leave is unpaid leave, employees are allowed to have 6 months parental leave (legal rules apply). Maternity leave by the way is paid leave for 16 weeks.*  
*Sick days are paid up to 6 months, then 6 months with 95% pay and then max two years 90% pay. If disability continues your contract will end and you are eligible to a disability pension.*
5. Annual Incentive is sent **out once a year** (April). Is it correct? Are there any additional global financial allowances sent to employees?  
*Annual incentive is paid in the end of March. No, no further global allowances.*
6. Can you please briefly explain what is **Company XY a la carte** and how does it work?  
*In Company XY a la carte you can make some choices how to spend time and money. For example, you can buy extra days off and lower your salary or spend salary to buy a bicycle with tax advantage.*

7. Can you please explain what is **Company XY employer scheme employees (WGP)** and how does it work?

*This is a social plan agreed upon with Unions as part of the CLA. We offer people who are unemployed with limited possibilities to find a regular job the opportunity to work for one year (and sometimes two) with Company XY and during their employment to follow trainings. They will be paid the legal minimum wage.*

8. NS Business Card can be used for Business Travel and for travel between home and place of work (provided and paid by Company XY). Is this included in a package of bonuses available for every employee?

*The NS business card is paid only by Company XY if the employee travels for business purposes or in case he has a special 5 year arrangement because his travelling costs are increased as a result of a transfer. In all other cases there is a ruling for travel from work to home and you will receive €2,50 per km per month as long as the traveling distance is more than 9 km for a single trip.*

9. Are there any additional benefits included in **Personal budget** except of:

- the holiday allowance;
- the (former) 13th month bonus;
- the equivalent value of your (former) work release days;
- the (former) contribution to the life-course savings scheme?

*No, no other benefits are included and in fact, this is more historic. For now the personal budget is simply 24,57% and includes the legal holiday allowance of 8%. Every month an employee receives next to his monthly salary 24,57% of this salary as a personal budget*

10. Which are **tax-free allowances**? How would be possible to adjust/ improve the range of offerings in Personal Budget?

*As an employer you can pay allowances and benefits to an amount of 1,2% of all salary costs without tax. The employer can choose what benefits he will bring in this general tax rule. We have one allowance that is in this rule: the representation allowance. Next to that we rise the 1,2% for the bicycle scheme, part of the MY shop VIP ruling (Company XY products purchases with tax advantage), Recognition vouchers. This has nothing to do with the personal budget but you can find these rules in the Company XY a la carte ruling.*

11. Could you please explain how the **Recognition points** work as well as an **ex-gratia payment** and **Labor market allowance**?

*We do not have recognition points at Lighting. However a manager can give employees Shop Vouchers as token of appreciation for something special done. Ex gratia payments are larger amounts for more substantial extra activities/behavior an employee showed.*

12. Are there any restrictions in **home office working**? Is it necessary to confirm it in written form with the manager or it is up to each employee how he will arrange his/her working hours?

*There is a lot of informal home office working agreed upon between manager and employee. We also have an official agreement, but it is not used very often.*

13. Is there a limited number of employees in grade 80 who can be granted **Long-Term Incentives** (LTI's)? Can you please specify what it is and how does it work?

*Yes, 20% of all CG80's\* can be granted LTI's. They are elected because they perform very well/ have key positions/are scarce on the labor market.*

14. Could you please specify all parts of **Variable salary**?

*It's all on the [Corporate website on AI](#). The on target percentage for CG up to 70\*\* = 3% for CG 80 it is 6%. Could you please specify **Employee Share Purchase plan** in the organization? What is the discount for employees? Does it depend on the grade of each employee? Any additional information about it regarding stock market?*

*You can read all about the **Employee Share Purchase plan** in the a la carte brochure.*

15. Are there **housing benefits** and **cheap loans** available for employees as a part of the reward? What about **scholarships for employee's children**? Are there **Educational allowances** available for the employees?

*No housing allowances, no specific rulings for scholarships. No educational allowances, however we pay for a lot of education if this helps employee to stay employable.*

16. Could you please specify the contribution to the **life pension savings**? Are all employees entitled to obtain it?

*All employees are entitled (in fact it is an obligation) to the benefit of the pension ruling. This includes life, disability and survivors pension. Company XY pays 24% of the salary to the pension fund, the employees pays 2% of the pensionbase (= salary minus off set currently 13.860 € per year). For this contribution an employee accrues old age pension and survivors pension and he will receive disability pension in case of disability. I attached a presentation I held for Talent Acquisition on pension basics, slide 8 and further are about the Company XY Pension plan. More general information is on the first slides.*

17. Are there Social events or dinners provided by the employer?

*Yes, occasionally on the initiative of the manager.*

## Appendix E

Hello, my name is Ivana Durcova and I am a student of Faculty of Business and Economics at Brno University of Technology. I am currently working on my thesis with a research topic Motivational system change in a company. The aim of the research is a motivational system change proposal. I kindly ask you to fill in the anonymous questionnaire below, the results of which will be used as a base for my thesis. It does not take more than 5 minutes and the data collected will not be used anywhere else but in the thesis. The questionnaire is eligible only for Company XY employees located in the Netherlands, Amsterdam office. The survey is not connected with Company XY Rewards and Benefits Program and it serves for educational and research purposes **only**. No consequences will result from the outcomes of this questionnaire. Thank you in advance for your help and cooperation.

### PART 1: DEMOGRAPHICS

1. How long have you been working for his organization?
  - a. 0-5 years
  - b. 6-10 years
  - c. 11-15 years
  - d. more than 16 years
2. Please specify your gender:
  - a. male
  - b. female
  - c. prefer not to answer
3. Please specify your age:
  - a. under 30 years
  - b. 31-40 years
  - c. 41-50 years
  - d. 51-60 years
  - e. above 60 years
  - f. prefer not to answer

4. Could you please specify position and where are you placed in the organizational structure? (optional)

.....

## PART 2: MOTIVATIONAL FACTORS AT WORK

5. Do you consider following factors motivating? (definitely yes/ rather yes/ rather no/ definitely no)
- a. variable monetary rewards
  - b. support for further formal education & development
  - c. pleasant working environment
  - f. leave
  - g. flexible working hours
  - h. MyShop
  - j. self-expression opportunities & involvement in decision making process
  - k. chance of a promotion
  - l. informal recognition
  - m. sense of belonging into the organization
  - n. health and life insurance
  - o. pension scheme
  - p. team and organizational goals
  - r. base salary
  - s. interesting and challenging work activities
  - t. others (please specify).....
6. What are the three most motivational factors for you (job elements, working environment, benefits, etc.)? .....
7. What additional benefits would you welcome having? (check all that apply)
- a. discounted access to sport events
  - b. discounted access to cultural events
  - c. discounted access for gym membership
  - d. discounted access for language courses
  - e. teambuilding activities
  - f. social events organized by the company

- g. company support for personal volunteering
- e. others (please specify).....

**PART 3: JOB SATISFACTION**

8. Are you satisfied with following? (Definitely yes/ rather yes/ rather no/ Definitely no)
- a. reasonable periodical increase in salary
  - b. job security
  - c. agreeable relationships with the colleagues
  - d. effective performance appraisal system
  - e. effective promotional opportunities
  - f. organizational efforts to foster work life balance
  - g. current system of employee benefits
  - h. positive feedback and praise when working well
  - i. level of autonomy while working
  - j. working hours
  - k. other (please specify).....

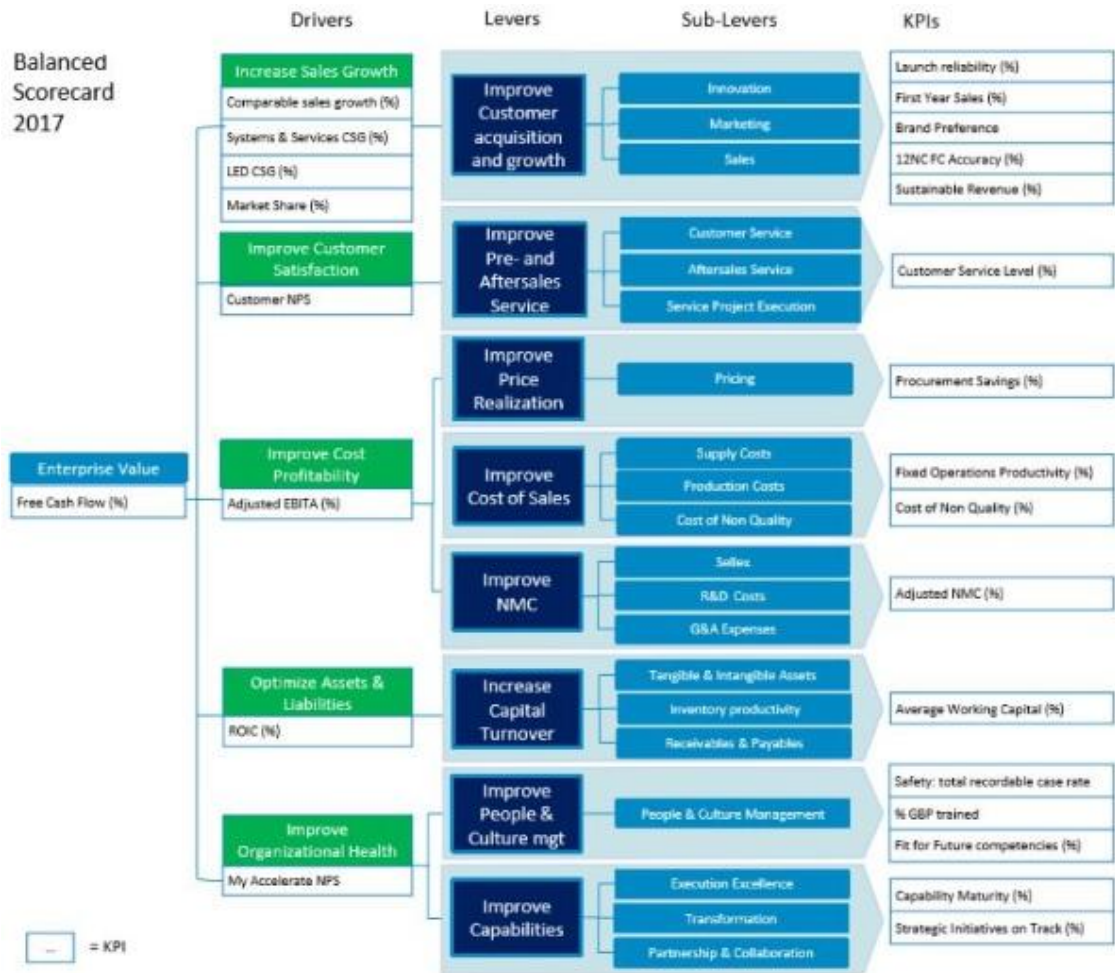
**PART 4: WORK-LIFE BALANCE**

9. On the scale from 1-5 (1- highly dissatisfied, 2- rather dissatisfied, 3- rather satisfied, 4- highly satisfied), How would you evaluate your work-life balance?
- 1        -        2        -        3        -        4
10. What alterations to your physical work environment would improve your work-life balance? (check all that apply)
- a. sophisticated “chill out zones” or relaxing rooms
  - b. more pleasant focus rooms
  - c. fully subsidized food
  - d. fruit & vegetable basket every day
  - e. on-site fitness center
  - f. on-site or near-site backup child care center
  - g. other (please specify).....
  - h. satisfied as is

Thank you for your participation, Ivana Durcova, Organizational Design Intern

# Appendix F

## Balanced Scorecard 2017





## Appendix G

KPI	Definition
Comparable sales growth (%)	Growth in Sales to Thirds relative to same period last year, corrected for currency impact and new consolidations & deconsolidations.
Adjusted EBITA% (Adjusted ISM % for Markets)	<ul style="list-style-type: none"> <li>Adjusted EBITA (Earnings before Interest, Taxes, and Amortization) as % of total sales for BGs and Lighting</li> <li>Adjusted ISM (Integral Sales Margin) as % of total sales for Markets</li> </ul>
ROIC (%)	Return on Invested Capital: sum of last 4 quarters EBITA divided by the average of the last 5 quarters Net Operating Capital.
Average Working Capital (%)	<p>Average of WOCA for the year. Business or market controllable working capital excluding intercompany balances. WOCA % is calculated as WOCA balance divided by MAT (moving annual total) sales.</p> <ul style="list-style-type: none"> <li>BG controllable WOCA = Production inventories + (Total Accounts Receivable – Accounts Receivable in market) + Total Accounts Payable.</li> <li>Market controllable WOCA = Commercial inventory per market + Accounts Receivable in market + Accounts Payable in market.</li> </ul>
Free Cash Flow (%)	Free cash flow as % of total sales.
Brand preference (%)	The Brand Preference is the % of lighting professionals & (Lighting) consumers that would select Philips as their first choice brand and is a revenue weighted average.
Market share (%)	Sum of addressable revenues for all categories in scope of MA&F quarterly market models divided by sum of addressable market sizes for all categories in scope of MA&F quarterly market models.
Sustainable Revenue %	Value created for our company (sustainable sales as % of total sales).
Net Promoter Score (NPS) (%)	The Absolute Net Promoter Score is the % promoters (score 9 & 10) minus the % detractors (score 0 to 6) and is a revenue weighted average.
Capability Maturity (%)	Target % of people on Continuous Improvement foundation/practitioner/expert/master level (Lean, SixSigma).
Fit for Future Competency Build Total (%)	% Of qualified employees in selected job families in critical roles (I2M, M2O, O2C).
Launch Reliability (%)	YTD % of all launches (A, B and C) meeting CR (Commercial Release) on Time, as agreed at PPC (Project Plan Committed).
First Year Sales (%)	Cumulative sales of all new products launched (A, B, C) in the previous 12 months against their business case at PPC (Project Plan Committed).
12 Numerical Code Forecast Accuracy (%)	1 Minus weighted mean of the absolute percentage forecast error.
Cost of Non Quality (% sales) (ext. CONQ in MGs)	Measures the cost of non quality as percentage of totals sales. CoNQ is reported into Internal CONQ (these are the costs resulting from insufficient product quality found before delivery to the external customer) and External CONQ (these are the costs resulting from insufficient product quality found after delivery to the external customer).
Fixed relative operations productivity gain (net - %)	Measures the Fixed Cost development year over year relative to the volume development. It measures Fixed cost over comparable periods, so Q1 2016 Fixed cost, relative to Q1 2015 Fixed cost. Cost are adjusted based on volume. Volumes are normalized, normalization is done based on variable cost per product.
Adjusted Non-Manufacturing Costs (%) (Adj. Sellex for MGs)	<ul style="list-style-type: none"> <li>Adjusted NMC: Adjusted % of total sales for direct and indirect cost incurred that are associated with developing, administering and selling the goods and the services.</li> <li>Adjusted Sellex: Adjusted selling expenses as a % of total sales for markets.</li> </ul>
Procurement savings (%)	Procurement savings realization over 3rd party spend Year-to-Date.
Team Survey - NPS	Team Survey question: 'How likely is it you would recommend Philips Lighting as a great place to work?'
% of Strategic Initiatives On Track	# Of strategic initiatives that are on green expressed as a % of the total # of strategic initiatives.
% GBP Trained	% Of Lighting population with E-mail accounts that have completed the GBP Fundamentals E-learnings module (New employees).
Growth of LED Products (%)	Growth in Sales (VIPP) to Thirds of LED based products relative to same period last year, corrected for currency impact and new consolidations & deconsolidations (BG Prof: BMC sales only).
Scaling of Systems and Services (%)	Growth in Sales to Thirds of Systems & Services relative to same period last year, corrected for currency impact and new consolidations & deconsolidations.
Safety: Total Recordable Case Rate	Number of total recordable injury cases per 100 FTE.
Customer Service Level (%) (Supply Delivery Reliability Measurement for BGs)	<ul style="list-style-type: none"> <li>Customer Service Level % / DRM ER (execution reliability): on time delivery against commitment to the external customer</li> <li>Supply Delivery Reliability Measurement (DRM): Supply execution reliability. Internal measure, measuring the 'supply part of Customer Service Level', in other words do the BGs deliver against commitment to the DC's</li> </ul>