

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Management**



**Diploma Thesis**

**Rewards as a motivational tool:**

**A case study of an IT company CNS a.s.**

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## DIPLOMA THESIS ASSIGNMENT

Bc. Julie Dobešová

Economics and Management

Thesis title

**Rewards as a motivational tool: A case study of an IT company CNS, a.s.**

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### Objectives of thesis

The main aim of the diploma thesis is to evaluate the current reward system of the company CNS, a.s. in connection with employees' work motivation and consequently to propose a set of recommendations for enhancement.

The secondary aim is to provide the cost estimates of the mentioned proposals where it is desirable.

### Methodology

Secondary sources will be collated and analysed to review reward management theory in combination with motivation theories. A mix between qualitative and quantitative approach will be adopted to gather the data needed for analysis of the company's reward system.

The primary data will be collected through semi-structured interview with the CEO.

A questionnaire to be conducted to find out about the perception of the current reward system by employees.

Based on retrieved data the set hypotheses will be analysed.

Finally, recommendations, as well as cost estimates, will be proposed to further develop the present reward system.

## The proposed extent of the thesis

Approx 60 – 70 pages

## Keywords

motivation, reward system, manager, satisfaction, job performance, theories of motivation, transactional reward, relational reward

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## Recommended information sources

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## **Declaration**

I declare that I have worked on my diploma thesis titled "Rewards as a motivational tool: A case study of an IT company CNS a.s." by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break the copyrights of any other person.

Prague, November 28, 2019

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Bc. Julie Dobešová

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# **Rewards as a motivational tool:**

## **A case study of an IT company CNS a.s.**

### **Abstract**

This diploma thesis deals with the topic “Rewards as a motivational tool” and its application in a small-sized IT company CNS a.s. The issue of motivating employees through well-chosen reward management has been brought to the centre stage more than ever before. The Czech Republic has been currently experiencing the lowest unemployment rates, and companies encounter serious issues when trying to hire a reliable, loyal, and experienced employees as well as to retain the current ones. Companies compete over potential candidates by offering them attractive conditions that include both the transactional and relational rewards. The aim of this thesis is to describe and evaluate the current reward system of the CNS a.s. company and recommend improvements to increase employees’ work motivation and satisfaction. The goals are achieved via thorough research of the company by conducting a semi-structured interview with the company’s CEO, carrying out the employees’ satisfaction questionnaire, and also by applying the knowledge emerging from the study of theoretical background. The findings are that the current reward and motivation system is relatively well-managed in some areas, but needs enhancement in other areas. The recommendations to improve the current reward system include increasing meal voucher value, introducing second sick day, providing employees with a contribution to sport, culture and holiday, giving effective feedback and praise, improving workplace communication, reducing stress, and encouraging personal development. Cost estimates regarding certain employees’ benefits are determined.

**Keywords:** motivation, reward system, manager, satisfaction, job performance, theories of motivation, transactional reward, relational reward

# Odměňování jako nástroj řízení motivace: Případová studie IT společnosti CNS a.s.

## Abstrakt

Tato diplomová práce se zabývá tématem “Odměňování jako nástroj řízení motivace“ a jeho aplikací v menší IT společnosti CNS a.s. Problematika motivace zaměstnanců prostřednictvím dobře zvoleného řízení odměn se dostala do centra pozornosti více než kdy předtím. Česká republika aktuálně zažívá nejnižší míry nezaměstnanosti a společnosti musí řešit významné problémy spojené se získáváním spolehlivých, loajálních a zkušených zaměstnanců, jakožto i udržení těch stávajících. Společnosti soupeří o potenciální kandidáty tím, že jim nabízejí atraktivní podmínky, které zahrnují transakční i relační odměny. Cílem práce je popsat a zhodnotit současný systém odměňování firmy CNS a.s. a doporučit možnosti vylepšení, které pomohou ke zvýšení motivace a spokojenosti zaměstnanců. Těchto cílů je dosaženo pomocí důkladného průzkumu společnosti, konkrétně provedením polostrukturovaného rozhovoru s ředitelem společnosti, využitím dotazníkového šetření zaměřeného na spokojenost zaměstnanců a v neposlední řadě také uplatněním poznatků z teoretické části. Bylo zjištěno, že systém odměňování je v některých oblastech nastaven relativně dobře, nicméně v jiných je ho potřeba vylepšit. Doporučení ke zlepšení současného systému odměňování se týkají zvýšení hodnoty stravenek, zavedení druhého dne zdravotního volna, poskytnutí příspěvku na sport, kulturu a dovolenou, poskytování účinné zpětné vazby a pochvaly, zlepšení komunikace na pracovišti, snížení stresu a podpory osobního rozvoje. V rámci doporučení určitých zaměstnaneckých výhod jsou uvedeny náklady na jejich zavedení.

**Klíčová slova:** motivace, systém odměňování, manažer, spokojenost, pracovní výkon, teorie motivace, transakční odměna, relační odměna

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## **List of abbreviations**

CEO – Chief Executive Officer

HRM – Human Resources Management

SPSS – Statistical Package for the Social Science

IT - Information Technology

# 1 Introduction

The importance of motivating employees through well-chosen reward management has been brought to the center stage more than ever before. The Czech Republic has been currently experiencing the lowest unemployment rates, and companies encounter serious issues when trying to hire reliable, loyal, and experienced employees as well as to retain the current ones. Companies compete over potential candidates by offering them attractive conditions. These include not only transactional rewards in terms of financial rewards and benefits but also relational rewards – promising career-development, the possibility of on-the-job learning, work-life balance, or unique company culture.

It is crucial to realize that employee motivation is not self-evident. It should be encouraged by a manager who knows his or her employees well, therefore, is able to choose such incentives that are in line with the company's goals and which are accepted by employees as their motives. Employees have higher requirements than they used to have in the past. They want to receive information in a timely manner and be involved in decision-making processes. Unfortunately, some managers still assume that the salary increase will automatically lead to more motivated employees and thus to better employees' performance. To some extent, this practice might work in the short-term; however, the monetary means should not be the sole and long-term tool on how to increase employee motivation. There are other factors affecting motivation, such as the working environment, relationship with colleagues, job security, the meaningful job description, or non-financial reward – recognition. Sometimes even the “cheapest” form of reward as praise might be the most effective one.

This diploma thesis introduces several motivation theories. None can be considered universal. Each employee has different attitudes, interests, needs, and visions. It is vital to take all of them into consideration in the process of motivation. At the same time, the manager should be aware of these values as they tend to change in time.

This thesis deals with the topic of rewards management in connection to employees' motivation. It describes and evaluates the current rewards system. According to detected weaknesses, the author proposes recommendations to enhance the current system.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The main objective of this diploma thesis is to describe and evaluate the current reward system of the IT company CNS, a.s. in connection with employees' work motivation, and consequently to propose a set of recommendations for enhancement. The secondary aim is to provide the cost estimates of the mentioned proposals where it is desirable. In order to achieve set objectives, it is essential to become acquainted with theoretical concepts regarding rewarding and motivation. Based on the study of the theoretical background, the working hypotheses have been clarified and are stated below. Further, it is necessary to do a thorough research of the company, firstly, by conducting an in-depth interview with CEO Mr. Hajn. Subsequently, a questionnaire will be carried out, focusing on employees' satisfaction with the current reward system. Based on retrieved data, the reward system with regards to motivation is analysed and hypotheses tested. Recommendations leading to the improvement of the current reward system will be discussed in Chapter 5.2.

#### **Hypotheses to be tested:**

1. Financial reward is not considered as the most important motivational factor for CNS, a.s. employees.
2. The employees' perception of the three most critical motivational factors differs across generations.
3. Employees are, to a greater extent, motivated by intrinsic rewards than extrinsic rewards.
4. Employees working in the company for more than six years are more satisfied with the total remuneration (financial rewards and benefits).
5. Women are less satisfied with the work-life balance than men.
6. More than 65% of employees are satisfied with the current offer of employee benefits.
7. Employees who possess a university degree are less satisfied with extrinsic and intrinsic rewards than lower educated employees.
8. The more employees believe there is a link between performance and remuneration, the more they think the system of financial remuneration is fair.

## 2.2 Methodology

Secondary sources were collated and studied to review reward system theory in combination with motivational theories. The literature review describes the management functions, and it familiarizes a reader with the HRM objectives. However, the most significant focus is on motivation and reward management. Chapter 3.3 – Motivation deals with the sources of motivation, emphasises the importance of job satisfaction, and it is predominantly dedicated to theories of motivation. In Chapter 3.4 - Reward management, the reader will get acquainted with the aims of reward management, how the rewards are differentiated and what are the specifics in rewarding high-educated employees, which is a term used in connection with IT specialists. At the end of the literature review, the author will not forget to mention the workplace challenges in the 21st century. The theories have posed the base for the construction of the working hypotheses.

At first, the practical part deals with the introduction of the analysed company CNS a.s. Afterward, the analysis itself is conducted. Both qualitative and quantitative methods have been adopted to gather the data needed for analysis of the company's reward system. The primary data were collected through a semi-structured interview with the CEO Mr. Luboš Hajn to get an in-depth view of the reward system of the company. The questionnaire was conducted to find out about the perception of the current reward system by employees. The author created the questionnaire and distributed it among all employees working in the company CNS a.s. via an internal e-mail containing the link to it. The sample size was 42 employees. A pilot survey was carried out to reaffirm the author that the questions are understandable for respondents.

Close-ended questions were the primary type used throughout the questionnaire. Only four questions were based on the open-ended form. These were mainly the filtered questions to gather more insight into the dissatisfaction of the employees about specific areas. The author used a Likert scale questions to gauge respondents' opinions in terms of agreement with statements. Other types of questions used were the rating scale, dropdown or ranking. The demographic section was left to the end of questionnaire and respondents were not obliged to answer. The respondents' answers were interpreted in the form of graphs, tables,

descriptive statistics (simple frequencies, means), and commentary. Also, the quadrant analysis is conducted so as to be more precise when proposing recommendations.

In order to facilitate the testing of hypotheses, the author created two new variables of different rewards included in the questionnaire – intrinsic and extrinsic rewards. Cronbach alpha was calculated with the intention of ensuring the author about the validity and reliability of a newly created variable “Satisfaction with remuneration”. It was also necessary to recode some of the scale variables into categories (ordinal variables). For instance, the Age of respondents was recoded into Generation groups. The hypotheses were analyzed with the aid of a statistical program IBM SPSS Statistics (version 25). Descriptive statistics assisted to test some of the hypotheses. Moreover, Spearman correlation coefficient, Independent Samples t-Test, Two-Independent Samples t-Test, and Paired Samples t-Test were applied to test the set hypotheses.

As a result, the weaknesses of the current reward system were detected. The final part proposes recommendations, including cost estimates for enhancement of the current reward system.

## 3 Literature Review

### 3.1 Management and its functions

Koontz and Wehrich (2008, p.5) define management as *"the process of designing and maintaining an environment in which individuals, working together in groups, effectively and efficiently, accomplish selected aims."*

They also determined five basic managerial functions as follows:

- **Planning** is focused on defining the future organisation's objectives and tasks to be achieved. It defines the means of achieving these goals. Two critical elements of decision making are gathering and analysing information. The general goals of the company are maximising profits, revenue, minimising costs, or improving customer service. Specific objectives include loss minimisation, innovative goals, corporate status, and equity growth.
- When **organising**, it is essential to assign tasks to people who can likeliest accomplish them. At the same time, it is necessary to coordinate the activities of these people and to allocate and distribute the resources of the organisation efficiently.
- **Personnel management** deals with recruiting, training, and maintaining filled positions in an organisation.
- **Leading** is a way of influencing people towards an organisation's goal. The managers have to take into considerations in their decision-making processes the needs and wants of employees. It is, therefore understandable that leading includes motivating and communicating.
- **Controlling** – Managers collect, analyse, and compare information with the goals set, and the deviations are found it is necessary to adopt reformative measures.

Blažek (2014), however, points out that there exist several different modifications of managerial functions. Armstrong (2007a) also explains that HRM (which will be dealt with in chapter 3.2) describes the latest stage of evolution of personnel management. It is a response to never-ending changes in how organisations perceive the role of their people.



Kreitner (2009) remarks Mintzberg's criticisms of the traditional functional approach. Mintzberg, in his research, concluded that functions tell us little about what managers actually do and suggested to focus on the managers' key roles. He determined ten managerial roles which can be grouped into three main categories:

- **Interpersonal roles** – a figurehead, leader, liaison
- **Informational roles** – nerve center, disseminator, spokesperson
- **Decisional roles** – entrepreneur, disturbance handler, negotiator, resource allocator.

The manager is responsible for the results of the assigned department or team. There are three levels of management that can be found in an organisation.

- **First-level managers** – they are responsible for the day-to-day running of the company, and at the same time, they are required to have a specialisation in the field. It could be a head nurse in a hospital or head of department at the university.
- **Middle-level managers** – At this level, managers are expected to have a greater emphasis on planning in the short and medium-term. They should again be the specialist in the field. It could be a construction manager or dean at the faculty.
- **Top-level managers**, as the least numerous, manage the organisation as a whole. Unlike the previous two groups, there is no need for a specialisation in the field of the given organisation. More critical is the mastering of the managerial functions described at the beginning of this chapter. Their main task is to formulate the organisation's strategy. These managers hold titles such as chief executive officer, rector, president. They represent the organisation externally; they are in touch with owners or important suppliers and customers. In smaller companies, the top manager is usually also the company's owner; in the corporations, this function is rather separated (Vochozka et al., 2012).

The management pyramid is a longtime used term connected to the above-mentioned levels of management (Bedrnová et al.,2012).

### **3.2 HRM and Human capital**

Human resources management is an approach based on an assumption, that human knowledge, skills, and capabilities are the primary sources of prosperity and competitive

advantage of the company and should be therefore treated as assets rather than costs (Vojtovič, 2011). Koubek (2007) assumes that HRM aims to help the organisation to be successful and to enhance its performance. It is essential in reaching this goal to improve the use of all of the sources which the organisation disposes of what is possible through the employees' decisions. Armstrong (2007a) adds that HRM's primary objective is to obtain and keep qualified, loyal, and well-motivated employees.

According to Mathis and Jackson (2008), all organisations have to manage four types of assets:

- **Physical:** Land, buildings, furniture, vehicles, equipment
- **Financial:** Cash, stocks, financial securities
- **Intangible:** Patents, information systems, operating processes, brands, partnerships
- **Human:** Individual with talents, capabilities, experiences

All of these assets are essential to various degrees in different companies. However, human assets are the ones who are guiding the other assets towards achieving results. Human capital is what the people bring in and contribute to the organisation. It is the collective value of skills, knowledge, capabilities, creativity, life experiences and motivation of each employee. The human capital is the organisations' component that can learn, adapt, innovate and make the creative effort. All of this helps to secure the long-term survival of the organisation.

Armstrong (2007a) concludes that human capital theory emphasises the added value, which is created by people in the organisations. It considers people as wealth or assets and states that investment in human capital is worth it. He also supports the idea that the concept of human capital strengthens and closely interlinks the theory of human resource management.

The activities carried out by HR specialists differ widely according to the specific needs of the particular organisation and their capabilities. HR affairs are not, in fact, in the hands of HR professionals; they are inseparable activities of all managers in the organisation. It would be unrealistic to expect a nursing supervisor to know everything about legal norms in employment or how to design a benefits system. Many organisations, therefore, have

people who specialise in these areas. However, not all organisations can maintain the HR department, in a small company, the owner is usually the one who takes care of HR issues (Mathis and Jackson, 2008).

Armstrong (2007a) points out the crucial role of line managers in implementing new policies proposed by the HR department; without them, the policies can hardly be brought into life.

Koubek (2007) states that to be able to get the best contribution from the human capital in an organisation it is necessary to treat the employees well. It can be managed through the following interlinked **HR activities**:

- Training and development of employees and managers
- Organisational development and design
- Resourcing (HR planning, recruitment, and selection, talent management)
- Reward management – ensuring fair distribution of financial and non-financial rewards
- Employee and labour union relations
- Providing advisory services in case of personal problems
- Risk management and worker protection – health and safety issues.

### **3.3 Motivation**

The art of motivating people depends on understanding the ways of influencing the behaviour of individuals. More importantly, if managers possess the knowledge of what motivates people, they may take steps to achieve the results that fit the organisations' expectations and sustain high employees' performance (Heller and Hindle, 1998).

**Motivation** is interpreted as a set of different factors which represent inner driving forces that lead people to act. **The motive** is a certain inner impulse causing and determining the direction as well as the intensity of an individual's behaviour. Motives induce the peoples' actions, duration, and orientation towards the set goal or from the particular goal and give the behaviour its purpose. Among the fundamental driving forces belong needs, interests,

attitudes or values. The motives could also be ideals, feelings, expectations, and instincts (Kociánová, 2007).

According to Armstrong's (2007a) belief, people are motivated when they expect that their actions will lead them towards a specific aim and valuable reward that satisfies their needs. Bedrnová et al. (2012) emphasise the difference between stimulation and motivation. **Stimulation** has an effect on the psyche from outside, and it aims to change the motivation and influence people's willingness. The desired effect of the stimulation is achieved by the **incentives** (stimuli) conforming with the inner individual's motivation. These incentives may be either tangible (bonuses, pay) or intangible (praise, responsibility).

Koontz and Wehrich (2008) add that incentives encourage employees' productivity and become motives when taken as an impulse to act. Blažek (2014) stresses that one incentive which is offered to two people may cause two entirely different reactions. A person may also differ in his or her reaction in unlike situations or time frame.

### 3.3.1 Sources of motivation

The prerequisite for apprehending the motivation of human endeavour is knowing where the motivation comes from. Among the five basic sources of motivation belong needs, habits, interests, values, and ideals (Bedrnová et al., 2012).

**Need** is the primary source of motivation. If it is unsatisfied, it creates tension. It emerges from the lack of certain factors which are perceived by an individual as important. However, also feeling of an excess of certain things may evoke the need for eliminating it. The need is caused by the arisen contradiction between the initial and desired state. The needs are often divided into the primary – biological and physiological (e.g., need to breathe, eat or drink) and secondary – social (e.g. need for love, self-realisation) (Nakonečný, 2014). There are several motivation theories built on the base of unsatisfied needs – ERG theory, McClelland's theory, but Maslow developed the most influential one.

**Habits** are certain repeated, stable and automated ways of human behaviour in the specific situation. It is a learned pattern of behaviour which was formed by the repetition of certain

activities. Habits can be seen in all areas of human activities. When the individual gets into a situation which corresponds to known conditions and is associated with specific activities, he or she tends to undertake the same actions as in the past (Bedrnová et al., 2012).

When an individual focuses on a specific area in the long-term, it can be seen as **an interest**. It is a derived need which is being fulfilled by doing certain activities (having an interest). It is also perceived as a motive by itself, not only the source of motivation. Interests are connected with the effort of possessing the subject of interest. One could be interested in cooking, a field of science, different kinds of sports, but these interests may change throughout life (Bedrnová et al., 2012).

Some authors consider terms attitudes and **values** as identical. However, values are much more profound than attitudes, and they are implanted in our character. Values are viewed as long-term, giving the purpose to what we do and what is right or wrong. Values develop in time and are connected with social factors such as a family, attained education or belief based on membership in an organisation. In organisations, there is a great focus on the question of ethics. The organisations are interested in creating values; if they manage to create them, they may create a strong and specific culture within the company. It may provide them with a competitive advantage (Brooks, 2003).

According to Bedrnová et al. (2012), **ideals** are concrete imaginations, standards which serve an individual as guidance to actions. The ideal is perceived as something very desirable that motivates the individual to achieve a concrete aim. Ideas may relate to a particular type of personal profile, work, or personal life.

### **3.3.2 Types of work motivation**

Armstrong (2007a) argues that work motivation is divided into being either extrinsic or intrinsic. **Intrinsic motivation** is determined by factors which are being self-generated and influence individuals to act or behave in a particular way. These factors include responsibility (an individual has a feeling that the work is important), autonomy (freedom

in actions), exciting and challenging work, the opportunity to be promoted, the possibility to develop and use the skills and abilities. **The extrinsic motivation** should be understood as what it is done for people to motivate them. Rewards such as pay increase, praise, promotion are viewed as positive factors. Negative factors include punishments such as criticism or withholding salary.

In connection with work motivation, intrinsic motivation is far more important than extrinsic. Employees who are intrinsically motivated are interested in the work itself, they love the job and enjoy it; they are not that dependant on the changes of the working environment as a change of supervisor, and the reward system could be (Deiblová, 2005).

Nakonečný (2014) does not agree with Armstrong's statement dividing extrinsic and intrinsic motivation. He claims that this delimitation of terms is misleading because these two types of motivation can be hardly separated. If we substitute the notion of intrinsic motivation by the inner motive and the extrinsic motivation by incentive, it is evident that these notions complement and depend on each other. Incentives may evoke externally required behaviour only in a case when evoking motives, therefore when they are motivating.

### **3.3.3 The process of motivation**

Motivation is a process evoked by an initial state of mind when an individual recognises a deficiency in his or her social or physical being. Individual aims to eliminate the deficiency and the consequence of his or her actions is a certain kind of satisfying the needs and wants (Nakonečný, 1996). This process is shown in Figure 1. Koontz and Weihrich (2008) denote this process as a chain of follow-up reactions, where the first place belongs to the need initiating the wishes and goals. Those goals and wishes evoke the tension (the reason is an unsatisfied goal), and an individual chooses the mode of actions towards reaching this goal.

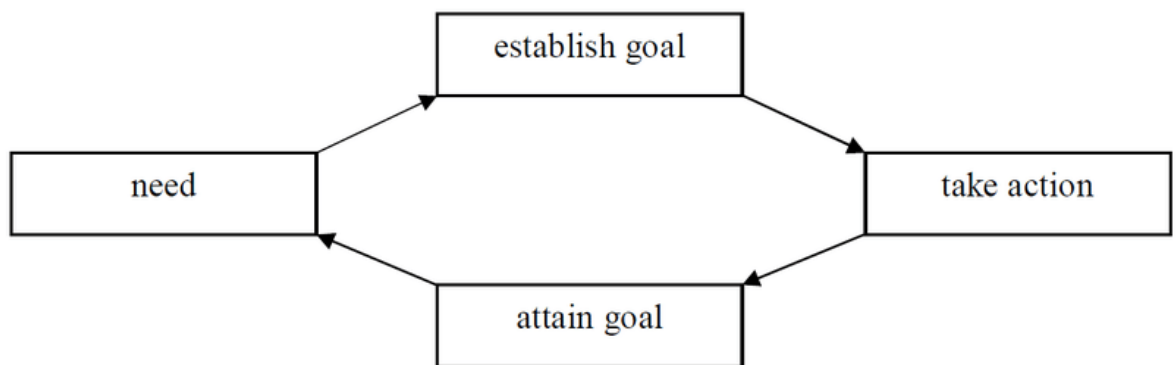
Armstrong (2007a) specifies the three components of motivation, which are vital when trying to grasp the process itself.

- **Direction** – that means what a person tries to do

- **Effort** – how hard he/she tries
- **Persistence** – how long an individual keeps on trying.

Well-motivated people are those with clearly set aims who take action to achieve the goals. If one has already attained goals by taking specific actions, there is a high probability of repeating the steps in the future to achieve similar goals. Nevertheless, if the goal was not achieved, the same action is less likely to be repeated.

*Figure 1: The process of motivation*



*Source: Armstrong (2003, p. 217)*

### 3.3.4 The relationship between motivation and performance

Nakonečný (1992) stressed that a significant effort to perform is not effective if an individual lacks other capabilities to accomplish the goals. Simultaneously nor extraordinary abilities lead to high performance unless he or she lacks the motivation to take action. Performance is a function of motivation, abilities, and objective possibilities. The performance formula can be expressed as follows:

$$V = M \cdot S \cdot M_z, \text{ where}$$

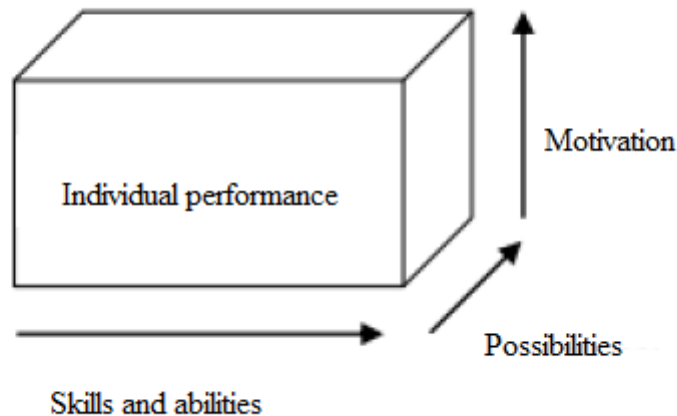
M=motivation

S=skills

M<sub>z</sub>=objective possibilities

The relationship between motivation, performance, and work conditions is depicted in the following model (Figure 2).

Figure 2: The model of the relationship between motivation and performance



Source: adapted from Nakonečný (1992, p. 110)

By this model, Nakonečný (1992) introduced particular logical conclusions.

- In the case of a low-level of skills and high-level of motivation, the enhancement of performance may be attained by developing skills (e.g., on-the-job training).
- If the level of motivation is low and the level of abilities high, it is necessary to motivate an individual to improve his or her performance.
- When both motivation and skills are at a reasonable level, and despite this fact, the performance is low, we should concentrate on improving the working conditions.

According to Wagnerová (2008) belief, the performance has its optimum. Yerkes-Dodson's law demonstrates that there is no linear relation between motivation and performance. Instead, an upside-down letter „U“ can express the relation (See Figure 3).

An individual without motivation does not yield a satisfying performance. Overmuch motivation also leads to damage. Therefore the result is again not satisfying. Nakonečný (1992) this issue of „over-motivation“ clarifies by two possible ways:

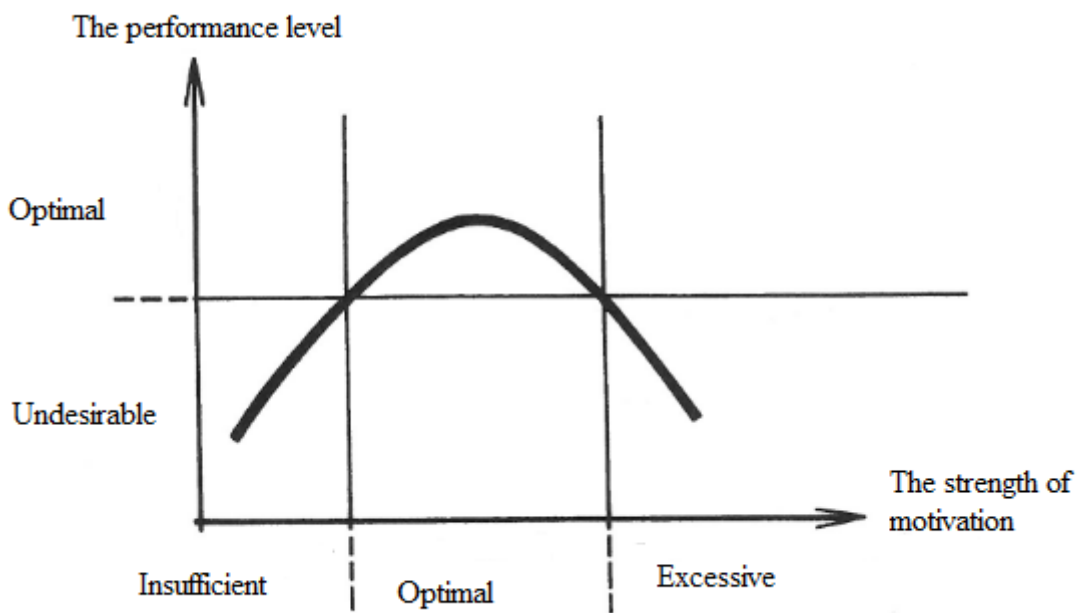
- Strong motivation blinds a person. He or she is concentrated only on a goal and, therefore, may neglect another suggestion, which is vital for the performance.



- The strongly motivated individual has concerns not to fail. Therefore he or she is becoming strained, restless, anxious. Considering such circumstances, the person is not able to relax. Energy is exerted to suppress the states of mind mentioned above, and it leads to the loss of performance.

Wágnerová (2008) adds that slight anxiety helps to perform. Strong one destroys the possibility of being productive. The slight anxiety and fears are favourable for the healthy individual as it increases the activity and work motivation. It creates a disequilibrium that evokes our effort for the restoration of balance. However, it is quite complicated to keep the fear at a level where it can still increase work motivation.

Figure 3: The relation between motivation and level of motivation



Source: adapted from Bedrnová, Nový (1994, p.184)

### 3.3.5 Job satisfaction

Půček et al. (2005) described work satisfaction as the perception of employees about the level of fulfillment of their expectations and demands about working conditions, tasks or the management. Pauknerová (2006) adds that satisfaction is a subjective feeling and is

determined by the employee's personality and objective conditions. There are several factors that influence work satisfaction. Among them, Wágnerová (2008) mentions the content of work, working group, leadership style, relationship with colleagues. Clark and Oswald (1996) surveyed more than five thousand employees to find out that there is a relationship between education and job satisfaction. An employee with a higher level of education tends to be less satisfied. The education comes with higher expectations that are often not met.

### **3.3.6 Theories of motivation**

#### 3.3.6.1 Instrumentality theory

Instrumentality is a conviction that one action will lead to another one. This theory is represented by Taylor's concept of scientific management, which originated in the first decades of the last century (Armstrong, 2003).

The basic thoughts of this concept are as follows:

- A person is motivated rather by monetary incentives; he or she has a passive attitude.
- Managers have to eliminate the irrational feelings of the employees.
- Due to the reluctance to work as the basic element of human nature, people have to be under continual surveillance and be led to perform by threats (Veber, 2009).

According to Nakonečný (1992), the scientific management evoked in the factory workers the resistance to work. It consequently led to lower productivity. Therefore, the theory did not accomplish its original aim. On the other hand, Armstrong (2003) argues that this approach is still used and in some cases and may be successful.

#### 3.3.6.2 Maslow's hierarchy of needs

Maslow saw human needs in the form of hierarchy (Figure 4), beginning from the most urgent need to the least pressing one. A person will seek to satisfy the most critical needs first, starting with biological and physical needs, continue with safety needs, needs of belonging, self-esteem needs, and ending up with self-actualisation needs. A starving person will first need to eat to continue pursuing other needs in the pyramid. Maslow also

supposed that the need for self-realisation cannot be ever entirely satisfied (Wellington, 2017).

Armstrong (2007a) specifies Maslow's five categories into more detail, as explained below.

- **Physiological** – the elementary needs, satisfying them is vital for survival. These needs include the need for oxygen, water, sleep, food, and sex. Maslow mentions the importance of satisfying these factors, at least to a minimum degree. Otherwise, the other needs cannot motivate the person.
- **Safety** – the non-existence of danger and threat, emotional security, stability, life order.
- **Need of belonging** – Considering the human-being with its social nature, it includes the need for love, friendship, identification with the others.
- **Recognition** – the need for self-esteem, prestige, respect, status.
- **Self-realisation** – the highest order in Maslow's pyramid. It includes the need to realise the potential, developing skills and abilities.

Wágnerová (2008) transposed the Maslow's hierarchy into the working motivation field:

- Salary
- Social security, job security, pension security
- The acceptance by the working group in formal/informal relationships
- Career growth, respect, degrees, the feeling of success
- Personal development, personal growth and complete use of a person's abilities

However, this theory is being criticised. Each person can have different priorities, and his or her needs do not have to be ordered as in Maslow's theory. It is supported by research made by Lawler and Suttle, who studied 187 managers, and the results correspond to Maslow's theory only subtly.

### 3.3.6.3 Alderfer's ERG theory

Alderfer came up with the Existency-Relatedness-Growth theory, which expressed three categories of need:

- **Existence needs** – need for reaching and sustaining the balance of the organism. That means the satisfying of needs such as hunger or thirst. We can also identify it with wages, working conditions, or benefits.
- **Social needs** confirm that people are not self-sufficient, but need to be a part of society. People desire to obtain the recognition, support, and approval of others.
- **Growth needs** – these needs initiate in a person a desire for developing a creative and productive effort (Armstrong, 2003).

Just as Maslow, Alderfer suggested that the existence need has to be satisfied before the adjacent needs. However, he did not insist on a specific order of two higher categories – social needs and growth needs (Vodáček a Vodáčková, 2009). Furthermore, Alderfer's theory is based on a frustrative-regression principle. If a need is not satisfied, an individual returns to satisfying the evolutionary lower need (Nakonečný, 1992).

#### 3.3.6.4 Herzberg's motivator-hygiene theory

Vodáček and Vodáčková (2009) claim that Herzberg's theory originating in the 60s of the last century still holds its position in modern management. The concept of this theory was created by research dealing with the sources of working satisfaction and dissatisfaction among more than two hundred technicians and accountants. He distinguished two groups of factors based on the research results. The first group is connected to personality, and it is called the motivators. The second category relates to more objective external conditions and is termed as hygiene factors. **Motivators** can influence our job satisfaction (performance and working effort) either positively or negatively. Among motivators with the positive impact fall the possibility to be promoted, expressed praise, the feeling of joy from interesting work (Kociánová, 2007). According to Koontz and Weihrich (2008), **hygiene factors** are significantly different. They may induce only dissatisfaction; they do not work as incentives. As hygiene factors, the quality of management, tactics, and company's administration, workplace relations, job security or wage, might be imagined. If all these factors in the working environment are sufficiently satisfied, it leads to a prevention of dissatisfaction and avoids a lousy performance. This group of factors does not motivate employees; however, if something is not right, a person feels a dissatisfaction. Forsyth (2006) emphasises that motivators stem from the inner qualities of human nature,

therefore offer the best opportunity to be used by managers with the aim of enhancing the performance.

#### 3.3.6.5 Equity theory

The base of equity theory stands on an empirically tested experience that employees have strong tendency to subjectively evaluate their working status, performance, and rewards with their colleagues who have similar or same work (Vodáček a Vodáčková, 2009).

Bělohávek (1996) explains that fair rewarding is assessed by comparing our **working inputs and working profits (outputs)** with others. Working inputs include time, experience, skills, age, effort. The outputs include different forms of rewards. It is not only base pay but also praise, premium, participation in decision-making, promotions, and others. According to the very subjective evaluation of the fairness of each, it is quite difficult to determine what is not fair when rewarding.

Armstrong (2007a) states that fairness means to an employee, that the ratio between his or her inputs and outputs equals the compared employee's ratio. The best-motivated people are those who think that they are fairly rewarded.

Bělohávek (1996) adds that unbalance has two forms: negative and positive. If the ratio between input and output of the other person is higher than our ratio, it leads to a negative unfairness. In a short period, this form may be tolerated. A person with a negative unfairness tries to deal with it; he or she may work hard to attract the attention or ease up and adjust his work effort to a given salary. In the long-term, it leads to demotivation and anger.

Kociánová (2007) points out that Adams distinguished two forms of equity as follows:

- **distributive equity** is focused on a person's feelings about their contribution and consequent rewards in comparison with others.
- **Procedural equity** is concerned with the perception of processes that happen in an organisation, as promoting or disciplinary action.

Nevertheless, Adams accepted that his theory does not explain all circumstances of working behaviour. People have a desire to be rewarded equitably, but also want to get the most (Nakonečný, 1992).

#### 3.3.6.6 McClelland's Theory of learned needs

This theory is interesting because of its use for the analysis of managers' needs. McClelland (1987) thought that organisations provide its employees with three levels of motivation which are based on needs of:

- **Need for affiliation**
- Positional impact, being heard – **Need for power,**
- Successful realising of the potential – **Need for achievement.**

Based on McClelland's theory, each person has a dominant need that determines his or her actions. His theory correlates with Maslow's hierarchy of needs (its last three categories).

#### 3.3.6.7 Goal - Setting theory

This theory was determined by Latham and Locke in 1979 and claims that the motivation and performance of employees are better when the specific goals are assigned to them. The goals should be challenging, however acceptable by an employee. Feedback cannot be omitted. An employee should also be involved in forming the process of his or her goals. It is a tool for how to get consent to set higher goals. When people agree to demanding goals, it leads to higher performances than when getting easy aims (Armstrong, 2007a).

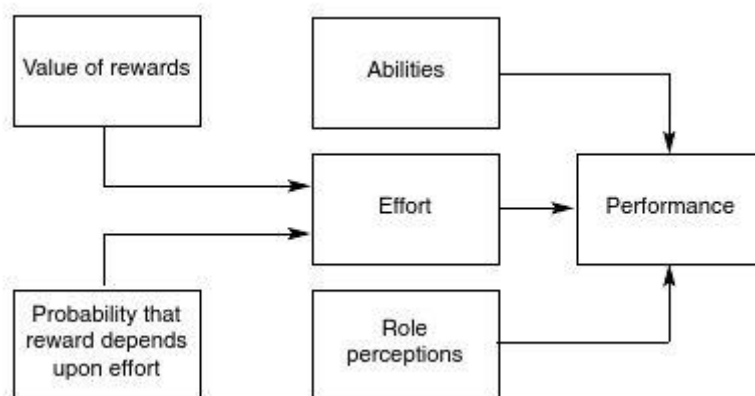
#### 3.3.6.8 Vroom's expectancy theory

According to Vroom's model, motivation depends on three properties: valence, instrumentality, and expectancy. Its key assumption is that motivation to act depends on the strength of an expectation that this action will lead to achieving a certain aim. A person will put a higher effort when the value of the achieved goal is perceived as high (Nakonečný, 1992). Kociánová (2007) describes the **level of motivation** by the formula: **M=f (V.E)**, it is a product of **valence (V)** (representing the subjective value of the action's results) and **expectancy (E)**, which means the subjective probability that the action will genuinely lead to a result.

It is crucial to know when trying to motivate employees that it is not only up to employees' belief in their abilities that they can achieve the goal, but they also have to believe in the manager's word that they get an appropriate reward. An individual cannot be motivated if he or she does not believe in what he does.

Porter and Lawler added to Vroom's model (as shown in Figure 4) also the variable of effective effort, which depends on an employee's abilities as well as inner consent with the activities done for the company (Armstrong, 2008).

*Figure 4: Motivation expectancy theory model*



*Source: Armstrong (2008, p.46)*

Vroom realised that each has its own needs, and the same incentives do not have an influence on all employees within the organisation. The manager should pursue the employees' individual goals, interests, and motives. It is also the biggest weakness of the theory; it expresses its complexity. It indicates that motivation is more complicated than as described by Maslow (Koontz and Wehrich, 2008).

### 3.3.6.9 A new model of employee motivation

According to Nohria et al. (2008), motivation is driven by four basic elements. These are:

- **The drive to acquire or achieve.** This drive is not only focused on obtaining materialistic things such as money. However, extend beyond it to positive experiences that employees value, such as recognition and appraisal.

- **The drive to bond.** As we are social creatures, this need emphasizes people’s need for belonging and forming relationships. People tend to seek recognition from their colleagues/managers as well as social acceptance.
- **The drive to comprehend.** People have their inner curiosity, drive to learn and want to overcome obstacles (challenges). Employees need to understand what is behind the work they do; they want to understand why it should be done, the purpose of their effort.
- **The drive to defend.** It is the need to protect oneself and others from uncertainty and threats, for instance, protecting from unfair treatments or unjustified decisions made by managers.

All four drives were also linked to motivation and performance strategies, as can be seen in Figure 5 below. It is a concept based on an understanding of human motivation, perceiving people as human beings first and employees second (Banfield et al., 2018).

Figure 5: Four drives motivation model

DRIVE	PRIMARY LEVER	ACTIONS
1 Acquire	Reward System	<ul style="list-style-type: none"> <li>Sharply differentiate good performers from average and poor performers</li> <li>Tie rewards clearly to performance</li> <li>Pay as well as your competitors</li> </ul>
2 Bond	Culture	<ul style="list-style-type: none"> <li>Foster mutual reliance and friendship among coworkers</li> <li>Value collaboration and teamwork</li> <li>Encourage sharing of best practices</li> </ul>
3 Comprehend	Job Design	<ul style="list-style-type: none"> <li>Design jobs that have distinct and important roles in the organization</li> <li>Design jobs that are meaningful and foster a sense of contribution to the organization</li> </ul>
4 Defend	Performance-Management and Resource-Allocation Processes	<ul style="list-style-type: none"> <li>Increase the transparency of all processes</li> <li>Emphasize their fairness</li> <li>Build trust by being just and transparent in granting rewards, assignments, and other forms of recognition</li> </ul>

Source: Banfield, (2018, p. 379)



### 3.3.6.10 Generational Theory

Nowadays, different generations of employees are working alongside, all trying to do their best to contribute to companies' missions. Therefore, it is a considerable task for companies to keep each of them similarly motivated and satisfied. One approach used in terms of motivating and rewarding employees does not work as each generation brings its own values or desires to the workplace. Today's workforce may be divided into four major groups, and the breakdown as of 2019 by age would look as follows:

- Baby Boomers (born between 1944-1964). They are currently between 55-75 years old.
- Generation X (born between 1965-1979). People falling into this category are between 40-54 years old.
- Generation Y, or Millennials (born between 1980-1994). They are currently between 25-39 years old.
- Generation Z (born between 1995-2015). This is currently the newest generation with age between 4-24.

Each generation was shaped by the different environments in which it has been brought up. These generations have a different work ethic, preferred work environment, and a source of motivation. Baby boomers tend to be career-focused and competitive. They want to be valued for their expertise and enjoy sharing their knowledge. They are also mainly motivated by recognition and monetary rewards. Generation X focuses on creating work-life balance. They want to be efficient and self-reliant. Millennials are mostly motivated by autonomy, time-off, trust, and pleasant workplace culture. They require to be involved in decision making and tend to be creative. They also handle multi-tasking. The youngest generation of workers, Generation Z, tends to be project-oriented and pragmatic. They seek opportunities for advancement, being involved, and receiving feedback. (Close and Martins, 2015; KASASA, 2019)

## **3.4 Reward management**

The company's results depend on several aspects, technical, organisational, economic, personal, and social. The personal and social aspects are getting to be more important nowadays than ever before.

Bedrnová and Nový (1994) mentioned that the ability to influence people is vital for an organisation to become effective. The effective leading of employees and working teams depends on several conditions:

- employees must **know the objectives and mission** of the organisation
- employees should **agree or identify with the goals and tasks** set by the company
- employees **reasonably use** the company's **resources** to reach the set goals
- employees can partake in running the business (they may be active in introducing changes and innovations), they also need to have **enough information** about what is going on in the company.

When a new employee is hired, he or she is supposed to respect and realise the company's goals. It needs to be actively checked whether this condition is fulfilled.

### **3.4.1 Aims of reward management**

Nakonečný (1992) emphasises that rewards motivate if raising hopes. Rewards can also acknowledge the value of an individual. They satisfy the needs of recognition and realization.

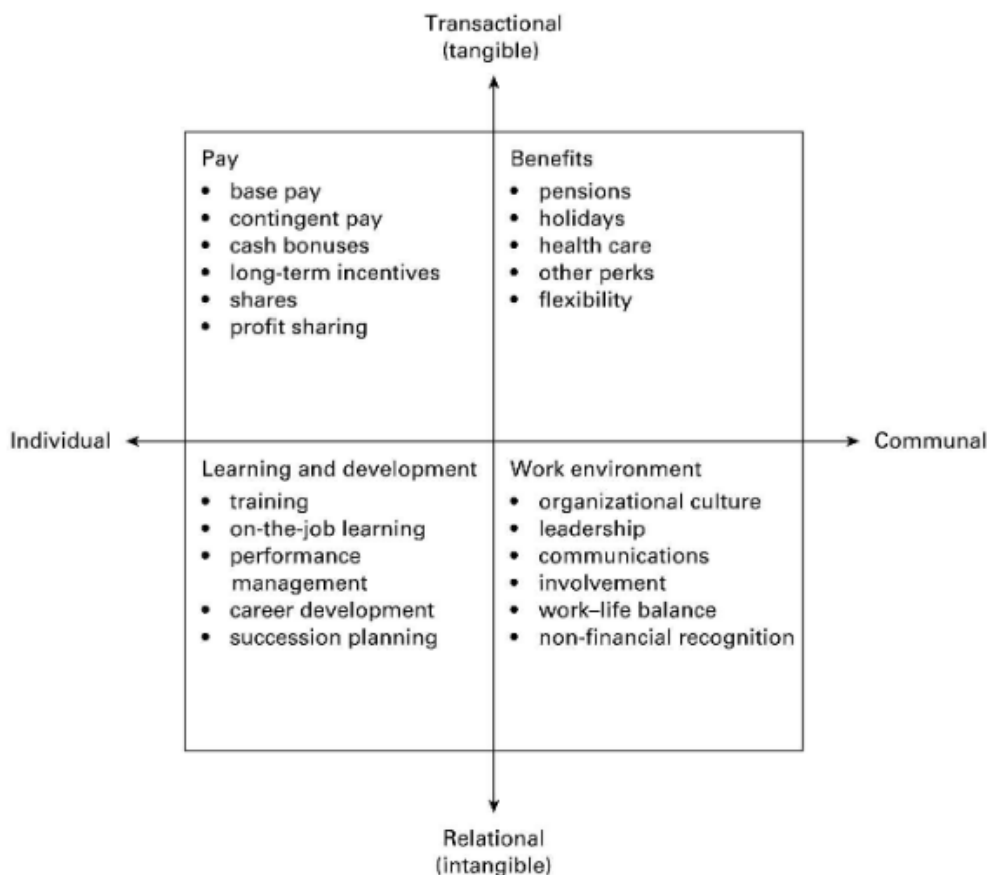
Reward management does not include only the monetary rewards and employee benefit, the non-financial rewards as well as recognition in the form of praise, career growth; increasing responsibility belong there. The aims of reward management are considered as follows:

- securing and keeping the best employees
- creating the culture of high performance
- motivating employees, gaining their loyalty
- rewards connected to a value which is created by an individual
- fair and transparent rewards
- interconnecting of reward practices with the goals of the company, not to omit the employees' needs (Armstrong, 2007b).

Towers Perrin company created the model of total reward (shown in Figure 6), which distinguish two main categories – transactional (financial) and relational (non-financial) rewards. Financial rewards (base pay, variable bonuses or share ownership), together with

benefits create total remuneration, but not the total reward. Non-financial rewards as autonomy, career opportunity or work/life balance create the second component of total reward. It is vital that both categories are interconnected as well as complement one another. The nature of transactional rewards stems from the transaction between employer and employee, where these rewards are in a monetary form. The importance of these rewards lies mainly in need of securing and stabilizing of employees. For competing firms, it is quite easy to copy financial rewards. The role of relational rewards is to increase the value of transactional rewards. Pfeffer emphasised that creating an entertaining and inspiring working environment where people may fully use their skills and abilities, achieve meaningful aims, and at the same time they are being recognised, is a much stronger way of motivating than only in case of using monetary incentives. Particularly in the case of motivating qualified employees, the monetary incentives are not enough, and it is essential to use relational rewards (Armstrong, 2007b; Hagemann, 1995).

Figure 6: Model of total rewards



Source: Armstrong, (2007b, p. 44)

Money is being sometimes attached to the highest importance. It is vital to realise that this motivation tool is, at the same time very sensitive, and if used without well-thought-out action, the consequence may differ from the original intention.

Bělohávek (2003) suggested the following principles to effective rewarding:

- Managers have to **differentiate among good and bad employees** when setting rewards. If this condition is not fulfilled, an employee thinks that it does not depend on his or her performance, that the performance does not influence the employee's wage/salary.
- The moving component of wage/salary motivates an employee to achieve higher performance in case **it is adequately explained what behaviour will be rewarded.**
- **The fixed component** of wage/salary is a mean how **to stabilize employees.** The moving component is perceived as uncertain.
- It is vital to **develop the employee's interest in the results of the whole company.** In the opposite situation, it may lead to a rivalry between the different departments of the organisation, and consequently, the goals of the organisation could be negatively affected.
- If the rewards system is set by **transparent rules,** the motivation is getting stronger.
- When an employee accomplishes a task, he or she should be **granted by a reward as soon as possible.** If the rewarding process is postponed, the reward itself loses its motivating effect.
- The reward should **correspond to the employee's contribution.** If it is overestimated, it evokes guilt; if underestimated, it evokes the feeling of anger.
- **The salary should be kept as a secret.** An employee cannot objectively and complexly assess the performance and conditions of his or her colleagues. Information about salaries of others may lead to deterioration of the atmosphere in a company or conflicts between colleagues. If salaries are enclosed, it should be the case, when they are determined according to explicit criteria.

### 3.4.2 Transactional rewards

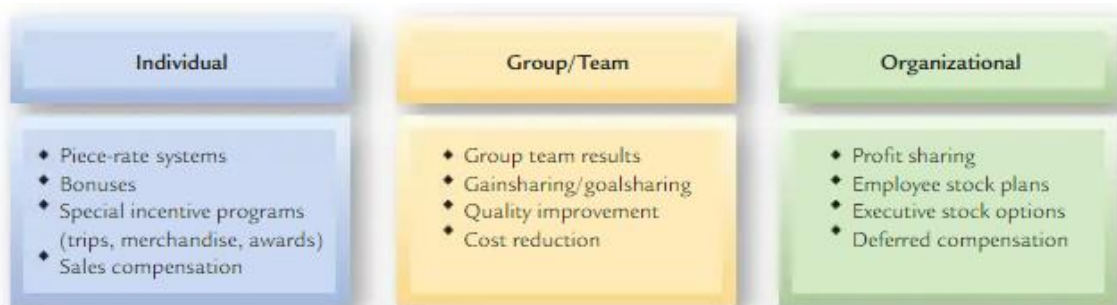
Transactional rewards are tangible and can take either the monetary or non-monetary form. One of the tangible components of the reward program is direct compensation. The basic form that the employee receives is called base pay. Another type may be variable pay, which is directly connected to an individual, group, or whole company's performance. On the other hand, indirect compensation usually consists of employee benefits (Mathis and Jackson 2008).

#### 3.4.2.1 Types of pay

The popularity of **base pay** remains relatively stable compared to other forms of rewards. Organizations use mainly two base pay categories – a wage and a salary. Employees who get the payments directly calculated on the amount of time worked to get the wages (commonly hourly wage). Salary is, on the contrary, the consistent payment received each period regardless of hours spent working. However, overtime may be paid to employees according to the country's laws. The base pay usually takes the largest share of the total employee reward (Mathis and Jackson 2008).

According to Mathis and Jackson (2008), there are three categories of **variable pay**. They are shown in Figure 7 below.

*Figure 7: Categories of Variable Pay Plans*



*Source: Mathis and Jackson (2008, p.397)*

In piece-rate systems, payments are based on the number of pieces completed by a worker. There is a specific monetary rate for each piece defined in advance. The hourly wage of

worker will vary accordingly to his or her skills. If the cost per unit is the same the labour cost can be predicted accurately, the system is therefore called straight piece-rate. In the differential piece-work structure, an employee gets a guaranteed piece-rate wage for units produced up to determined standard and higher piece-rate wage for units made over the standard. The piecework pay is commonly used form how to compensate the manual workers.

Employees may also get additional compensation in the form of a **bonus**. It is not a part of the employee's base pay, and it is a one-time payment. The individual bonus depends on the performance (quality of work done, meeting the deadlines) and is given either repeatedly in a certain time frame (typically annual) or may be awarded at any time. Such a bonus is called spot bonus and is given for an exceptional performance such as extra effort made or an accomplishing of a demanding project. Employees usually get spot bonuses in the form of cash. However, some companies provide managers with gifts or travel vouchers.

The majority of the companies appraise and **award** the employees who come with **an improvement proposal**, which reduces costs or helps to gain higher revenues. If companies are open to the employees' suggestions, it could also be a tool to deepen the employees' loyalty to the company as well as enhancing the communication between managers and employees (Koubek, 2007).

**Profit sharing** is a group-wide incentive where some portion of the company's profits is distributed among employees. The distributed share is usually higher when the company performed better than expected. The main objectives of the profit-sharing are as follows:

- Attracting and retaining employees
- Enhancing service/product quality
- Improving employee morale
- Higher the level of productivity (Mathis and Jackson, 2008).

Armstrong (2007b) explains that a particular formula determines the percentage of profit, eventually the decision of management. The percentage share may be for all of the employees equal; however, it may differ depending on position, length of working in the

company, or individual performance. He also argues that there is a small probability of increasing motivation or loyalty in case of distributing a share of profit of less than five percent. Employees tend to consider smaller amounts as a matter of course.

In sales activities or services **sales compensation plan** is used to determine the compensation given to an employee. Some companies use a salary-only approach, which may be helpful when a company concentrates on retaining and serving the already acquired customers over generating new sales and accounts. Also, the new sales-representative employees are protected in the first few months through the approach when building their client base. Generally, firms do not use this approach for more than six months, afterwards they use either salary plus commission or salary plus bonuses system. The primary aim of using a sales compensation plan is to incentivize a salesperson to boost sales. Individual incentive connected to sales jobs is the commission, which represents a percentage of sales in currency. In a straight commission system, a salesman who makes no sales do not receive any compensation. It may be therefore perceived as not offering any security to salespeople. Therefore, more frequently used is a system of base salary plus either commission or bonuses (Rose, 2014; Mathis and Jackson, 2008).

**Employee Stock Ownership Plans (ESOP)** are among the most used incentive forms, especially abroad. The organization offers a share to its employees for a certain period and a specific price. Managing directors may have the privilege to buy a share at a specific date in future for the price at a time when the offer was made. Establishing an ESOP creates several advantages for both sides. It gives employees a “piece of the action“, they can share in the growth of their company. It is a source of earnings which is taxed more favourably than a regular salary. The major one for the firm is favourable tax treatment; it may as well motivate employees to work productively and concentrate on organizational performance. Furthermore, it helps to decrease the risk of share price fluctuation. However, the reward is not immediate, and the initial advantage does not have to be evident to all employees. There is also a potential risk of financial bankruptcy, which illustrates that an ESOP cannot guarantee success for the employees as investors (Armstrong, 2007a; Mathis and Jackson, 2008).

#### 3.4.2.2 Pay-for-performance and Agency theory

**Principal-agent problem** arises when one party (an agent) acts on behalf of another party (the principal). The principal delegates some decision-making authority to the agent. The agent usually has more information about his actions and intentions than the principal. It is almost impossible from the principal's view to perfectly monitor the agent and ensure that he makes the optimal decisions. This theory is often applied to the relationship between owners (shareholders) and managers of a company. However, it may also be relevant to the relationship between managers and employees (Woods, 2014).

The theory explains that companies or managers deliberately use compensations and incentives to maximize profits based on these specific costs and benefits. Costs arise due to the disparity between companies and employees in information and objective. The company will seek to maximize profits at all costs whereas employees will tend to be motivated by other factors and seek to maximize their own utility (e.g. security and/or leisure). The cost of information stems from the asymmetry between the employees' knowledge about their skills and effort level and the company lacking the information about both. By using incentives and rewards, the principal may reduce agency problems and align the interests of the agents with those of the principal. It could be done by various mechanisms, such as stock options – ESOP, profit sharing, commissions. Generally, it is believed that companies should use a **pay-by-performance scheme** rather than flat pay when dealing with agency problems. By offering low base pay with a possibility to obtain a significant performance element, a company may motivate all employees to increase their effort. However, it may also additionally attract and retain high-skilled employees while sorting away the low-skilled ones (Larkin et al., 2012).

#### 3.4.2.3 Employee Benefits

Employee benefits are provided additionally to the various forms of cash rewards. They account for up to one-third of the cost of basic wages/salaries, so their careful management must not be overlooked. Employee benefits are provided to increase worker satisfaction and well-being. Organizations show by introducing benefits their interest in their employees, their needs and their well-being. Some employers, however, offer these



benefits only to ensure the competitiveness of their offered transactional component of the overall reward. Some of the benefits, such as social security, maternity leave or sickness insurance, must be provided by law (Armstrong, 2007b).

Koubek (2007) divided employee benefits into three groups:

- **Benefits of social nature** (life and accident insurance paid by the organization, financial assistance provided for low-interest loans reserved for improving housing, subsidizing a certain amount of mortgage interest, company kindergarten, pension schemes).
- **Benefits related to work** (company products, meal allowance, travel insurance covering work and private trips, educational courses paid by the organization, flexible working hours, transport allowance).
- **Benefits associated with corporate status** (business car, corporate phone, laptop, a contribution to clothing).

Armstrong (2007b) mentions another element of employee benefits, and that is a holiday. The favourite benefits include an extra week of the paid holiday, which is beyond the four weeks of annual leave set by law (in the Czech Republic). The possibility to choose the length and time of taking a vacation or the possibility of a prolonging business trip by holiday, all of these can have a great incentive effect.

Other benefits may include business parking, hot and cold beverages at the workplace and corporate parties, gala dinners, membership to fitness centers, or financial/personal counseling during a crisis.

Some of the benefits, such as maternity leave or four weeks vacation, are obligatorily taken by the employee. Due to differences in employee preferences, many organizations offer an optional employee benefits system. When creating this system, it is advisable to survey workers' opinions regularly to achieve a set of benefits to meet their needs. By using the so-called flex plan or cafeteria system, it is possible to solve a significant problem of workers automatically contributing in the form of wage deductions for benefits that they are not interested in. These systems recognize the fact that employees differ due to different age, family status, and lifestyle (Mathis and Jackson, 2008).

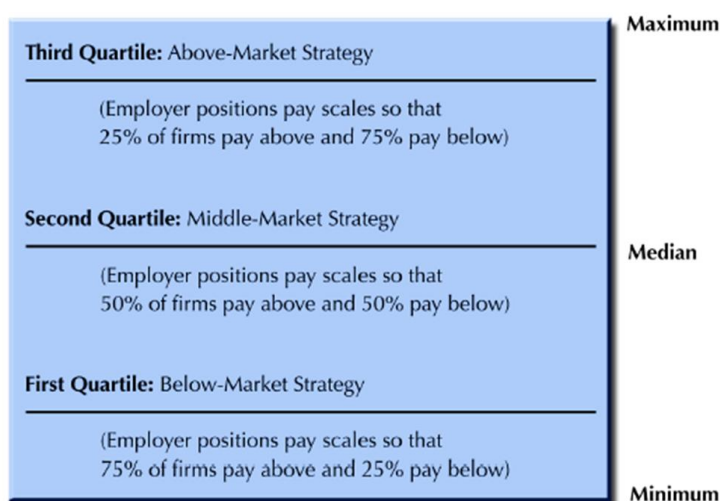
### 3.4.3 Relational rewards

Leaders play an irreplaceable role in the total reward management. They have to ensure that tasks are being accomplished and maintain a supportive and constructive environment. They also are the vital source of essential rewards such as recognition through effective feedback; they provide opportunities for learning and development. They are vital in terms of performance management as well. As a non-financial or relational reward, these are considered to be most motivating factors in terms of employee performance: recognition, praise, autonomy, responsibility, opportunity to grow, talent management programs, meaningful work, core values of an organization, and pleasant working environment (Joshi, 2016).

### 3.4.4 Market competitiveness

According to Mathis and Jackson (2008), the employees' views of compensation are significantly impacted by market competitiveness. All employers should be concerned about providing competitive compensation to their employees, whether locally or globally. Some companies even have certain policies that state where they would like to be positioned in the workforce market. These policies use a quartile strategy, as can be seen in Figure 8.

Figure 8: Compensation quartile strategies



Source: Mathis and Jackson (2008, p. 366)

Paying below market levels is specific for the first-quartile strategy. There are several why organization chooses to “lag the market“. An employer may not have sufficient funds and is unable to pay more, or there is an abundance of employees available in the market (usually low-skilled ones), and this strategy is sufficient to attract them at lesser costs. Some companies even hire illegal immigrants who are happy to be able to work in the desired country. There is a big downside to this strategy, and that is the higher employee turnover, it is more difficult to attract and retain employees under such conditions when market supply tightens. Usually, employers want to be positioned in the middle of the market. It should somehow balance the need for cost-saving in on the employer side as well as the need for retaining employees. The last strategy is the “lead the market strategy“ which generally helps the employer to retain and attract a sufficient number of skilled employees and can be more selective in terms of hiring a potential worker. As it is a higher cost approach, companies tend to look for ways to enhance the employees’ productivity, and usually, those who create significant value-added to the company are hired.

#### **3.4.5 Rewarding of high-educated people**

Just as each job position has its specifics, each group of workers has its specific claims and needs in connection to remuneration. The reward system has the greatest positive effect on workers if it corresponds as accurately as possible to what employees want and need. For these reasons, employees can be divided into directors and higher executive workers, highly educated workers, labourers, sales and customer service staff. **Highly educated workers** are generally considered to be such workers where their work performance requires a considerable degree of expertise and specific knowledge. The term of highly educated workers is used for various groups of workers and includes university professors, scientists, accountants, auditors, IT specialists and others. The role of highly educated workers in companies has grown significantly in the past decade. Since these employees bring great benefits to the company, it is necessary to set a reward system accordingly to attract, stabilize, and motivate them. Mahen Tampoe published in 1993 a study in which he identified four major motivators of highly educated employees. These are personal growth, the autonomy of employment, successful fulfilment of tasks, and a feeling of complacency stemming from the work done and money rewards. Therefore, it can be said that the best employees seek intellectual stimulation and opportunities to educate themselves over the

amount of money received. Another area to be taken into account in the process of rewarding is their effective management, as it carries some dilemmas, such as the efforts of companies to maintain highly educated workers, in contrast to workers' interest in increasing their employment. Another contradiction is in developing employee knowledge, where companies are seeking to make workers educated in areas that are primarily helpful to the organization. However, workers may prefer developing their transferable knowledge. These dilemmas could be solved by understanding whether the employees identify with their employer, profession, or clients. For example, scientists can put recognition and professional status above all the benefits, which the company provides. It is, therefore, necessary to be aware of the fact that highly educated employees are not people with strictly prescribed daily tasks and procedures, but people who need flexibility, opportunities, and autonomy to apply their expertise (Armstrong, 2007b).

#### **3.4.6 21st-century workplace challenges**

Most of the employees want a balanced life; however, it just recently has happened that people raised their voices about **work-life balance**. As employers want to retain their employees, they have to respond to their needs for an alternative work schedule. It also helps companies to be competitive in the 21st century. The trend towards alternative arrangements was created, and it includes hiring independent contractors, maintaining an “on-call“ workforce when needed for peak periods. The employees’ skills matter more than where they work, and they may see themselves as free agents. In case of implementation of alternative staffing, it is vital to realize the core functions to business and assure to retain employees who perform them; the other positions may utilize the seasonal workers or independent contractors. The other approach used quite often by employers is the implementing of flexitime. The employer determines the core business hours in which all employees must be present; however, the exact time of their arrival and leave depends on the employee or how he or she agrees on it with the manager. It allows employees to go to a medical appointment or to take the kids to school. Today’s technologies enable employees to **work from off-site locations**. Usually, it means working from home, but some cities have their so-called Telework Centres located in remote parts, which give employees the advantage of shorter commuting to a place that is fully equipped with the technology needed for their work. There are pros and cons of teleworking

(moving the work to the worker electronically) for organizations. Organizations may find it extremely cost-effective if they can decrease office spaces, therefore their investments into real estate. There are usually fewer distractions at home, so it may also increase the productivity of employees. It may also decrease the healthcare costs as people with minor illnesses work from home, not spreading the viruses in the office. On the other hand, some managers find it challenging to manage employees working from home as they do not have much control over them (Armstrong and Mitchell, 2018).

Armstrong and Mitchell (2018) emphasize the importance of globalization in today's workplace. Big corporations have an office all around the world; other organizations may be in the hands of foreign investors. Managers need to stay up-to-date on what is going on in the world and how it may affect their organization. Employees working in foreign offices should be trained in cross-cultural communication, cultural adaptability and have the chance to learn the language of a particular country.

## **4 Practical Part**

### **4.1 Characteristics of the company CNS a.s.**

The Czech company CNS a.s. is a stock corporation with a registered capital of 15 million CZK. It was established by founders and lifetime partners Luboš Hajn and Petr Samek in 1999 as a successor of CNS Mělník, spol. s r.o. which inception is dated to 1993. CNS stands for Computer Netware Service. The company belongs to the Cyber Services group with Inspirotec and Ideal. The company is mainly focused on the creation and implementation of program application equipment and comprehensive information systems as well as delivering the related technologies. It is also an advisor for a customer when it comes to the implementation of the information system. The corporation CNS a.s. is, therefore, an advisory and consulting company as well as a project system integrator for medium and large-sized companies and state administration. Another key business area is the provision of service and supply of both hardware and software to its contractors. They provide their customers with complete hardware service (work stations, printers, servers, network components). In the area of software administration, they mainly provide installation, configuration, and updates of applications used by customers. The company also caters the authorized service of the supplied hardware as it belongs to partners of Hewlett-Packard, Cisco, or AT Computers. CNS a.s. follows the latest trends in information technology and fulfil the strictest criteria for client/server applications when developing all solutions for customers. The aim is to not only satisfy the needs of their clients but to provide excellent services that it results in further orders (CNS a.s., 2019).

CNS a.s. supplies its customers with comprehensive, modular solutions such as management information systems, application programs for logistics, systems for on-line process management, customer relationship management system, or laboratory information systems. Among the key customers of the company CNS a.s. belong synlab czech s.r.o., Skoda Auto a.s., Heineken Ceska republika a.s., KOH-I-NOOR HARDTMUTH a.s., Geis CZ s.r.o. Health care clients account for 60% of the company's profit (CNS a.s., 2019).

CNS a.s. enhances its customer care by the possibility of taking full responsibility for the operation of the information system, its functional reliability, security, and future

development. The company puts a big emphasis on the quality of its services and products, which was confirmed by obtaining the ČSN ISO EN 9001 certificate in 2000 (CNS a.s., 2019).

On April 30, 2014, a foreign subsidiary of the company under the business name IT-CNS, Inc. was established in Pittsburgh, Pennsylvania. In June 2019, a new branch was opened in Atlanta, focusing mainly on secure data transfers (CNS a.s., 2019).

#### **4.1.1 Company's structure**

The company's wealth is generally based on the quality of its employees. More than forty experts are working in the CNS a.s., particularly analysts, system and application developers, software specialists, and expert consultants. As can be seen from the structure (Appendix 1), there are five departments for which the management is responsible. The number of approved employees for respective cost centers and particular job positions are identified; some positions are not staffed. Apart from the finance department, all positions in departments are usually divided into the manager, senior, and junior roles. All new-hired employees begin to work in the company as juniors even though they feel as seniors. However, the promotion to a senior level may be quick, within one month. The biggest department is the software one, where programmers work. The company has been currently deciding about closing the tester position, which is vacant as the agile method of programming, which importance has grown during the past few years, does not allow for a specialized employee responsible only for testing. The technical experts belong to a second-most numerous department. The company also employs consultants who do not create applications nor do the technical job. They are responsible for user support. The least employees can be found in the finance department where administrative tasks are performed – accountant, HR, payroll. This company is small to medium-sized. Usually, companies of this size do not have a separate HR department, which is valid also for CNS a.s. The personnel office/payroll specialist administers the HR tasks, and she is accountable to the financial manager. The HR department in a larger company tends to be separated and is subordinated to the CEO as it should be independent and not controlled by the financial manager.

### **4.1.2 Main economic indicators**

The net income in 2018 reached 12.7 million CZK, which is a year to year decrease of 6.3 million CZK. Fewer revenues from the merchandise mainly drive the decrease. On the contrary, the revenues from services remain almost unchanged. The other operating income in 2018 accounts for 6.7 million CZK, and almost 97 percent of the sum comes from subsidies. The average monthly gross wage per one employee in CNS a.s. was 43,033 CZK in 2018. In 2017 it equaled 35,910 CZK. If compared to the Central Bohemian Region's gross wage in 2018, the company CNS a.s. paid their employees more generously, in particular, the monthly salary was 1.26 times higher. On the contrary, the IT specialist's average gross wage in Central Bohemia in 2017 amounted to 43,000 CZK, and from that fact, it may be mentioned that the CNS a.s. wages lagged in the same year (Annual Report of CNS a.s., 2017; Annual Report of CNS a.s., 2018; ČSÚ, 2019).

## **4.2 Analysis and findings**

The practical part of this thesis is focused on evaluating the current rewards system of the company CNS, a.s. in a connection to employees' motivation. Small and medium-sized companies are the most numerous group of enterprises in the Czech Republic. Therefore the attention to rewarding matters cannot be overlooked.

Firstly, the data was collected through a semi-structured interview with CEO Mr. Hajn to get an in-depth view of the company's reward system. The interview significantly helped with creating a questionnaire that is more accurate and tailored to this specific company. The information found out during the interview are developed in the following chapter of this thesis. The structured part of this interview can be seen in Appendix 2.

The questionnaire (Appendix 3) was prepared with the aid of an online tool Click4Survey (version Professional) and further sent to all employees of the CNS a.s. company. The employees were informed about the possibility of completing it within twelve days, and during that timeframe, one reminder was sent. Afterward, it was closed for responding. Due to an accommodating approach of employees, 30 questionnaires were filled entirely.



#### 4.2.1 Company's reward system

According to Mr. Hajn's perception, the first three most important factors regarding employees' motivation are the following:

1. Satisfaction with the job performed
2. Remuneration
3. Work environment (position within the team, etc.)

The CEO emphasizes the fact that the salary is not in the first place. Obviously, people come to work to earn money. However, considering what sort of people mainly works in the company, programmers, in particular, the salary is not paramount. They are more motivated by the fact that the work is meaningful.

Moreover, they can fulfill their vision and mission; there is a possibility to create values. The CEO admits having skilled employees who instead stayed in the company than quitted to get a better-paid job. They appreciated the possibility of working in healthcare that they could help other people. CNS a.s. provide services for clinical laboratories, fertility clinics, and genetic laboratories.

Among transactional rewards offered by the company CNS a.s. belong:

- **Base salary + bonuses**

The vast majority of CNS a.s. employees get the minimum wage as a base salary; the rest of the salary comes from variable pay corresponding to the pay-by-performance concept. The variable pay usually exceeds the base pay 3-4 times. The administrative employees are paid more generously in terms of the base pay. Their salary does not oscillate that much. They may get a bonus in case of a successful audit. However, their work is entirely different from that of programmers who participate in the profit-making activity.

Employees are eligible to get a "loyalty award" if they fulfill specific criteria. One of them includes staying for more than one year in the company. This reward may be seen as a service award that is paid out at the end of the year. Long-time employees are awarded for their loyalty. Furthermore, it improves the retention rate, combat employee turnover, and shows that the company appreciates its employees.

A non-claimable portion of transactional reward creates gifts to celebrate employees' work/life achievements, including anniversaries, promotions, birthdays or graduations.

- **5-weeks of paid annual leave (1 week in addition to the Czech labour code)**

Initially, the CEO had a good intention to motivate his employees not to smoke by providing non-smokers with an extra one week off; he cannot do it. He would violate the principles of equal employee treatment. Therefore, all employees are entitled to have one extra week of paid holiday.

- **Meal vouchers in value of 60 CZK for each working day (fully covered by the company)**

The meal vouchers (Ticket Restaurant) are given to employees in the paper-based version. The provider is Edenred.

- **Employee discounts on eligible products**

The employees are eligible to buy consumer goods sold by a company at a discount. In particular, a computer or cell phone may be purchased for a wholesale price.

- **Paid sick day/year – sickness without attest**

There is only one sick day per year, which was introduced in 2017 as employees were claiming it. The CEO promised to add one more sick day if it rises to the occasion. However, he is not a fan of such “amenities”; it is just an additional day-off.

On the other hand, he also acknowledged that it is an issue when ill employees come to work as most of them work in an open space. Commonly, if one comes with a cough, next week, three other people are coughing. In that scenario, it is much better to stay at home, especially if the weekend is ahead. Then even one sick day may help to prevent others from getting sick.

- **Home office**

All of the employees may ask for a home office, and it has to be approved by the manager. It is based on the individual approach to each employee. Some of the employees demand to be alone at home in a quiet environment and perform even better than at the office. Other employees may get distracted at home, and the work getting accomplished is low. Therefore some queries for a home office may be approved with greater warmth than the others.

Furthermore, the vast majority of projects are done in teams; the work cannot be performed in total isolation; collaboration is vital.

- **Flexible start/end of working hours**

The latest time for arriving at work is 9 AM, and then it is necessary to stay 8 hours with a half-hour break. So it is acceptable as well to come at 7 AM and finish at 3:30 PM.

- **Life insurance**

Managers working in the company over one year get a contribution to the life insurance up to the maximum tax-deductible amount.

- **Contribution to the pension insurance**

Each employee may get a monthly pension contribution. Employees get the same contribution as they deduct from their salary up to a maximum amount of 1000 CZK per month. A significant amount of employees benefit from it, even though most of the employees are somewhat lower in age. The most common contribution ranges between 100 CZK to 200 CZK.

- **Cell phone**

The company provides its employees with mobile devices, which is a policy known as “corporate-owned, personally enabled” device. The company manages the mobile contract, and if the employee exceeds certain limits set by the contract, he or she has to pay off. The limits are more than generous, so it does happen rarely.

- **Complimentary coffee on workplace**

In 2016, the first company’s survey was conducted about how satisfied the employees were with several areas. The primary outcome was that employees wanted coffee for free instead of paying 3 CZK. It was almost an absurd amount to pay for high-quality coffee, even though it was unacceptable to the vast majority of employees. So they have it for free.

CNS a.s. does not offer public transportation allowance nor company car for personal uses. It was supported by the fact that employees do not have to undertake a long journey when getting to office as they live up to 50 kilometers from the company.

When the company desires to motivate people to perform better, it uses a combination of transactional and relational rewards. The CEO, Mr. Hajn, perceives relational rewards as necessary as the transactional. Nevertheless, he does not identify with the total rewards model, where training is included among rewards. According to his opinion, it could work in case of training or courses which are not essential for the job position. Given the fact

that CNS a.s. is an IT company with its strong project focus, IT specialist, analyst, programmers working in that field need to study. If they would not be trained, they became useless in a year in such a dynamic field as IT represents. CNS a.s. spends millions for the training of their employees each year, it is a necessary precondition to ensure that business sustains its market position.

- **On-the-job-training**

There is a yearly plan of training, which is a part of the whole planning process. All managers plan the training for their employees. It differs across the departments; programmers go to specific training where they develop coding skills, technical support employees take part in advanced Microsoft Excel courses. The purpose of it is to know how the people are trained, if they are trained proportionally and to determine approximate costs of training. Throughout the year, specific requirements for training in areas not initially included in the plan may emerge. It usually happens when a new law is adopted; then, the respective employee has to be trained accordingly.

- **Language courses**

More than half of the customer demands are held in the English language. Therefore it is essential to provide employees with the English language courses to be able to deal with clients and make the right suggestion to them. The second language taught in the company is German. Employer fully covers language courses. Both take place inside the working hours. They are taught by a native-speaking person as well as a Czech teacher according to a particular level.

- **Corporate events**

The company does not organize regular team-building events. CNS a.s arrange each event itself, no external company partakes in the process. Once a year, in spring, employees go on a canoeing trip. The first weekend in September is dedicated to a backpacking trip. The company pays both trips from the start to the end. A company trip may help employees rekindle their teamwork and creativity by relaxing together. Everyone is likely to be in a good mood; it helps to build relationships and communication not only between team members but departments. It is also the right way how to strengthen the impression that management is opened to employees' ideas, ready to answer their questions or deal with the issues.

Furthermore, there have been organized Family days for occasions such as Children's day or Halloween. In 2017, more than eighty children attended it. It is popular among employees, as most of them have families with young children.

Another event which employees enjoy is ball dancing. It has a long-time tradition, and it is the second most prestigious ball in the city. Each employee is entitled to two complimentary tickets.

There are also other events held each year, such as a Christmas party or a Client's event.

- **Friendly and pleasant working environment**

Mr. Hajn mentions that there is a great working atmosphere. When the survey was done in 2017, people expressed their highest satisfaction with two main areas – the working environment and relationships with colleagues. He adds that an active part of our lives we spend working, not with a family. Therefore the utmost attention has to be given to the environment where people work. There have to be right lighting conditions, a pleasant temperature, a nice and clean environment. The offices are located in a reconstructed villa from the period of the first republic. The building is situated in a quiet part of Melnik city and has a large well-kept garden. There is also a wooden gazebo, which is an excellent place for meetings in the summer period or a place where people can have lunch.

Once a month, a big meeting is held. The whole company sits together, firstly having a complimentary breakfast, then covering a wide range of current topics. Each manager informs others about undergoing activities in their department. Also, newly hired workers are being introduced to the whole company. Management informs others about achievements/failures and what the company goals are. All employees have the opportunity to ask management directly. Supposedly, this meeting is considered by workers as one of the most crucial activities as they all get the information at the same time.

All newly recruited workers have a probation period, which lasts three months. Afterward, the manager completes an evaluation form and suggest if the company should keep the employee. If yes, the employee gets a one-year job contract. Suggesting that the company is not entirely sure the person fits in the organization, he or she may get a fixed-term contract again, otherwise gets a contract with an indefinite period.

The employee performance evaluation review is done yearly. Each employee evaluates his or her performance, and the respective manager subordinate employees. Afterward, they sit together, and if there is an issue, they explain each other how to put it right.

Mr. Hajn mentioned the main difficulties he has to overcome when dealing with remuneration and motivation. As the projects and tasks get more complex and extensive, it is sometimes challenging to make the rewarding comprehensive for all. He backs up the argument. The work completed by technical experts is easily measurable. The company issues an invoice to a customer for what the technician did, and the technician gets a share on it. For instance, when a customer calls that the internet connection stopped working. The technician goes there and repairs it; fixes it in an hour; the customer signs the repair form. Their performance can be measured and compared with other technicians.

Then, there may be a project which takes half a year to finish. It has to be done with the aid of project management, the budget is set, and employees get the variable pay for what they do. The same applies to programmers, however it even more complicated as the project may run for a few years.

The survey was conducted in 2017, whether employees want the cafeteria system or the meal vouchers. They refused it. Mr. Hajn is aware of the current trends, but he warns that this is a medium-sized company located in a smaller city, and the possibilities which could cafeteria provides in such an environment are relatively low. It may change in the next 4-5 years. As conclusion, Mr. Hajn does not currently see any deficiency in the current reward system.

#### **4.2.2 Evaluation of the questionnaire survey**

The Czech version of the questionnaire was distributed among CNS a.s. employees via e-mail, which contained the link to access it. The employees could fill in the questionnaire from the 18<sup>th</sup> of April to the 29<sup>th</sup> of April. Altogether, thirty-two respondents participated, two of them partially, as they did not answer all the questions. It would be difficult to run the analysis, for instance, in case there is a response for the independent variable but not for the dependent variable. Therefore, missing values will be omitted in the analysis as not to create biases. The Czech version of the questionnaire can be found in Appendix 3, and

all the results in the English version are attached in Appendix 4. The author divided the questionnaire into twelve sections:

Section A: The perceived value of various areas with regards to motivation

Section B: Working environment

Section C: Remuneration

Section D: Working relationships

Section E: The importance of financial rewards/benefits with regards to motivation

Section F: Information and communication flow

Section G: Extrinsic and Intrinsic factors - Importance

Section H: Extrinsic and Intrinsic factors - Satisfaction

Section I: Desired benefits

Section J: Retention

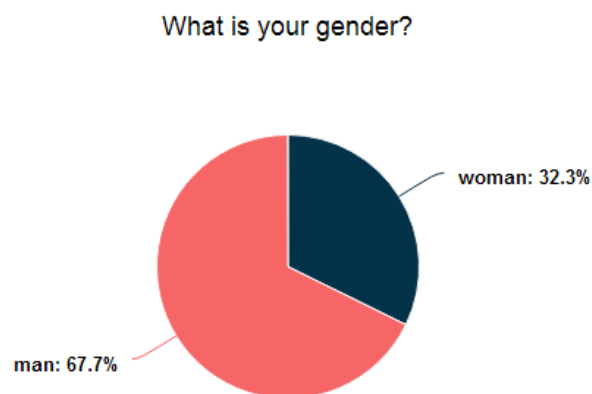
Section K: Additional commentary

Section L: Respondent's profile.

#### 4.2.2.1 Respondents' profile

The respondents' profile section was put towards the end of the questionnaire, and the respondents were not obliged to answer. Despite that fact, the author received thirty-one full answers regarding the demographic area. From Figure 9, we can state that the research group of respondents consists of 67.7 % men (21 participants) and 32.3 % of women (10 participants). It is not a surprise that the company employs a higher proportion of men than women considering the company's focus on IT.

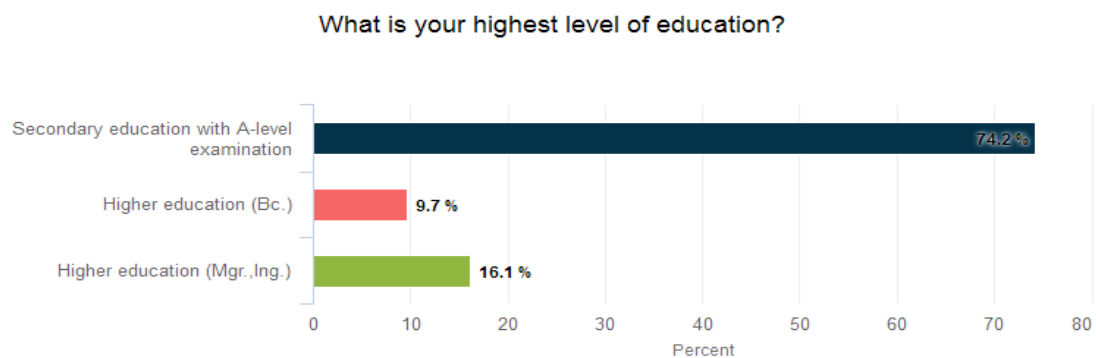
*Figure 9: Gender*



*Source: Own research*

The lowest achieved level of education is secondary education with A-level examination (Maturita), and it accounts for the most significant share of 74.2 % or twenty-three respondents in absolute values. Altogether, only approximately one-quarter of respondents possess a university degree (Figure 10). This result may contradict the assumption that usually, higher educated employees work in the IT-sphere.

Figure 10: Level of Education

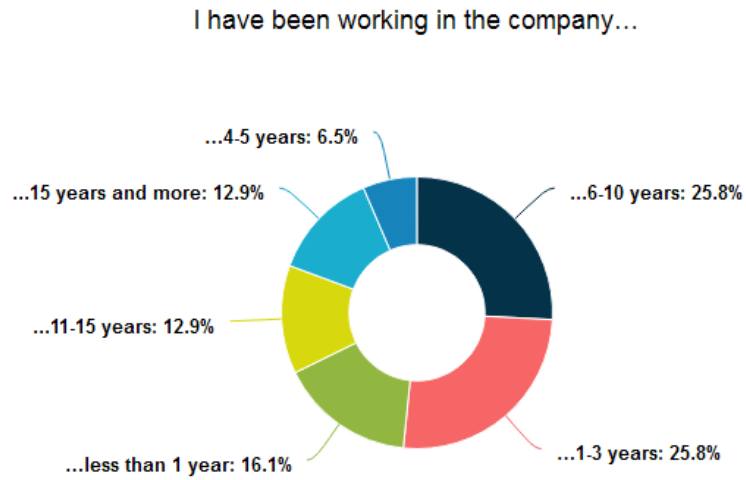


Source: Own research

As shown in Figure 11, there are two major groups with regard to the length of the employment relationship in the company. Together, they account for slightly over half of the respondents' answers. Particularly, 25.8% of employees have been working in the company for 1-3 years, and the same percentage has been working in the company for 6-10 years. The company employs five people working there for less than one year. This indicates an average staff turnover of 16.1 % if we suppose that these five workers were hired for vacant positions (not newly created) and the average number of workers equaled thirty-one in the measured period. Approximately 58% of employees have been loyal to the company for more than four years. To conclude, the company CNS a.s. handles the employee retention reasonably. Some turnover is generally welcomed to replace under-performing employees or bad hires.



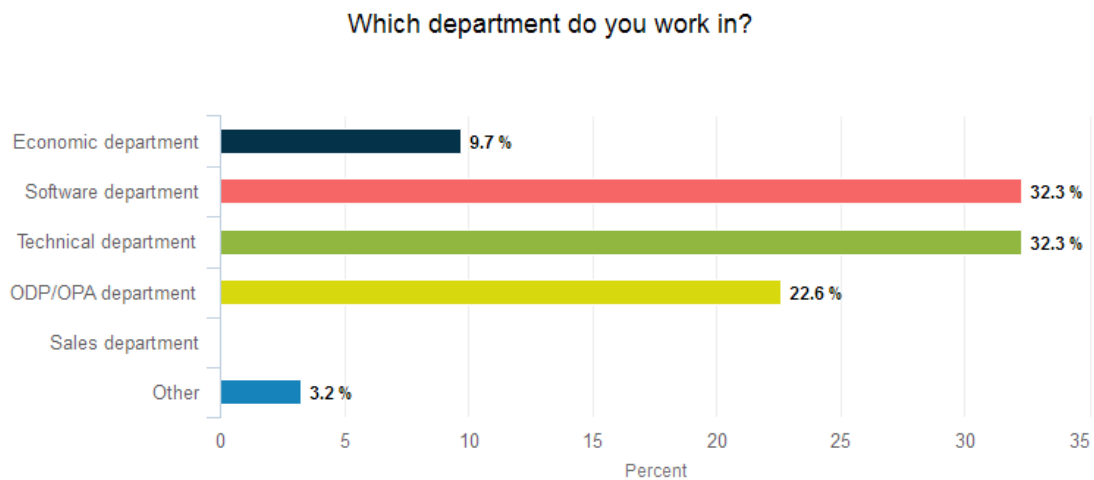
Figure 11: Length of service



Source: Own research

The answers regarding the employees' department confirmed the distribution of employees within the company in the provided organisational structure (in Appendix 1). There is currently no-one working in the Sales department as can be noted from Figure 12. The vast majority of employees (64.6 %) work in the Software and Technical department. None of the departments shows higher number of employees than mentioned in organisational structure. Therefore it seems that employees answered truthfully in case of this particular question.

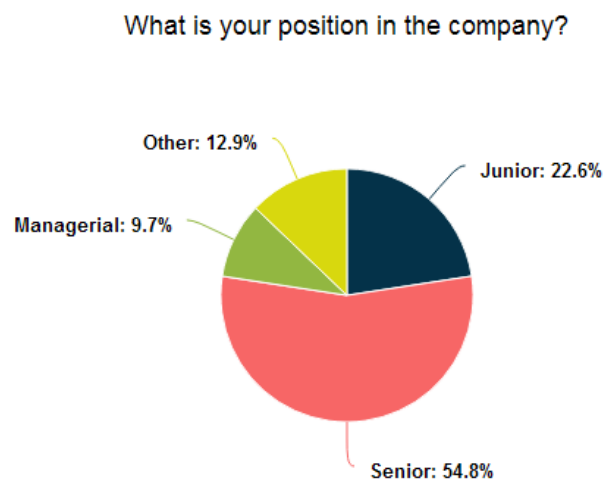
Figure 12: Departments



Source: Own research

According to the results of the questionnaire (Figure 13), 54% respondents stated they work in senior positions. This number equals seventeen respondents, and it does not match the full-time employees in organisational structure where only thirteen senior workers are. The reason could be that some of the respondents work part-time, therefore the senior headcount number would be higher. Junior respondents account for 22.6 % and managers for 9.7%. There are also positions with no job company title. These may include secretary, warehouseman, chief accountant or HR specialist.

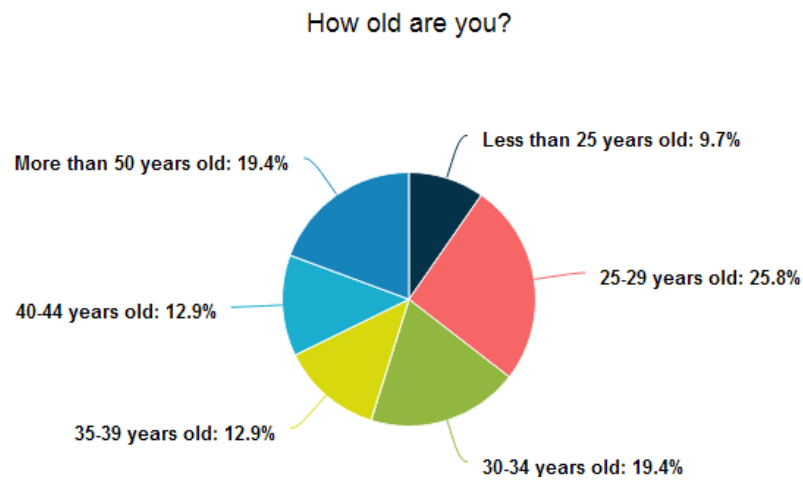
*Figure 13: Job positions*



*Source: Own research*

It is evident from Figure 14 that almost 81% of respondents are less than forty-five years old. The age of respondents is a vital characteristic in understanding the views about specific issues. With the level of maturity, opinions tend to change. It is not a surprise that the Baby Boomers generation and Generation X represented by employees aged fifty and older amounts for only about one-fifth of all respondents. It is given by the nature of the business. The core of business builds on the use and development of technology. The Baby Boomers generation was brought in a much different era when it comes to technology than those born after them. The fast growth of technological evolution caused these Baby boomers had the opportunity to witness it, whereas their children grew up knowing it. Technology will always evolve, and rather the younger generation who grew up in the digitalized world can keep up.

Figure 14: Age



Source: Own research

#### 4.2.2.2 Current reward system

In the first part of the questionnaire, employees were asked to rank several areas which most affect their motivation. Please see Appendix 4 – Section A for more information. The author was concentrated on the first three areas, which are perceived as most valuable in the company CNS a.s. Therefore it was not necessary to order all of the areas to get to the next question. It was fascinating that among the three top areas valued the most, no tangible factor appeared. Instead, the highest score reached Interesting and meaningful work, followed by a Working environment and Working relationships. The last two mentioned obtained almost the same scores.

According to Appendix 4 – Section B focused on the working environment. The respondents should answer five questions. The working environment undoubtedly has a significant impact on employee performance. Employers should strive to make their employees feel as comfortable as possible in the workplace. The first question was regarding the work-life balance. Almost 71 % of respondents think that their work is in harmony with their private life. Approximately 29 % of respondents are not satisfied with work-life balance, of which three people did not feel the harmony at all.

The following question focused on satisfaction with the working time arrangement. The share of positive answers accounted for 77.4 %. About one-quarter of respondents dislike the current system of work arrangement, 71.4 % of not-satisfied employees have been working in the company for less than three years.

Except for one respondent, physical conditions (work equipment, tools, light, and space) are evaluated as favorable by all. Respondents were also asked if they feel comfortable when it comes to the interior, greenery, cleanliness, number of employees, and sound insulation in the company. About 84 % of them expressed their positive feeling towards this matter.

Participants should also rate how stressful the work is for them, where 1 = Not at all and 5 = Very stressful. 68.7% of respondents chose that they experience the stress level to be 3 and higher. This may be caused by the strong project orientation of the company, where the deadlines have to be met precisely. The mean can be seen in Table 1, and it equals 3.10. According to theory, slight anxiety keeps the employee to be focused and increases his or her motivation. The author finds the result exciting and asked herself a question about where the most stressed employees come from. Specifically, what department has the highest proportion of its employees with perceived stress levels 4 and 5?

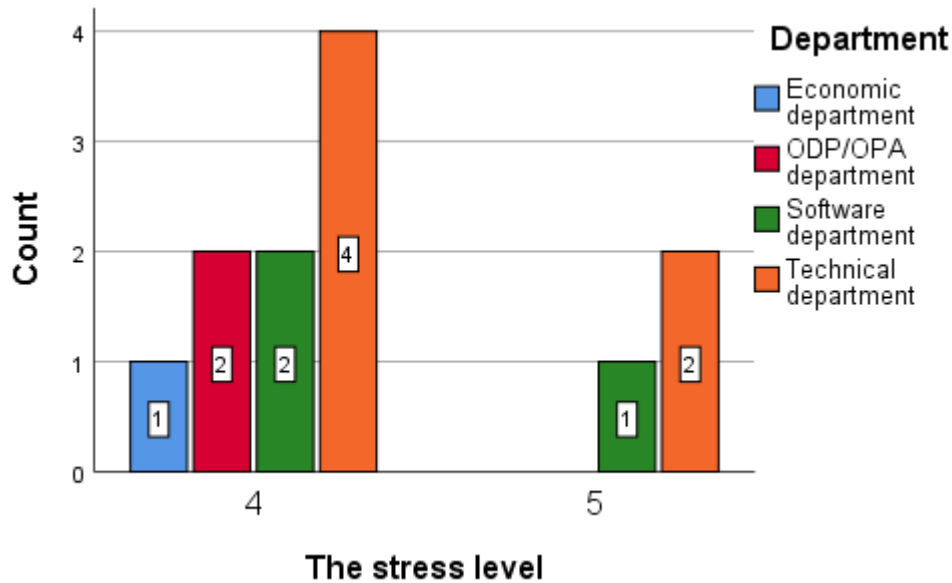
*Table 1: Evaluation of stress at work*

	N	Minimum	Maximum	Mean	Std. Deviation
Please rate how stressful the work is for you.	31	1	5	3,10	1,106

*Source: Own research*

Figure 15 demonstrates the count of employees from individual departments who perceived their stress level as 4 or 5. To conclude, the department with the most stressed employees is the Technical department. 60% employees of this department matched their stress level to be 4 a 5.

Figure 15: Stress levels 4 and 5 across departments



Source: Own research

The next section (Appendix 4 - Section C) focused on the remuneration itself. Participants should indicate to what extent they agree with several statements. The Likert scale questions with four options starting at “Agree“ scaling down to “Disagree“ were adopted to gauge respondents’ opinions. Precisely 80% of respondents said that they understand how it is their salary determined; half of them entirely agreed. Six people rather disagreed. About one-quarter of respondents expressed their full satisfaction with the pay rise frequency. The other 40% rather agreed to the statement. 36.7% of participants expressed their dissatisfaction regarding salary increase.

The results from the next statement show that 73.3 % of respondents confirm that their salary is adequate for the job title and qualification they have. The rest of the employees rather disagreed with the statement, six out of eight employees are in a senior or managerial function.

According to Adam’s theory, the most motivated employees are those thinking they are fairly rewarded, and people continually compare themselves with others regarding the received remuneration. So it’s essential to ensure that people perceive the remuneration justifiable. The result from the next four questions shows that the general opinion about

remuneration is somewhat divided. Financial remuneration is viewed as fair by 56.5 % of employees. Therefore almost half of the employees do not consider it fair. When the employees compared their salary with the others within the same industry, more than half (56.7 %) expressed their concern. The same tendency was found when comparing the range of benefits they receive to what other IT companies offer. 53.4 % of respondents feel that other companies offer a more extensive range of benefits. Therefore, it is not a surprise that almost half of the employees are not satisfied with the range of benefits offered. Those who expressed their dissatisfaction are the same respondents who are aware they would be better off in other companies with respect to benefits.

The results from the next statement show that the employees have ambiguous attitudes towards the link between rewards received and their performance. Slightly over a half (53.3 %) of employees perceive that reward depends on performance; the rest of the people disagree.

The last question was regarding satisfaction with the form and frequency of the annual employee review. The majority of respondents (70 %) are satisfied. Those who were not satisfied were provided with an open question to express their ideas to improve the current state. Six participants shared their views regarding this topic, and the majority stated there is no yearly review taking place and that it would be great to introduce one. One respondent mentioned that it is just an odd form that they have to fill in. It is important to note that only one of these six people was working in the company for less than one year. In this case, the answer could be explained by the fact that the employee has not yet been given a chance to participate in a yearly review. Therefore it is questionable whether the yearly performance review has the correct form to provide both sides with feedback, share the expectations, evaluate the employee performance, or plan the next professional development.

The critical determinant of the work atmosphere depends on work relationships. This is the reason why Section D (in Appendix 4) focused on the relationships among employees. Firstly, respondents were asked to rate three different levels of relationships across the company. The rating scale was from 1 to 5 stars, where the five stars meant having the best

relationship. The average rating of the relationship with coworkers equaled 4.0. Relationships with managers reached an even higher average rate – 4.4. The third level included the relationship with subordinates, which was only answered by eight concerned employees (e.g., managers). The average rating was 3.9. The results clearly indicate good workplace relationships.

These rating results were more or less supported by the first half of the second part of Section D, where the employees were to express the frequencies of statements connected to the related topic. 73.3% of employees have rarely or never registered the conflicts in the workplace. Six people admitted they experienced conflicts in about half of the cases. The next three people (10%) responded with “Often“ and “Very often“.

The research further discovered that 50 % of employees perceive their colleagues to respect their opinions “Very often“, and “Often“, the next 40% thought their opinions are respected about half the time. Only three respondents feel that their opinions are rarely or never recognized. The respondents made clear that they can rely on their colleagues, 73.3 % acknowledged they could “Very often“ or “Often“ count on their co-workers. The rest said the statement was true in about half of the cases.

Although the relationship with managers got the highest average rank, the last three statements indicate there is still room for improvement. The biggest issue was not providing employees with enough praise. 40% of employees admitted that they were never or rarely praised by their manager, eight out of twelve respondents have been working less than 3 years in the company. Another 26.7 % said that they receive praise in about half of the cases. Only about one-third expressed their satisfaction with the manager’s praise. Furthermore, almost one-third of employees think that they have never or rarely got feedback from the manager about their performance; most of them are again those being with the company for less than 3 years.

The lack of clarity and providing the necessary information from the manager can lead to demotivation. According to results from the last statement, 50 % of employees are “Often“ and “Very often“ assigned tasks clearly and with sufficient information. About one-quarter

stated that it was happening in about half of the tasks assigned. Seven people (23.3 %) expressed that they rarely get an explanation from the manager about what it is expected from them.

The purpose of the next section (Section E in Appendix 4) was to identify the importance of financial rewards and employees' benefits with regard to employees' work motivation. These were the cash rewards or benefits (as for transactional base of rewards) currently offered by the company. Employees were asked to rate the perceived importance, starting at 1= Least important rating up to 5= The most crucial factor for the motivation. The author calculated the means of each assessed factor to determine which factors influence the employees' motivation the most. As can be seen from Table 2 below, Flexible working time achieved the highest mean – 4.13, followed by Home Office – 4.07. It is clear that both of these benefits have a significant influence on the work-life balance. Seventeen employees rated Home office allowance as the most critical (perceived value 5), 70% of all women respondents were among them. The third-place took Service award with the mean 4.03. The next place belongs to an Additional week of paid holiday provided by the company. The same mean of 3.67 reached the meal vouchers and variable compensation. Life insurance contribution had the lowest mean of 3.10. The author acknowledges that the result for this particular benefit might be biased as only managers being in the company over one year receive this benefit. On the other hand, the perceived low importance can be supported by the fact that only three employees would want to extend the range of benefits by Life insurance contribution (Section I - Appendix 4). Just to note, the author excluded the factor „Professional training“ from Table 2 below as the intention of this question was to find out the most motivating factors among financial rewards and benefits. This factor does not belong according to the total rewards model into the transactional rewards. The author made a mistake by including it into the question.



*Table 2: The importance of financial rewards/benefits in relation to work motivation*

Factors influencing motivation	Mean
Flexible working time	4,13
Home Office	4,07
Service award	4,03
Additional week of paid holiday	4,00
Meal vouchers	3,67
Variable compensation	3,67
Language courses	3,50
Sick day	3,40
Mobile phones for personal use	3,30
Events organised by company	3,27
Pension insurance contribution	3,23
Discounts on company's products	3,20
Life insurance contribution	3,10

*Source: Own research*

The aim of Section F (Appendix 4) was to find out what are the employees' opinions on organisation culture, communication, and involvement. All of these are essential aspects belonging to intangible rewards. The result shows that employees have ambiguous attitudes towards the statement regarding receiving sufficient information about the company's goals. Slightly over half of the employees (58 %) expressed their positive attitude, they feel that they are sufficiently informed about where the company is heading. The other 42% did not agree with this statement. Approximately two-thirds of respondents admitted that they are informed about changes in a timely manner. One-third rather disagreed with the statement, and one person did not agree at all. Participants answering "Rather disagree" and "Disagree" in case of these two statements received an additional question "Isn't the information provided at monthly meetings sufficient for you?". Seven people admitted that the information discussed at monthly meetings is not sufficient. The other three expressed their dissatisfaction with the frequency of the meeting. The meeting

should be held more often than on a monthly basis. The last four people took the opportunity to express their opinion as “Another answer“. Based on the provided opinions, it seems there is no monthly meeting, and one participant noted that the meeting takes place every six months. What is more, he or she was also concerned about the content of the information, as it seems not to be always true.

Additionally, answers to the statement “I have the opportunity to actively participate in decisions regarding major issues of the company.” show only 7 positive answers and 24 negative answers.

Concerning the last statement regarding communication between employees, the respondents are split into two groups, where 51.7 % agreed to some extent, and the other half did not.

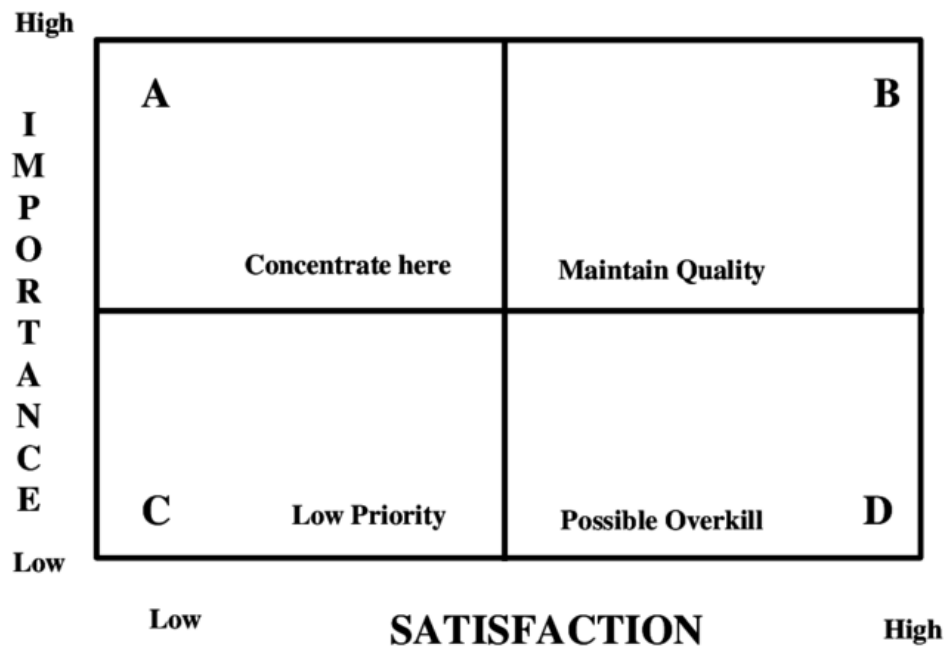
Section G and H (Appendix 4) were designed to discover the strengths and weaknesses concerning chosen extrinsic and intrinsic rewards having an essential impact on employees' motivation. These sections were successfully completed by thirty-one employees. As to ensure the correctness of determined strengths and weaknesses, the author used the Quadrant Analysis (Importance - Satisfaction Analysis). The author firstly created a scatterplot graph and then divided up the scatterplot into four quadrants. Afterward, the reference lines x and y were added and set to the median. The quadrants represent four areas where each one is approached differently. As can be seen from Figure 16 illustrating the basic Quadrant chart, the top-right corner represents the drivers of satisfaction, and the quality of rewards should be maintained – these are the strengths of the company. The weaknesses would be found in the top-left section. These are essential factors when it comes to employees' motivation; however, satisfaction with these factors should be enhanced. The results of the analysis mostly corresponded to findings received in other sections of the questionnaire. The quadrant analysis was based on employees' opinions about different extrinsic and intrinsic rewards. Firstly, employees were asked to rate the importance of the chosen factors with regard to their motivation. The scale started at “Very important“ and scaled down to “Not important at all“. Secondly, they should express their satisfaction with the same set of factors. The scale started with “Very satisfied“ scaling down to “Very dissatisfied“. Both scales consisted of 5 answer options with one neutral

answer in the middle. The author created numeric values by assigning each response value from 1 for “Very dissatisfied“ and “Not important at all“ to 5 for “Very satisfied“ and “Very important“.

The author calculated mean values for both the importance and satisfaction of respective extrinsic and intrinsic rewards (in Table 3). The numbers are as following:

- **The mean value of importance equals 4.21,**
- **The mean value of satisfaction equals 3.59.**

*Figure 16: Satisfaction and Importance Grid*



*Source: ResearchGate. 2004. Satisfaction and Importance Grid. [ONLINE] Available at: [https://www.researchgate.net/figure/Satisfaction-and-Importance-Grid\\_fig1\\_275965320](https://www.researchgate.net/figure/Satisfaction-and-Importance-Grid_fig1_275965320). [Accessed 5 October 2019].*

Table 3: Mean values of importance and satisfaction concerning various factors

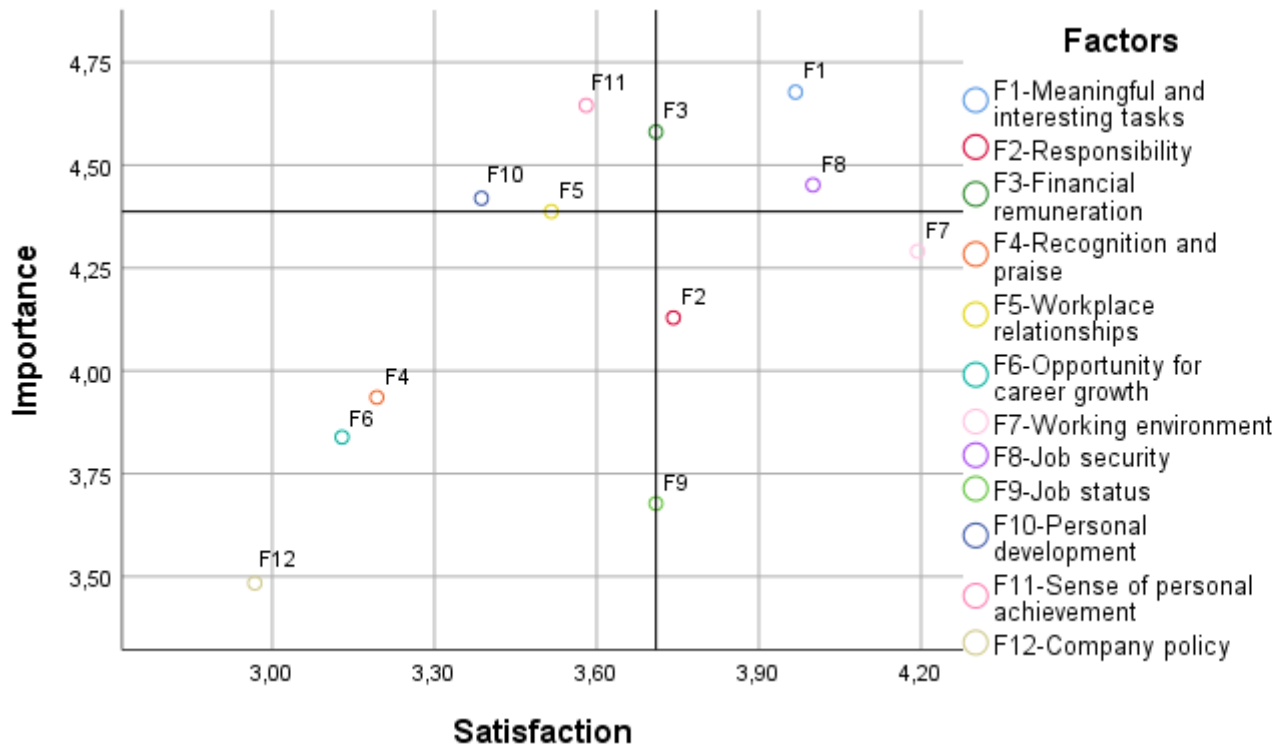
Notation	Factor	Importance	Satisfaction
F1	Meaningful and interesting tasks	4.677	3.968
F2	Responsibility	4.129	3.742
F3	Financial remuneration	4.581	3.710
F4	Recognition and praise	3.935	3.194
F5	Workplace relationships	4.387	3.516
F6	Opportunity for career growth	3.839	3.129
F7	Working environment	4.290	4.194
F8	Job security	4.452	4.000
F9	Job status	3.677	3.710
F10	Personal development	4.419	3.387
F11	Sense of personal achievement	4.645	3.581
F12	Company policy	3.484	2.968
<b>Mean Value</b>		4.210	3.591

Source: Own research

The Importance – Satisfaction Analysis in Figure 17 helped to reveal areas considered to be weaknesses. These would be the sense of personal achievement and personal development. The workplace relationships may be considered partially as a weakness too. This is an intriguing finding due to the fact that workplace relationships were evaluated as very good in Section D. Financial remuneration was identified as being on the border between strengths and weaknesses. The author will focus on this issue in Chapter 5.2, where the recommendations are proposed.

On the other hand, it was made clear that the factors of the meaningful and interesting tasks and job security belong to the strengths of the company. It means these rewards had high importance with regard to their motivation, and at the same time, respondents were satisfied with them.

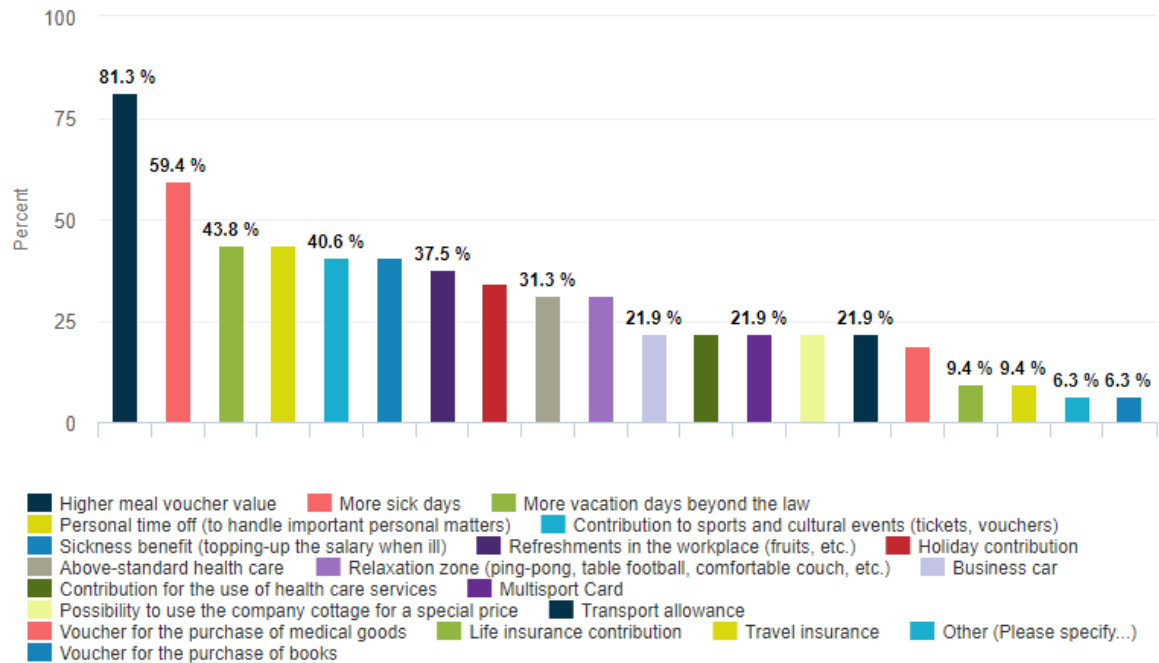
Figure 17: Importance - Satisfaction Analysis



Source: Own research

Section G – Desired benefits (Appendix 4) focused on gaining insight into what employees were missing in the current range of benefits offered by the company CNS a.s. The result clearly shows that the vast majority of employees (81.3 %) would appreciate an increase in the meal voucher value. Furthermore, almost 60 % insisted on having more sick days. Fourteen people (43.8 %) marked as the desired benefits having extra vacation days and personal time off. The fourth place is shared by two benefits – Contribution to sports and cultural events and Sickness benefit (topping-up the salary when ill); these were chosen by thirteen employees. More than one-third of respondents expressed their need for refreshments in the workplace (37.5 %) and holiday contribution (34.4 %). 31.3% of respondents indicated that “Above standard health-care“ and “Relaxation Zone“ would be the coveted benefit for them. Please see complete results on the topic “Desired benefits“ in Figure 18.

Figure 18: Desired benefits



Source: Own research

Based on the result of Section J – Retention (Appendix 4), it was discovered that less than one-fifth (18.8%) of employees are considering leaving the company. All of them chose the option “Rather yes“, none was 100% persuaded to tick the “Yes“ answer. The vast majority (81.2 %) did not think about looking for a new job somewhere else. Those participants considering a new job were asked to provide the reason. Three of them provided the explanation as follows:

1. The situation in the company, better conditions in the other companies, current market opportunities,
2. Stress, a form of financial reward, a feeling that managers do not value the work we do,
3. Stress, project management, some colleagues, the technology used.

The last section named Section K – Additional commentary (in Appendix 4) was dedicated to giving employees the opportunity to express other ideas or recommendations regarding rewarding and work motivation, which they could not provide within the rest of the questionnaire. Three respondents shared their thoughts. The first one feels that the system of financial remuneration should be changed. Moreover, the employer should find a way to

make the work more enjoyable. The employee also suggested having one day per month for personal development, in which employees could read interesting articles and test themselves. The second employee proposed to organise more active events like paintball, karting, rope centers, or bowling. And finally, there were concerns about working outside regular working hours. It seems that the employer requires it from certain group of employees; however, it is not taken into account. The employee also feels unnecessary pressure from management, which increases the stress level. Furthermore, the employee complained about tightening rules in the technical department to relieve the other departments. According to his or her opinion, technicians are under a lot of pressure in terms of responsibility and continuously tightening deadlines.

## 5 Results and Discussion

### 5.1 Hypotheses testing

The aim of this chapter is to test eight working hypotheses. In order to test hypotheses 3, 4, 5, 7, 8, the null and alternative hypotheses were set.

**Hypothesis 1** - Financial reward is not considered as the most important motivational factor for CNS, a.s. employees.

Throughout the questionnaire, there were three sections where respondents should have compared financial rewards to other types of rewards. In section A (Appendix 4) they should compare the perceived values of different areas that influence their motivation. Financial reward was ranked as the **fourth** area. Moreover, section E (Appendix 4) discovered that variable compensation (which is a part of the financial reward) is less important compared to several benefits having higher mean values. In this case, variable compensation reached **fifth** place together with the benefit – meal vouchers. The last section dealing with financial remuneration was section G (in Appendix 4). Employees were asked to compare the perceived importance of various areas that have an impact on employees' motivation. There were included two groups of rewards, particularly extrinsic and intrinsic, both with six variables. Financial compensation, as an extrinsic reward, was considered to be the **third** important area for the employees' work motivation.

Therefore we do not reject the hypothesis. Employees do not consider financial reward as the most important with regard to their motivation.

**Hypothesis 2** - The employees' perception of the three most critical motivational factors differs across generations.

The answers from section A (Appendix 4) and the answers from Demographic Section L (Appendix 4) were analysed to find out whether the hypothesis may be accepted. Firstly, the author recoded the scale variables "Age of respondents" into corresponding generations' categories – X, Y, Z. It was assumed from the interview with Mr. Hajn that



there are no employees older than 55 years. Therefore no employee fell into the category “Baby boomers” from the age perspective.

The coding, according to the age, was executed as follows:

Less than 25	Gen Z
25-29	Gen Y
30-34	Gen Y
35-39	Gen Y
40-44	Gen X
45-49	Gen X
50 and older	Gen X.

The mean values for each factor, and each generation were computed (Table 4 below) to be able to determine the first three most important factors for different generations. Three different cell color can be seen in rows “Mean”. The light blue represents the most important factor, dark blue, the second most important and turquoise the third most important. Based on the results, Generation X perceives “Interesting and meaningful work” as the most crucial factor with regard to motivation. It is followed by “Financial remuneration” and “Working relationships” in the second place (and the third place). The Working environment was considered as the third (fourth) most motivating factor.

Generation Y responded in a similar way. Interesting and meaningful work is again the number one factor in relation to employee motivation. It was assigned a lower mean value, contrary to Generation X. That means, Generation Y perceived this factor even more essential than Generation X. Financial remuneration would be the second most important factor for Generation Y and “Working relationships” the third. The last Generation Z acknowledged “Working environment” as the most important area, followed by “Interesting and meaningful work”. The third place was taken by “Working relationships”. To conclude, the perceived value of each factor differs across generations (mean values are different; however, the similarity can be seen in the results of Generations X and Y with regard to the first three most important areas. It is clear that Generation Z has different

opinions about the three most motivating areas compared to Generations X and Y. However, the author is aware of the limitation due to the small number of respondents belonging to the Generation Z group.

*Table 4 : Mean Values of different factors across generations (X,Y,Z)*

Generation		Interesting and meaningful work	Financial remuneration	Employee benefits	Working relationships	Leadership style and quality	Possibility of personal and professional development	Possibility of career growth	Working environment
Generation X	Mean	2,80	3,30	4,60	3,30	3,80	4,50	5,00	3,70
	N	10,00	10,00	10,00	10,00	10,00	10,00	10,00	10,00
	Std. Deviation	1,99	1,57	,84	1,64	1,55	1,08	,00	1,77
Generation Y	Mean	2,44	3,50	4,78	3,11	4,28	4,44	4,72	3,72
	N	18,00	18,00	18,00	18,00	18,00	18,00	18,00	18,00
	Std. Deviation	1,15	1,82	,65	1,84	1,23	1,15	,83	1,71
Generation Z	Mean	2,00	5,00	4,33	3,67	4,33	5,00	5,00	1,67
	N	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00
	Std. Deviation	1,00	,00	1,15	2,31	1,15	,00	,00	,58
Total	Mean	2,52	3,58	4,68	3,23	4,13	4,52	4,84	3,52
	N	31,00	31,00	31,00	31,00	31,00	31,00	31,00	31,00
	Std. Deviation	1,43	1,69	,75	1,76	1,31	1,06	,64	1,73

*Source: Own research*

**Hypothesis 3** - Employees are, to a greater extent, motivated by intrinsic rewards than extrinsic rewards.

*H<sub>0</sub>: There is no difference in employees' perceived importance between intrinsic and extrinsic rewards.*

*H<sub>1</sub>: There is a difference in employees' perceived importance between intrinsic and extrinsic rewards.*

The author created two new variables in order to test this hypothesis – intrinsic and extrinsic rewards. There are based on Herzberg's motivator-hygiene theory. The variables from Section G) Extrinsic and Intrinsic factors – Importance (Appendix 4) were assigned to the corresponding groups in order to compute new variables with the aid of SPSS Statistics. Table 5 shows how twelve variables were assigned to two new variables.

Table 5: New variables – Intrinsic and Extrinsic Rewards

Intrinsic Rewards	Extrinsic Rewards
Meaningful and interesting tasks	Financial remuneration
Responsibility	Workplace relationships
Recognition and praise	Working environment
Opportunity for career growth	Job security
Personal development	Job status
Sense of personal achievement	Company policy

Source: Own research

Paired Samples t-Test was processed in SPSS Statistics to find out whether there is a statistically significant difference between how employees perceive the importance of the two rewards – intrinsic and extrinsic. The author asked the question, “Are these means statistically significantly different?”. The Paired Samples T-test represented in Table 6 helped her to find the answer. There are three possibilities for answering the results shown in Table 6.

Table 6: Paired Samples t-Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Extrinsic Rewards - Intrinsic Rewards	,1290	,581680	,104473	-,0843	,342394	1,2	30	,226

Source: Own research

Two of them will be demonstrated. Firstly, it would be significant if the t-value was larger than the critical value. In our case, the t-value is smaller than the critical value, as can be seen below:

$$t\text{-value} = 1.2$$

Critical value = 3.03 (as found in Student’s t-distribution table, for 30 degrees of freedom and 95% of confidence, two-sided t-value).

Secondly, there would be a statistical difference in means if the p-value was less than the significance level of 0.05. In our case, the p-value equals 0.226. Therefore it is much

bigger than 0.05. From both of these interpretations, it could be concluded that the means of extrinsic and intrinsic rewards are not significantly statistically different. Finally, the author failed to reject the null hypothesis. There is no difference in employees' perceived importance between intrinsic and extrinsic rewards.

However, if only the means of these two variables were compared, which are represented in Table 7, employees marked the intrinsic rewards slightly more important than extrinsic rewards. The mean value for extrinsic rewards is 1.85484, and the mean value for intrinsic rewards equals 1.72581. The scale used to measure importance started from 1= Very important and ended with 5= Not at all important.

Table 7: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Extrinsic Rewards	1,85484	31	,436191	,078342
	Intrinsic Rewards	1,72581	31	,508353	,091303

Source: Own research

**Hypothesis 4** - Employees working in the company for more than six years are more satisfied with the total remuneration (financial rewards and benefits).

*H<sub>0</sub>: The variance of the values of variable "Satisfaction with remuneration" does not differ in individual groups (working under 6 years and over 6 years).*

*H<sub>1</sub>: The variance of the values of variable "Satisfaction with remuneration" differs in individual groups (working under 6 years and over 6 years).*

Prior to testing the hypothesis itself, reliability analysis was used to find out the accuracy of data collected for the new variable "Satisfaction with Remuneration" and if the variable provides consistent results. This variable should be later calculated as the sum of all items included in Section C – Remuneration (Appendix 4). Cronbach alpha was used to measure this reliability. The Cronbach alpha result was computed with the aid of SPSS Statistics and is shown in Table 8 below.

Table 8: Reliability Test for new variable “ Satisfaction with remuneration ”

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,868	,871	9

Source: Own research

It was discovered that the new variable has a good consistency, with a Cronbach alpha coefficient reaching the value of 0.868. However, it could be seen in Table 9 that the removal of the last question would lead to a small improvement in consistency.

Table 9: Cronbach’s Alpha if Item Deleted

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Cronbach's Alpha if Item Deleted
I understand how my salary is calculated.	18,60	26,938	,857
I am satisfied with the frequency of pay rise.	18,20	24,924	,843
The salary is adequate to my job title and qualification.	18,37	26,930	,854
The current system of financial remuneration is fair.	17,90	25,334	,856
My salary is comparable with the salary provided by other companies within the same industry.	17,93	25,444	,847
The employee benefits offered are comparable to what other companies offer.	18,07	24,685	,847
I see clear dependence between my work performance and the remuneration.	17,93	23,720	,843
I am fully satisfied with the offer of employee benefits.	18,07	27,513	,866
I am satisfied with the form and frequency of the evaluation interview.	18,13	26,120	,871

Source: Own research

The Cronbach alpha, if the last question was deleted would equal 0.871, which is higher than 0.868. Therefore, the author decided to eliminate this question when computing the new variable of “Satisfaction with remuneration” The author also recoded the independent variable “Length of employment”. The answers were grouped into two possible answers: “Less than” 6 years and “More than six years”.

Independent Samples t-Test was adopted to test the hypothesis. The result is represented in Table 10. Levene’s Test for Equality of Variances was used. If the p-value (Sig.) is less than chosen significance level (0.05), then we can reject the null hypothesis. In this situation, the p-value is higher (0.783) than the significance level (0.05). Therefore, we fail to reject the null hypothesis.

Table 10: Independent Samples t-Test

		Independent Samples Test								
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper	
Satisfaction with remuneration	Equal variances assumed	,077	,783	,832	27	,413	1,590	1,912	-2,332	5,513
	Equal variances not assumed			,833	27,0	,412	1,590	1,909	-2,328	5,509

Source: Own research

At a significance level of 5% there is no statistically significant difference in the variance of opinions with regard to satisfaction with remuneration between employees who have been in the company less than 6 years and over 6 years (The employees’ opinions are expressed by values of variable “Satisfaction with remuneration”).

Again, if the author just simply compared the means as included in Table 11, employees who have been over 6 years in the company were slightly more satisfied with

remuneration. The mean value (17.14) is lower than for the group of employees who worked less than 6 years (18.73).

Table 11 : Group Statistics

Group Statistics					
Length of employment in CNS a.s.		N	Mean	Std. Deviation	Std. Error Mean
Satisfaction with remuneration	Less than 6 years (<6 years)	15	18,73	5,230	1,350
	More than 6 years (=>6 years)	14	17,14	5,051	1,350

Source: Own research

**Hypothesis 5** - Women are less satisfied with the work-life balance than men.

*H<sub>0</sub>: There is no difference in the level of satisfaction with the work-life balance between men and women.*

*H<sub>1</sub>: There is a difference in the level of satisfaction with the work-life balance between men and women.*

In order to test this hypothesis, the nonparametric test, particularly the Two-Independent-Samples Test was used. Test type Mann-Whitney U was adopted. Gender was our grouping variable and question regarding the work-life balance was the test variable. Our test variable was ordinal variable with answers to questions ranging from 1 to 4 (1=Yes to 4=No). Therefore, the lower mean rank implies higher satisfaction with work-life balance. According to Table 12 we may assume that women are more satisfied with work-life balance than men. The mean rank for women is lower than for men.

Table 12: Mean ranks according to gender

Ranks				
Gender		N	Mean Rank	Sum of Ranks
Do you feel that your work is in harmony with your private (family) life?	woman	10	10,80	108,00
	man	20	17,85	357,00
	Total	30		

Source: Own research

Based on the result demonstrated in Table 13, it is possible to determine whether there is a statistically significant difference in the level of satisfaction between men and women. Since the Asymptotic significance value (0.029) is lower than the specified level (0.05), we may reject the null hypothesis and accept the alternative one. The statistically significant difference was confirmed. Women and men have divergent opinions when it comes to a question regarding satisfaction with work-life balance. However, according to the mean ranks shown in Table 12, women feel more positive that the work is in harmony with their private life than men, which is the opposite of the initial stated working Hypothesis 5.

Table 13: Mann-Whitney U test

**Test Statistics<sup>a</sup>**

	Do you feel that your work is in harmony with your private (family) life?
Mann-Whitney U	53,000
Wilcoxon W	108,000
Z	-2,190
Asymp. Sig. (2-tailed)	,029
Exact Sig. [2*(1-tailed Sig.)]	,039 <sup>b</sup>

a. Grouping Variable: Gender

b. Not corrected for ties.

Source: Own research

**Hypothesis 6** - More than 65% of employees are satisfied with the current offer of employee benefits.

Based on the descriptive statistics indicated in Table 14, the cumulative percentage for answers “Agree” and “Rather agree” equals 53.3. Hence the stated hypothesis 6 may be rejected, as there is less than 65% of employees who are satisfied with the current offer of employee benefits.



Table 14: Satisfaction with employee benefits

**I am fully satisfied with the offer of employee benefits.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	5	15,6	16,7	16,7
	Rather agree	11	34,4	36,7	53,3
	Rather disagree	13	40,6	43,3	96,7
	Disagree	1	3,1	3,3	100,0
	Total	30	93,8	100,0	
Missing	System	2	6,3		
Total		32	100,0		

Source: Own research

**Hypothesis 7** - Employees who possess a university degree are less satisfied with extrinsic and intrinsic rewards than lower educated employees.

*H<sub>0</sub>: The variance of the values of variable “Satisfaction with intrinsic (extrinsic) rewards” does not differ in individual groups (high school educated and lower, higher educated).*

*H<sub>1</sub>: The variance of the values of variable “Satisfaction with intrinsic (extrinsic) rewards” differs in individual groups (high school educated and lower, higher educated).*

Similarly, as in the case of testing hypothesis 3, the author created two new variables – intrinsic and extrinsic rewards. However, this time the measure of satisfaction (not the importance) was utilized (Section H in Appendix 4). The group variable “Highest education reached” was recoded into two possible answers: “High school education and lower” and “Higher education” depending on respondents’ answers. Based on the result from Levene’s test (shown in Table 15), p-value (Sig.) equals 0.842 for intrinsic rewards and 0.565 for extrinsic rewards. As these values are bigger than the level of significance 0.05, we fail to reject the null hypothesis.

Table 15: Independent samples t-Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Intrinsic Rewards	Equal variances assumed	,04	,842	,069	25	,945	,025758	,372127	-,74065	,7922
	Equal variances not assumed			,064	5,53	,951	,025758	,402257	-,97926	1,031
Extrinsic Rewards	Equal variances assumed	,34	,565	-1,2	25	,224	-,334848	,268591	-,88802	,2183
	Equal variances not assumed			-1,1	5,46	,303	-,334848	,294269	-1,0724	,4027

Source: Own research

Hence, at a significance level of 5 %, there is no statistically significant difference in variance of opinions with regard to satisfaction with intrinsic and extrinsic rewards between employees who attain university diploma or those who have high school education and lower (The employees' opinions are expressed by values of variable "Intrinsic rewards" and "Extrinsic Rewards").

Table 16 shows the number of respondents falling into both categories as well as the respective means. The higher the mean value, the lower the satisfaction of the group of the employees with intrinsic or extrinsic rewards is.

Table 16: Group Statistics

Group Statistics					
The highest education reached		N	Mean	Std. Deviation	Std. Error Mean
Intrinsic Rewards	High school education and lower	22	2,49242	,735490	,156807
	Higher education	5	2,46667	,828318	,370435
Extrinsic Rewards	High school education and lower	22	2,26515	,528698	,112719
	Higher education	5	2,60000	,607819	,271825

Source: Own research

**Hypothesis 8** - The more employees believe there is a link between performance and remuneration, the more they think the system of financial remuneration is fair.

*H<sub>0</sub>: There is no statistically significant relationship between Question 4 and Question 7 in Section C (Appendix 4).*

*H<sub>1</sub>: There is a statistically significant positive relationship between Question 4 and Question 7 in Section C (Appendix 4).*

The values of these two variables (Question 4 a 7) are expressed by the level of agreement of each employee with statements “The current system of financial remuneration is fair.” and “I see clear dependence between my work performance and the remuneration.”. The 4 Likert scales were used, ranging from 1=Agree to 4= Disagree. As both of these variables are ordinal, the Spearman correlation coefficient was adopted in order to test this hypothesis. The author used a one-tailed test of significance as she assumes that the relationship is positive. Table 17 demonstrates the correlation between the two variables. P-value equals 0.000, and it is lower than the significance level of 0.01. Therefore it might be said that there is a statistically significant relationship between these two variables at a significance value of 1%. Moreover, the correlation coefficient is positive and equals 0.677, which indicates the positive direction of the relationship. It also shows a moderate correlation. To conclude, we may reject the null hypothesis and accept the alternative one. The more employees believe there is a link between performance and remuneration, the more they think the system of financial remuneration is fair.

Table 17: Correlation table

**Correlations**

			The current system of financial remuneration is fair.	I see clear dependence between my work performance and the remuneration.
Spearman's rho	The current system of financial remuneration is fair.	Correlation Coefficient	1,000	,677**
		Sig. (1-tailed)	.	,000
		N	30	30
	I see clear dependence between my work performance and the remuneration.	Correlation Coefficient	,677**	1,000
		Sig. (1-tailed)	,000	.
		N	30	30

\*\* . Correlation is significant at the 0.01 level (1-tailed).

Source: Own research

## **5.2 Recommendations to the company**

In this chapter, the suggestions and recommendations to improve the current state of CNS a.s. reward system and employees' motivation will be described and discussed. The enhancement would lead to higher employees' satisfaction and work motivation. The author will focus on several areas that require the most attention, according to her opinion. Cost estimates would be mentioned in connection to suggested new benefits. When recommending solutions to the company CNS a.s., the size of the company, as well as location, were taken into account. It was vital to think about the suggestions to be feasible for the company when it comes to implementing from both the cost and the organisational perspective.

### **Increase the meal voucher value**

The most desired benefit, according to results from the questionnaire, was the higher value of the meal voucher. More than four-fifths of respondents expressed that they would welcome the increase in the face value of this benefit. The current offered voucher value of 60 CZK seems to be insufficient in these days. The employees are not able to have lunch for such an amount.

Meal vouchers are not subject to tax or deduction. Therefore their use is beneficial for both employers and employees than providing the same value in monetary terms. The most advantageous voucher meal value as of 2019 would be 123 CZK. The employer is entitled to deduct 55% of this amount paid as a tax-deductible expense. The remaining 45% are either paid by the employees themselves or become the not-tax deductible cost for the employer. The following Table 18 would illustrate the current costs of the employer and the possible increase in costs if the higher face value of the meal voucher was implemented. In both situations, the meal voucher is fully covered by the employer. It can be seen that the non-tax deductible costs for the employer would approximately double to an amount of 46,494 CZK per month. The calculation does not include the commission paid to the meal voucher companies, and 20 working days per month are expected.

Table 18: Meal voucher benefit from the employer's perspective

<b>Employer's perspective</b>	The current situation	The new situation	Difference
Meal voucher value (in CZK)	60.00	123.00	63.00
55 % tax-deductible amount (in CZK)	33.00	67.65	34.65
45% non-tax deductible amount (in CZK)	27.00	55.35	28.35
Monthly non-tax deductible cost per employee (20 working days) (in CZK)	540.00	1 107.00	567.00
Monthly non-tax deductible cost per 42 employees (20 working days) (in CZK)	22 680.00	46 494.00	23 814.00

Source: Own calculation

The other option would be the mutual agreement between employees and CNS a.s. company about not increasing the current employer's non-tax deductible amount. The employees would have to contribute with an amount of 28.35 CZK per one meal voucher. This situation is expressed in Table 19.

Table 19: Meal voucher benefit from the employee's perspective

<b>Employee's perspective</b>	The current situation	The new situation	Difference
Meal voucher value (in CZK)	60.00	123.00	63.00
Employee's contribution to retaining the current employer's non-tax deductible amount (in CZK)	0.00	28.35	28.35
Monthly employee's contribution to retaining the current employer's non-tax deductible amount (20 working days) (in CZK)	0.00	567.00	567.00
The monthly increase in employee net income (20 working days) (in CZK)	1 200.00	1 893.00	693.00

Source: Own calculation

The average employee monthly gross wage in CNS a.s. was 43,033 CZK in 2018. The net income would, therefore, equal 31,729 CZK. Supposing that the employee contributes with 567 CZK per month, it would also decrease his or her gross wage to 42,466 CZK and the net income would equal 31,330 CZK. It would create a lower base amount for calculating tax deduction (15%), social and health insurance (11%) is calculated directly from the gross wage. Therefore, it would imply additional savings for the employee of 168 CZK per month. This could be a win-win situation for both the company and employees. The

employee would, in fact, receive an additional 861 CZK per month (693 CZK from the employer, 168 CZK as a savings arising from lower tax base). The downside might be perceived in the contribution from the employee side. Meal vouchers can only cover the purchase of food and non-alcoholic beverages. However, the employee would get 2,460 CZK (123 CZK\*20 days) per month as a meal voucher benefit. This amount may be spent not only in restaurants but also in the majority of supermarkets.

The author would recommend continuing with the current provider (Edenred). However, she would suggest using an electronic meal voucher card instead of a paper-based meal voucher. It will streamline the work and save the time of an employee responsible for paper-based vouchers. Ticket Restaurant Card can be used the same way as contactless payment cards. The employee will not have to count the vouchers anymore and pay the rest in cash. The exact amount is deducted from the Card up to 500 CZK, which is a daily limit. Moreover, it is an environmentally-friendly solution. The employee can also track his or her expenses in a mobile App. It also allows the payment through Google Pay and Apple Pay as the only meal voucher Card on the market.

### **Introduce the second sick day**

Employer currently provides its employees with one sick day per the calendar year. Almost 60% of employees would appreciate introducing at least a second sick day. Two sick days could be offered only to employees not being in the three-months trial period. The author also recommends determining clear rules concerning using this benefit. If an employee does not feel well, it is necessary to contact as soon as possible his or her manager to request this time off. The sick day cannot be taken at the time of the employee holiday (holiday should not be interrupted by using this day). It is also not acceptable to extend the holiday by using sick days. Unused sick days cannot be carried over to the following year. From the tax point of view, sick days adhere to the same procedure as basic days off. It is a tax-deductible expense for the company. For the employees, it is a taxable income subject to social and health insurance contributions.

### **Provide employees with a contribution to culture and sport / Introduce a holiday contribution**

Almost 41% of employees acknowledged their need for a new benefit in terms of contribution to culture and sport. A holiday contribution would be the desired benefit for 40% of respondents. One of the easiest ways of contribution to these leisure activities might be using the Flexi Pass voucher from Sodexo. The voucher is exempt from health and social insurance contributions and income tax deductions. Therefore, the employee does not have to pay any taxes from the voucher amount up to 20,000 CZK per year. The ceiling was introduced for spending on recreational activities. In terms of culture and sport, there is no ceiling limit. By choosing the Flexi Pass voucher, the employer saves by not paying social and health insurance, which would otherwise equal 34% from the voucher value.

The Flexi Pass voucher can be used for a wide range of activities. These include culture, sports activities, travel and holiday in the Czech Republic as well as abroad, purchase of medical supplies, vitamins or glasses, above-standard health care, spa facilities. In Melnik city there are currently 35 establishments accepting this voucher. In general, there are more than 13,000 partner establishments in the Czech Republic. The employee may use the voucher for purchasing the concert tickets, fitness membership, massages, language, and other courses supporting personal development. Even the last minute holidays from various partner travel agencies might be paid with the Flexi Pass voucher. It is worth to mention that Flexi Pass amount may be used not only by the holder but also by family relatives. The validity of this voucher is two years.

There are five options in terms of nominal voucher values: 50, 100, 200, 500, and 1000 CZK. The author suggests monthly contribution of 500 CZK (2\*200 CZK and 1\*100 CZK) per employee. As the author is aware of a small number of fitness centers located in Melnik accepting Flexi Pass, she introduces one more idea which might satisfy the needs of sporty employees. The employee could decide whether receiving a Flexi Pass is more beneficial for her or him than the employer's contribution to MultiSport Card.



MultiSport Card benefit was indicated as coveted by approximately 22% of employees. It is a benefit that guarantees a holder to get one free daily or discounted admission to relaxation or exercise facility. The employee may currently try more than 260 types of activities in more than 2,500 partner locations. In Melnik, there are eight facilities that provide one free entry per day. All of them are located within walking distance of the company's premises. Most of them are up to 10 minutes from the workplace.

The cost of the MultiSport Card depends on many factors. The most important one is the number of employees enrolled in the program. The author does not take into account any discounts offered by Card's provider and assumes that the monthly cost per Card reaches 790 CZK (the full price). The employee who chose the MultiSport Card instead of Flexi Pass would have to contribute by monthly amount of 290 CZK. Each three months employee might be entitled to switch from Multisport Card to Flexi Pass voucher and vice versa.

From the employer's tax perspective, both the Flexi Pass voucher and MultiSport Card are non-tax deductible expenses. The employer should either make a payment from the social fund, from the profit after taxation or a non-tax expense account. In the following tables, the author explains the advantage of providing these benefits compared to a wage increase - both employer (Table 20) and employee (Table 21) perspectives will be demonstrated.

*Table 20: Employer's perspective on providing a contribution*

<b>Employer's perspective</b>	<b>Contribution in the monetary form : tax-deductible expense</b>	<b>Contribution in non - monetary form (Flexi Pass voucher, Multisport Card) : non-tax deductible expense</b>
The value of contribution (in CZK)	500.00	500.00
Social insurance contribution (25%)	125.00	0.00
Health insurance contribution (9%)	45.00	0.00
Employer tax on profits (19%)	0.00	95.00
The monthly employer's costs per employee	670.00	595.00
The monthly employer's costs per 42 employees	28 140.00	24 990.00

*Source: Own calculation*

The employer will, in fact, reduce the monthly cost per 42 employees by 3,150 CZK when introducing Flexi Pass voucher or MultiSport Card compared to the wage increase.

The employee gets the whole amount when these benefits are used as a means of non-monetary contribution, as can be seen in Table 21. It results in yearly savings of 1920 CZK compared to receiving the contribution as a monetary reward.

*Table 21: Employee’s perspective on receiving a contribution*

<b>Employee’s perspective</b>	<b>Contribution in monetary form</b>	<b>Contribution in non - monetary form (Flexi Pass voucher, Multisport Card)</b>
The value of contribution (in CZK)	500.00	500.00
Social insurance contribution (6.5%)	32.50	0.00
Health insurance contribution (4.5%)	22.50	0.00
Tax (15%) from tax base rounded up to hundreds (1.34*500=670)	105.00	0.00
The monthly net income of an employee	340.00	500.00
The yearly net income of an employee	4 080.00	6 000.00

*Source: Own calculation*

### **Give effective feedback and praise**

It was quite an alarming finding that approximately 40% of employees do not feel to be praised enough. The perceived frequency of received praise was chosen as never or rarely. Surprisingly, eight out of twelve of these employees were those working less than 3 years in the company. This could be a real issue in connection to employees’ motivation. On the other hand, the relationship with superiors was not much affected by this issue as it received the best rate – 4.4 out of 5. Recognition and praise were located in the bottom-left quadrant when conducting the Importance-Satisfaction Analysis. Therefore, it was discovered that employees of this particular IT company found these items as a low priority to improve. It does not correlate very much with their overall satisfaction. Despite this finding, the author thinks that managers should appreciate the employees’ work. Praise and recognition will evoke in an employee the sense of personal achievement, which was mentioned among weaknesses. For some employees, praise and recognition might be less important, for others, it might be crucial. Employees should be recognised by superior not only for accomplishing extraordinary tasks but also when their daily tasks are done

precisely. The aim of recognition is to make employees feel good and strengthen their loyalty by a greater sense of being valued. The value of saying “Thank you” or “You did a great job” should not be underestimated. Employees who receive regular praise tend to be more productive and engaged. When praising employees, managers should be specific about what aspects of the performance surprised them pleasantly and why. They also should not wait too long and deliver praise as soon as possible after achieving a task.

The author would also like to highlight the value of constructive feedback. About one-third of employees admitted that the feedback was never or rarely provided to them. Generally, Millennials and Generation Z rely highly on effective feedback. The purpose of feedback is boosting productivity, achieving better results, and above all, create a healthy environment. Simple, informal feedback should be done regularly, perhaps every week or even day. It always depends on the situation. The manager should not exaggerate when making a point because it would likely lead to an employee being defensive. Praise in public is usually appreciated, the criticism not. Therefore, it is a must to establish a safe place not to be overheard. It is a good rule to start with positives, provide the suggestion on how to improve, and assure that the respective person understands your thoughts. Employees seek feedback not only from superiors but also from their colleagues or customers.

### **Consider an appropriate minimum annual salary increase**

The appropriate annual salary increase should be based on relevant statistics. That includes the inflation rate and the average increase provided in the region within a similar industry. CNS a.s. employees expressed their concerns regarding a pay rise. More than half of the employees perceive that other companies within the same industry offer higher salaries and a broader range of benefits. In order to increase employee satisfaction with benefits area, the author has already recommended several improvements in this chapter. Moreover, she suggests an incorporating amendment in the employees’ contracts regarding the pay raise. The annual raise should at least corresponds to the inflation rate for the respective year as to not lose the purchasing power. It would be approximately around 2%. Undoubtedly, employees desire to be rewarded equitably, but on the other hand, to receive the most.

### **Rethink the context and frequency of employee performance review**

The employee performance review is a more formal way of providing feedback. If the simple, informal feedback is well managed, the employee usually cannot be caught by surprise during the formal review. The author suggests concentrating mainly on informal feedback. However, in terms of an annual performance review, about one-third of respondents expressed their dissatisfaction with the current form. The author recommends rethinking the form and increase the frequency to bi-annual. The more the review is about the communication between the manager and the employee, the better. It should be taken as an excellent opportunity to address areas in need of enhancement, acknowledge the work done, create a comprehensive future work plan, and set up realistic goals. All of these measures will give an employee a sense of achievement. The employer should also consider upward feedback where a performance-review is a two-way process that both parties should learn from.

### **Offer refreshment to the employees**

37.5 % of employees marked refreshment in the workplace as a desired benefit. Seasonal fruits or vegetables are excellent sources of vitamins and minerals. They also provide a source of fiber, which might help to maintain a healthy gut and prevent digestion disorders. Adding fruit or vegetable bowl is a simple way to enhance workplace wellbeing policy. Many employees would probably switch from less healthy snacks to the regularly provided bowl of fruits and vegetables. Eating habits of employees at workplaces could have a significant impact on mood and productivity as the food has an impact on brain functions. The author recommends to support the local providers and buy seasonal fruit as it also contains more vitamins and minerals. In the winter period, snacks in the form of nuts can be provided. Also, ginger and lemon would help to keep employees from getting sick as it boosts their immune system.

### **Improve workplace communication**

42% of employees made clear that they are not sufficiently informed about the company's goals. Furthermore, about one-third of respondents feel that they are not provided with information in a timely manner. Involvement in the decision-making process is not quite a

case according to answers expressing disagreement by approximately 78% of employees with this matter.

The majority of employees need to hear or see a message multiple times and in different ways to grasp the meaning completely. Therefore, it may help to distribute information through more channels, electronically, face-to-face, and at meetings. However, the most critical factor is consistency. Creating a forum for employees where they could ask questions or simply place the question box, where even the shyest employee will be granted the possibility to be heard and answered will be beneficial for both sides. Monthly meetings should be held. The agenda needs to be set in advance as not to waste time and concentrate on providing accurate information. Employees should be encouraged to speak up during the meetings, share their views without any restraints, and be heard. At the end of the meeting, goals for next meeting should be produced by the whole team. If employees are involved in the decision-making process they feel more motivated, and the goals are rather to be achieved.

### **Reduce stress in the workplace**

Precisely, 68.7 % of employees marked their stress level on the scale from 1 to 5, where 5 meant “Very stressful” as to be 3 or higher. The majority of the respondent were technicians. The stress could lead to lower productivity and quality of work and also increase absenteeism. The company should try to find a way to make work more enjoyable. However, it is crucial to find the essence of the problem. Is it caused by tight deadlines, excessive workload, lack of communication and support, lack of experience, or is there another impulse?

The company may help to reduce stress by offering additional benefits in terms of Flexi Pass voucher or MultiSport Card. It was proved that physical activity and wellness schemes help with handling the stress. The employer should also encourage the employees to use their vacation time. Time off significantly decreases stress, and people return refreshed and more productive from the holidays. The employer might also create a relax zone within the office space. The manager should lead by example, show others how to de-stress – go for a run, socialize with friends after work, take regular breaks. In order to

decrease stress, effective time management helps a lot. In this perspective, time management training for employees could contribute to employees' workflow.

### **Communicate clearly how the financial reward is determined**

Almost 50% of employees did not consider the financial rewards fair, and almost the same percentage admitted that they do not see a link between performance and rewards. Best motivated employees are those who think that they are fairly rewarded. In case employees do not fully understand the reward criteria, it loses the motivation effect. The employer should adopt a transparent rewards system where all employees are clarified about how their pay is calculated.

### **Encourage personal development and give employees a sense of achievement**

There were not many weaknesses revealed when conducting the Importance – Satisfaction Analysis. Only two areas – Personal development and Sense of personal achievement were considered as deficiencies. These areas seem to be really important for employees, but, at the same time, employees expressed relatively low satisfaction. Some of the ideas on how to enhance these two areas were already mentioned in previous paragraphs. It includes providing constructive feedback, praise, and recognition to make people feel valued and help them to realize the progress done or setting achievable targets. Managers should also offer support, but not to check every move of employees. Figuring things by themselves would increase their sense of achievement. Another smart way for an employee to gain new skills is job rotation. The employee might be encouraged to work in different (but related) positions or departments. He or she could get better understanding of business as well as more appreciation of colleagues' duties.

The development plans are currently formalized in the CNS, a.s. with the intention of educating the employees proportionally. That is a well-managed aspect, however the author would recommend to focus not primarily on hard-skills of employees but also on enhancing their soft-skills. A good soft-skills training program could concentrate on communication skills, teamwork, creativity, or time management. Managers could attend training focused on leadership skills.

In addition, an investment in employee development is financially beneficial for both the employee and employer. In case the training is somehow related to the work profession, it is a tax-deductible expense for the employer and exempt from tax on income on employee's side. Moreover, the training might be subsidized from the European Union fund if it meets certain conditions.

The joyful sense of achievement might also be reached by volunteering. Helping others make the employees be proud of themselves. Furthermore, they have a more positive attitude toward their employer, and it increases the company's reputation. Employees can take paid time off to volunteer during work hours. The author suggests introducing two paid volunteering days per year. The choice of the charity or the community group supported should be left on their decision.

### **5.3 Suggestions for future research**

This research was a single case study focusing on a small to medium-sized IT company. In order to create more generalizable results and make a comparison among other companies, a multiple case study would be necessary. Then, it would allow analyzing the differences in preferences concerning, for instance, extrinsic and intrinsic rewards. Additionally, conducting the interviews with employees would help to grasp more deeply their perception about motivation and rewarding.

## **6 Conclusion**

The study aimed to describe and evaluate the current reward and motivation scheme in an IT company CNS a.s. and to suggest possible improvements which could lead to higher employees' satisfaction.

The literature review focused on defining the essence of management, managerial functions, and their use at individual management levels. Furthermore, the distinction between motives and incentives was clarified, and the process of motivation was discussed. The author described the relationship between motivation and performance. A substantial part was devoted to chosen motivational theories. Subsequently, the total reward model, with its elements, was presented and different types of pay were introduced. After studying several literature sources, the author was able to clarify the working hypotheses for this study.

In order to properly understand the issues of rewarding and motivation in the chosen company, the semi-structured interview with CEO Mr. Hajn, and the questionnaire were conducted. The questionnaire aimed to find out the level of satisfaction with rewarding area, the factors which employees perceived crucial, and which were the primary sources for their motivation.

The company's CEO realizes the value of motivation and its impact on employees' work performance. The company CNS a.s. use both transactional and relational rewards to increase employee' motivation. Management of the company allows its employees to work in a pleasant environment with appropriate workplace conditions. Employees perceive their work to be interesting and meaningful. Friendly relationships among employees help to avoid conflicts and employees may rely on their colleagues. These aspects contribute to the well functioning of the company. It was found that employees do not consider financial remuneration as the most important motivational factor, they are rather motivated intrinsically.

The main employees' dissatisfaction stemmed from the lack of a sense of achievement and personal development. Other areas that aroused the author's concerns included not



providing enough praise and recognition, lack of information about the company's goals, involvement issues, lack of clarity regarding remuneration, or stressful workplace for some employees. Employees also felt that other companies within the same industry offered wider range of benefits and higher salaries. Therefore, the author concentrated on finding solutions to improve current company's reward system in order to make employees more satisfied. Some of the recommendations, specifically benefit proposals, are complemented with cost estimates. The author tried to find solutions that would be feasible to implement for the company of this size and location.

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## **8 Appendices**

### **Appendix 1: Company's organisational structure**

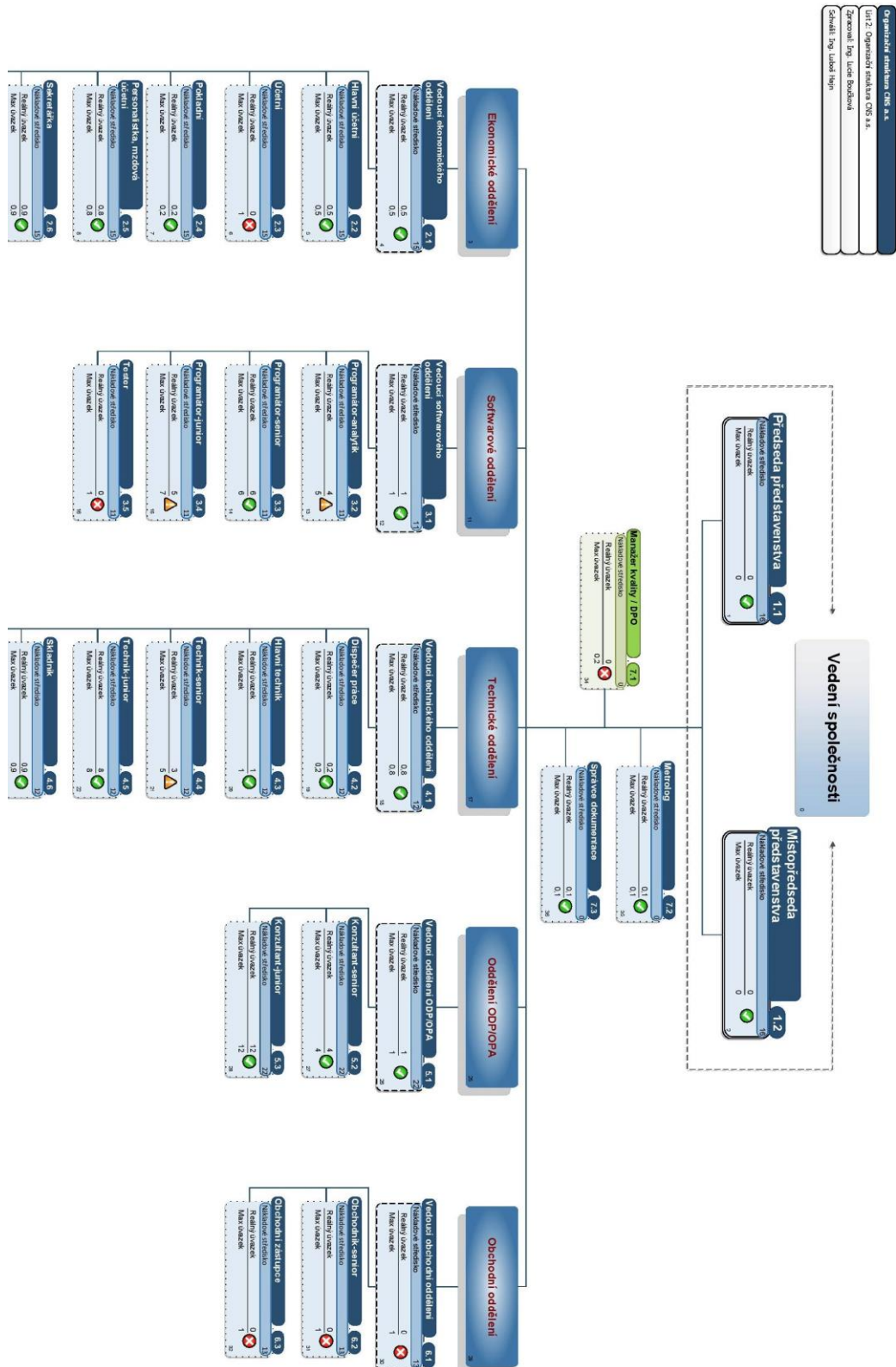
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# 8.1 Appendix 1: Company's organisational structure





## **8.2 Appendix 2: Semi-structured interview questions**

1. Do you have an HR department in your company? If not, who is responsible for the activities of this department?
2. Do you differentiate the employees into the junior and senior positions? If so, what are the conditions for moving to a senior position? How many employees does the company currently employ?
3. Can you please describe the company's organizational structure?
4. Could you please mention the three factors you consider the most important in connection with the motivation of employees?
5. Does the employee's total remuneration depend on their work commitment and performance (e.g. in the form of bonuses to basic salary)?
6. What system of transactional rewards (salary, employee benefits) does the company offer to its employees?
7. What forms of relational rewards (e.g. training and development) do you offer to your employees? Do they differ across positions?
8. If you want to improve the performance of your employees, do you rather use transactional or relational rewards?
9. What are the main difficulties you face when rewarding and motivating employees?
10. How would you evaluate the working atmosphere in the company?
11. Do you use employee performance evaluation or motivation interviewing, how often?
12. Is there a big difference between employee preferences in terms of employee benefits? Have you thought about the so-called cafeteria system?
13. Do you see any drawbacks in the current remuneration system? If so, in which area?

## 8.3 Appendix 3: Czech version (Original) of the questionnaire



### DIPLOMOVÁ PRÁCE - Odměňování jako nástroj motivace

Vážení zaměstnanci firmy CNS a.s.,

jmenuji se Julie Dobešová a jsem studentkou posledního ročníku magisterského studia Provozně-ekonomické fakulty ČZU v Praze.

Touto cestou bych Vás ráda požádala o vyplnění následujícího **dotazníku**, který se týká problematiky **odměňování a motivace zaměstnanců** ve Vaší firmě. Pokud není uvedeno jinak, označte u každé otázky jednu z nabízených možností. Vyplnění dotazníku Vám zabere **maximálně 10 minut**.

Chtěla bych Vás ujistit, že dotazník je striktně **anonymní**. Získaná data budou vyhodnocena pro potřeby mé diplomové práce. Zároveň prosím o upřímné odpovědi, které mi pomohou mou diplomovou práci lépe obhájit. Váš názor je pro mě velmi důležitý.

Chtěla bych Vás zároveň **motivovat k vyplnění**, proto pokud dorazí **alespoň 30 úplných odpovědí do pondělí 29.4.2019 21 h.** (doba uzavření dotazníku), budou všichni zaměstnanci firmy CNS a.s. zařazeni **do slosování o dárkový poukaz v hodnotě 2000,-** na nákup zážitku dle výběru na portálu Slevomat.

V případě Vašeho zájmu Vám mohu zaslat zpracované výsledky šetření e-mailem, pravděpodobně na přelomu října/listopadu.

Mockrát děkuji a přeji pohodový den,

Julie Dobešová, studentka oboru Economics and Management, ČZU v Praze

*Přesný název diplomové práce - Rewards as a motivational tool: A case study of an IT company CNS a.s.*

**Seřadte, prosím, následující faktory podle toho, čeho si v práci nejvíce ceníte. \***

*Stačí seřadit první tři pro Vás nejvýznamnější faktory.*

Přetáhněte jednotlivé položky z levé části do pravé části otázky v požadovaném pořadí.

Zajímavá a smysluplná práce	→
Možnost kariérního růstu	→
Zaměstnanecké výhody	→
Styl a kvalita vedení	→
Pracovní vztahy	→
Pracovní prostředí	→
Finanční ohodnocení	→
Možnost osobního a profesního rozvoje	→

**Máte pocit, že je Vaše práce v souladu se soukromým (rodinným) životem? \***

- Ano  
 Spíše ano  
 Spíše ne  
 Ne

**Vyhovuje Vám uspořádání pracovní doby? \***

- Ano  
 Spíše ano  
 Spíše ne  
 Ne

**Jsou fyzické podmínky pro Vaši práci příznivé (vybavení, pomůcky, světlo, prostor)? \***

- Ano  
 Spíše ano  
 Spíše ne  
 Ne

**Cítíte se ve firmě dobře z hlediska jejího prostředí (interiér, zeleň, čistota, počet pracovníků, odhlučnění)? \***

- Ano  
 Spíše ano  
 Spíše ne  
 Ne

**Ohodnoťte, prosím, jak moc je pro Vás práce stresující? \***

	1	2	3	4	5	
<b>Vůbec se nestresuji</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>Stresuji se neustále</b>

**Uveďte, prosím, do jaké míry souhlasíte s daným tvrzením. \***

	Souhlasím	Spíše souhlasím	Spíše nesouhlasím	Nesouhlasím
Rozumím výpočtu výše mé mzdy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jsem spokojen s frekvencí přidávání mzdy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Výše mzdy je adekvátní mému pracovnímu zařazení a kvalifikaci.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Současný systém finančního odměňování je spravedlivý.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Moje mzda je srovnatelná s výší mezd jiných firem stejného zaměření.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Nabídka zaměstnaneckých výhod je srovnatelná s jinými zaměstnavateli.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Spatřuji jasně danou závislost mezi mým pracovním výkonem a výší odměny.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jsem maximálně spokojen/a s nabídkou zaměstnaneckých výhod.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jsem spokojen/a s formou i četností hodnotícího pohovoru.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Jak byste zhodnotil/a vztahy na pracovišti?

Ohodnoňte počtem hvězd (5 žlutých hvězd = nejlepší)

Vztah se spolupracovníky *	★★★★★
Vztah s nadřízenými *	★★★★★
Vztah s podřízenými (Neodpovídejte, v případě, že podřízené nemáte.)	★★★★★

### Označte, prosím, frekvenci zmíněných tvrzení. \*

	Velmi často	Často	Zhruba v polovině případů	Zřídka	Vůbec
Na pracovišti dochází ke konfliktům.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kolegové respektují mé názory.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Na své kolegy se mohu spolehnout.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Od nadřízeného se mi dostává zpětné vazby ohledně mého výkonu.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Nadřízený mě chválí.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Můj nadřízený mi jasně vysvětlí, co ode mě očekává.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Ohodnoňte, prosím, jak velkou důležitost přikládáte zmíněným benefitům/peněžním odměnám ve vztahu k pracovní motivaci. \*

Ohodnoňte prosím na škále 1 až 5, kde 1=nejméně důležitý a 5=nejvíce důležitý.

	1	2	3	4	5
Flexibilní pracovní doba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Příspěvek na penzijní připojištění	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Možnost práce z domova	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Firemní slevy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Příspěvek na životní pojištění	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jazykové kurzy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Odborná školení	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Věrnostní odměna, tzv. služné	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Variabilní složka mzdy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stravenky	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sick day	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mobilní telefon i k soukromým účelům	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dovolená nad rámec zákona	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Akce pořádané firmou (lodě, čundr, ples, Den dětí, atd.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Uved'te, prosím, do jaké míry souhlasíte s daným tvrzením. \***

	Souhlasím	Spíše souhlasím	Spíše nesouhlasím	Nesouhlasím
Jsem dostatečně informován o tom, kam firma směřuje a jaké jsou její cíle.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jsem včas informován o změnách, které se mě přímo nebo nepřímo týkají.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mám možnost se aktivně zapojit do rozhodování ohledně důležitých otázek firmy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ve firmě funguje mezi zaměstnanci dobrá komunikace.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Uved'te, prosím, jak moc jsou pro Vaši pracovní motivaci důležité tyto oblasti/faktory. \***

	Velmi důležitý	Důležitý	Zčásti důležitý	Málo důležitý	Nedůležitý
Smysluplnost a zajímavost práce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pocit dosažení výsledků	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uznání a pochvala	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pracovní postavení	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pracovní vztahy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Možnost kariérního rozvoje	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kvalita pracovního prostředí	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jistota zaměstnání	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finanční ohodnocení	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Osobní růst (realizace svého potenciálu)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vlastní odpovědnost	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Podniková politika	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**A nyní prosím uved'te, jak jste s těmito oblastmi/faktory ve firmě CNS a.s. spokojen/a. \***

	Velmi spokojen/a	Spíše spokojen/a	Ani spokojen/a/ Ani nespokojen/a	Spíše nespokojen/a	Velmi nespokojen/a
Uznání a pochvala	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Podniková politika	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Smysluplnost a zajímavost práce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kvalita pracovního prostředí	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Možnost kariérního rozvoje	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pracovní postavení	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finanční ohodnocení	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vlastní odpovědnost	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Osobní růst (realizace svého potenciálu)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jistota zaměstnání	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pracovní vztahy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pocit dosažení výsledků	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Uvítali byste zavedení některého z níže zmíněných benefitů ve Vaší firmě?

Možnost zaškrtnutí více odpovědí.

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> Příspěvek na dovolenou                                    | <input type="checkbox"/> Karta Multisport   | <input type="checkbox"/> Příspěvek na sportovní a kulturní akce (vstupenky, poukazy) |
| <input type="checkbox"/> Vyšší hodnota stravenky                                   | <input type="checkbox"/> Více dnů dovolené nad rámec zákona                               | <input type="checkbox"/> Služební automobil  |
| <input type="checkbox"/> Více dnů zdravotního volna tzv. sick days                 | <input type="checkbox"/> Cestovní pojištění   | <input type="checkbox"/> Příspěvky na využití služeb zdravotnických zařízení         |
| <input type="checkbox"/> Příspěvek na dopravu                                      | <input type="checkbox"/> Relaxační zóna (ping-pong, stolní fotbálek, pohodlný gauč, atp.) | <input type="checkbox"/> Příspěvek na pořízení zboží zdravotního charakteru          |
| <input type="checkbox"/> Dorovnání platu při nemoci                                | <input type="checkbox"/> Občerstvení na pracovišti (ovoce, atd.)                          | <input type="checkbox"/> Poukaz na nákup knih  |
| <input type="checkbox"/> Osobní volno (k vyřízení důležitých osobních záležitostí) | <input type="checkbox"/> Příspěvek na životní pojištění                                   | <input type="checkbox"/> Jiný (Uvedte...)  |
| <input type="checkbox"/> Možnost využití podnikové chaty za zvýhodněnou cenu       | <input type="checkbox"/> Nadstandardní zdravotní péče                                     | <input type="text"/>   |

### Uvažujete o změně zaměstnání? \*

- Ano  
 Spíše ano  
 Spíše ne  
 Ne

**Pokud máte ještě nějaké komentáře, připomínky nebo nápady ohledně odměňování a pracovní motivace, napište je prosím zde:**

Odpověď není povinná.

### Ve firmě pracuji...

- ...Méně než 1 rok  
 ...1-3 roky  
 ...4-5 let  
 ...6-10 let  
 ...11-15 let  
 ...15 let a více

### V jakém oddělení pracujete?

(vyberte) ▼

(vyberte)

Ekonomické oddělení

Softwarové oddělení

Technické oddělení

Oddělení ODP/OPA

Obchodní oddělení

Jiné

### Jakou pozici ve firmě CNS a.s. zastáváte?

(vyberte) ▼

(vyberte)

Juniorní

Seniorní

Vedoucí

Jiná

### Jaké je Vaše pohlaví?

- žena
- muž

### Jaké je Vaše nejvyšší dosažené vzdělání?

- základní
- střední bez maturity/vyučen
- střední zakončené maturitní zkouškou
- vyšší odborné
- vysokoškolské I.stupně (Bc.)
- vysokoškolské II.stupně (Mgr.,Ing.)

### Jaký je Váš věk?

- Méně než 25 let
- 25-29 let
- 30-34 let
- 35-39 let
- 40-44 let
- 45-49 let
- 50 a více let

**Pokud si budete přát zaslat zpracované výsledky dotazníkového šetření (v anglickém jazyce), zanechte prosím Váš e-mail.**

To je vše, mockrát děkuji za Váš čas. Velmi si toho vážím!

100%

Provozováno na



Tento dotazník je určen výhradně pro studijní účely.

## 8.4 Appendix 4: The results of the questionnaire

### Section A: The perceived value of various areas with regards to motivation

Please rank the following factors according to what you value most at work.

Value	Score	Order
Interesting and meaningful work	192	1
Working environment	158	2
Working relationships	156	3
Financial remuneration	148	4
Leadership style and quality	100	5
Possibility of personal and professional development	84	6
Employee benefits	72	7
Possibility of career growth	45	8

### Section B: Working environment

Do you feel that your work is in harmony with private (family) life?

Value	Percent	Count
Yes	29.0 %	9
Rather yes	41.9 %	13
Rather no	19.4 %	6
No	9.7 %	3

Are you satisfied with the current working time arrangement?

Value	Percent	Count
Yes	41.9 %	13
Rather yes	35.5 %	11
Rather no	16.1 %	5
No	6.5 %	2



**Are the physical conditions favorable to your work (work equipment, tools, light, space)?**

Value	Percent	Count
Yes	67.7 %	21
Rather yes	29.0 %	9
Rather no	3.2 %	1
No	0.0 %	0

**Do you feel comfortable in terms of the working environment (interior, greenery, cleanliness, number of employees, sound insulation)?**

Value	Percent	Count
Yes	51.6 %	16
Rather yes	32.3 %	10
Rather no	12.9 %	4
No	3.2 %	1

**Please rate how stressful the work is for you.**

(1 = Not at all, 5= Very stressful)

Value	Percent	Count
1	6.5 %	2
2	25.8 %	8
3	29.0 %	9
4	29.0 %	9
5	9.7 %	3

Mean: 3.1

*Section C: Remuneration*

Please indicate to what extent you agree with that statement.

	Agree	Rather agree	Rather disagree	Disagree	Number of answers
I understand the calculation of the amount of my salary.	40.0 % <sup>12</sup>	40.0 % <sup>12</sup>	20.0 % <sup>6</sup>	0.0 % <sup>0</sup>	30
I am satisfied with the frequency of pay rise.	23.3 % <sup>7</sup>	40.0 % <sup>12</sup>	30.0 % <sup>9</sup>	6.7 % <sup>2</sup>	30
The salary is adequate to my job title and qualification.	23.3 % <sup>7</sup>	50.0 % <sup>15</sup>	26.7 % <sup>8</sup>	0.0 % <sup>0</sup>	30
The current system of financial remuneration is fair.	13.3 % <sup>4</sup>	43.3 % <sup>13</sup>	23.3 % <sup>7</sup>	20.0 % <sup>6</sup>	30
My salary is comparable with the salary provided by other companies within the same industry.	16.7 % <sup>5</sup>	26.7 % <sup>8</sup>	50.0 % <sup>15</sup>	6.7 % <sup>2</sup>	30
The employee benefits offered are comparable to what other companies offer.	26.7 % <sup>8</sup>	20.0 % <sup>6</sup>	46.7 % <sup>14</sup>	6.7 % <sup>2</sup>	30
I see a clear dependence between my work performance and the amount of remuneration.	20.0 % <sup>6</sup>	33.3 % <sup>10</sup>	26.7 % <sup>8</sup>	20.0 % <sup>6</sup>	30
I am fully satisfied with the offer of employee benefits.	16.7 % <sup>5</sup>	36.7 % <sup>11</sup>	43.3 % <sup>13</sup>	3.3 % <sup>1</sup>	30
I am satisfied with the form and frequency of the evaluation interview.	23.3 % <sup>7</sup>	46.7 % <sup>14</sup>	10.0 % <sup>3</sup>	20.0 % <sup>6</sup>	30

What would you improve on the evaluation interview?

- a. Evaluation interviews do not take place.
- b. First of all I would have to go through some.
- c. I would start by introducing one.
- d. There is no evaluation interview, just an odd, unnamed form.
- e. None takes place, it would be a good idea to introduce it. :)
- f. I haven't been to any yet.

*Section D: Working relationships*

How would you evaluate relationships in the workplace?

	Average rating	Number of answers
Please rate (5 yellow stars = the best)		
Relationship with coworkers	4.0	30
Relationship with managers	4.4	30
Relationship with subordinates (Don't answer if you don't have subordinates.)	3.9	8

Please indicate the frequency of these statements.

	Very often	Often	About half the time	Rarely	Never	Number of answers
There are conflicts in the workplace.	3.3 % <sup>1</sup>	6.7 % <sup>2</sup>	16.7 % <sup>5</sup>	70.0 % <sup>21</sup>	3.3 % <sup>1</sup>	30
My colleagues respect my opinions.	10.0 % <sup>3</sup>	40.0 % <sup>12</sup>	40.0 % <sup>12</sup>	6.7 % <sup>2</sup>	3.3 % <sup>1</sup>	30
I can count on my colleagues.	26.7 % <sup>8</sup>	46.7 % <sup>14</sup>	26.7 % <sup>8</sup>	0.0 % <sup>0</sup>	0.0 % <sup>0</sup>	30
I get feedback from my manager about my performance.	13.3 % <sup>4</sup>	40.0 % <sup>12</sup>	16.7 % <sup>5</sup>	16.7 % <sup>5</sup>	13.3 % <sup>4</sup>	30
My manager praises me.	3.3 % <sup>1</sup>	30.0 % <sup>9</sup>	26.7 % <sup>8</sup>	33.3 % <sup>10</sup>	6.7 % <sup>2</sup>	30
My manager clearly explains what he's expecting from me.	20.0 % <sup>6</sup>	30.0 % <sup>9</sup>	26.7 % <sup>8</sup>	23.3 % <sup>7</sup>	0.0 % <sup>0</sup>	30

*Section E: The importance of financial rewards/benefits with regards to motivation*

Please rate the importance of the mentioned financial rewards/benefits in relation to your work motivation.

(1=Least important, 5= The most important)

	1	2	3	4	5	Number of answers	Mean
Events organized by the company (canoeing trip, backpacking trip, ball dancing, Children's Day, etc.)	16.67 % <sup>5</sup>	10.00 % <sup>3</sup>	30.00 % <sup>9</sup>	16.67 % <sup>5</sup>	26.67 % <sup>8</sup>	30	3.27
Language courses	3.33 % <sup>1</sup>	6.67 % <sup>2</sup>	46.67 % <sup>14</sup>	23.33 % <sup>7</sup>	20.00 % <sup>6</sup>	30	3.50
Professional training	6.67 % <sup>2</sup>	3.33 % <sup>1</sup>	13.33 % <sup>4</sup>	36.67 % <sup>11</sup>	40.00 % <sup>12</sup>	30	4.00
Mobile phones for personal use	26.67 % <sup>8</sup>	0.00 % <sup>0</sup>	23.33 % <sup>7</sup>	16.67 % <sup>5</sup>	33.33 % <sup>10</sup>	30	3.30
Pension insurance contribution	13.33 % <sup>4</sup>	16.67 % <sup>5</sup>	26.67 % <sup>8</sup>	20.00 % <sup>6</sup>	23.33 % <sup>7</sup>	30	3.23
Additional week of paid vacation	13.33 % <sup>4</sup>	6.67 % <sup>2</sup>	0.00 % <sup>0</sup>	26.67 % <sup>8</sup>	53.33 % <sup>16</sup>	30	4.00
Sick day	10.00 % <sup>3</sup>	13.33 % <sup>4</sup>	26.67 % <sup>8</sup>	26.67 % <sup>8</sup>	23.33 % <sup>7</sup>	30	3.40
Flexible working time	10.00 % <sup>3</sup>	0.00 % <sup>0</sup>	13.33 % <sup>4</sup>	20.00 % <sup>6</sup>	56.67 % <sup>17</sup>	30	4.13
Home office	10.00 % <sup>3</sup>	3.33 % <sup>1</sup>	13.33 % <sup>4</sup>	16.67 % <sup>5</sup>	56.67 % <sup>17</sup>	30	4.07
Meal vouchers	6.67 % <sup>2</sup>	13.33 % <sup>4</sup>	20.00 % <sup>6</sup>	26.67 % <sup>8</sup>	33.33 % <sup>10</sup>	30	3.67
Service Award	6.67 % <sup>2</sup>	6.67 % <sup>2</sup>	6.67 % <sup>2</sup>	36.67 % <sup>11</sup>	43.33 % <sup>13</sup>	30	4.03
Discount for company's product	13.33 % <sup>4</sup>	10.00 % <sup>3</sup>	40.00 % <sup>12</sup>	16.67 % <sup>5</sup>	20.00 % <sup>6</sup>	30	3.20
Life insurance contribution	20.00 % <sup>6</sup>	13.33 % <sup>4</sup>	23.33 % <sup>7</sup>	23.33 % <sup>7</sup>	20.00 % <sup>6</sup>	30	3.10
Variable compensation	13.33 % <sup>4</sup>	3.33 % <sup>1</sup>	23.33 % <sup>7</sup>	23.33 % <sup>7</sup>	36.67 % <sup>11</sup>	30	3.67

Section F: Information and communication flow

Please indicate to what extent you agree with that statement.

	Agree	Rather agree	Rather disagree	Disagree	Number of answers
I am sufficiently informed about where the company is heading and what are its goals.	16.1 % <sup>5</sup>	41.9 % <sup>13</sup>	32.3 % <sup>10</sup>	9.7 % <sup>3</sup>	31
I am informed in a good time of any changes that affect me directly or indirectly.	19.4 % <sup>6</sup>	45.2 % <sup>14</sup>	32.3 % <sup>10</sup>	3.2 % <sup>1</sup>	31
I have the opportunity to actively participate in decisions regarding major issues of the company.	0.0 % <sup>0</sup>	22.6 % <sup>7</sup>	38.7 % <sup>12</sup>	38.7 % <sup>12</sup>	31
There is good communication between employees in the company.	6.5 % <sup>2</sup>	45.2 % <sup>14</sup>	35.5 % <sup>11</sup>	12.9 % <sup>4</sup>	31

Isn't the information provided at monthly meetings sufficient for you?

Another answer:

- We do not hold any monthly meeting.
- Does the monthly meeting exist in our company?
- The information I get at the meeting is different from the information you get "behind the scenes". The truth usually appears somewhere in the middle, or rather on the "behind the scenes". And the meeting is once every six months.
- What monthly meeting are we talking about?

Value	Percent	Count
No, it is not.	53.8 %	7
Yes, it is. However, it is important to be informed more often than on a monthly basis.	15.4 %	2
Another answer	30.8 %	4

*Section G: Extrinsic and Intrinsic factors - Importance*

**Please indicate how important these areas/factors are for your work motivation.**

	Very important	Important	Of average importance	Of little importance	Not important at all	Number of answers
<b>Meaningful and interesting tasks</b>	74.2 % <sup>23</sup>	19.4 % <sup>6</sup>	6.5 % <sup>2</sup>	0.0 % <sup>0</sup>	0.0 % <sup>0</sup>	31
<b>Responsibility</b>	38.7 % <sup>12</sup>	45.2 % <sup>14</sup>	9.7 % <sup>3</sup>	3.2 % <sup>1</sup>	3.2 % <sup>1</sup>	31
<b>Financial remuneration</b>	64.5 % <sup>20</sup>	29.0 % <sup>9</sup>	6.5 % <sup>2</sup>	0.0 % <sup>0</sup>	0.0 % <sup>0</sup>	31
<b>Recognition and praise</b>	32.3 % <sup>10</sup>	41.9 % <sup>13</sup>	19.4 % <sup>6</sup>	0.0 % <sup>0</sup>	6.5 % <sup>2</sup>	31
<b>Workplace relationships</b>	51.6 % <sup>16</sup>	35.5 % <sup>11</sup>	12.9 % <sup>4</sup>	0.0 % <sup>0</sup>	0.0 % <sup>0</sup>	31
<b>Opportunity for career growth</b>	35.5 % <sup>11</sup>	25.8 % <sup>8</sup>	29.0 % <sup>9</sup>	6.5 % <sup>2</sup>	3.2 % <sup>1</sup>	31
<b>Working environment</b>	45.2 % <sup>14</sup>	41.9 % <sup>13</sup>	9.7 % <sup>3</sup>	3.2 % <sup>1</sup>	0.0 % <sup>0</sup>	31
<b>Job security</b>	61.3 % <sup>19</sup>	29.0 % <sup>9</sup>	3.2 % <sup>1</sup>	6.5 % <sup>2</sup>	0.0 % <sup>0</sup>	31
<b>Job status</b>	19.4 % <sup>6</sup>	38.7 % <sup>12</sup>	35.5 % <sup>11</sup>	3.2 % <sup>1</sup>	3.2 % <sup>1</sup>	31
<b>Personal development</b>	51.6 % <sup>16</sup>	38.7 % <sup>12</sup>	9.7 % <sup>3</sup>	0.0 % <sup>0</sup>	0.0 % <sup>0</sup>	31
<b>Sense of personal achievement</b>	67.7 % <sup>21</sup>	29.0 % <sup>9</sup>	3.2 % <sup>1</sup>	0.0 % <sup>0</sup>	0.0 % <sup>0</sup>	31
<b>Company policy</b>	16.1 % <sup>5</sup>	35.5 % <sup>11</sup>	35.5 % <sup>11</sup>	6.5 % <sup>2</sup>	6.5 % <sup>2</sup>	31

*Section H: Extrinsic and Intrinsic factors - Satisfaction*

**And now please state how you are satisfied with these areas/factors in CNS a.s.**



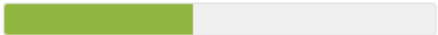
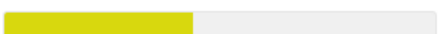
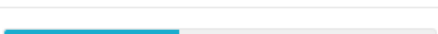
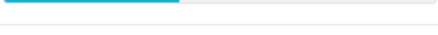
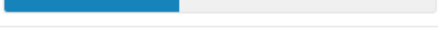
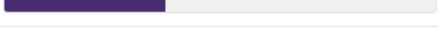
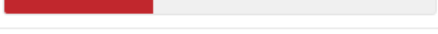
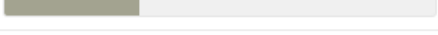
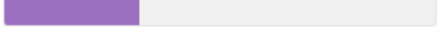
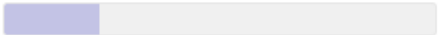
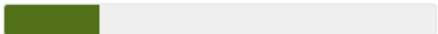
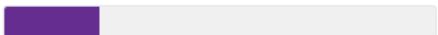
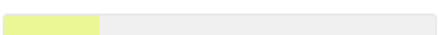
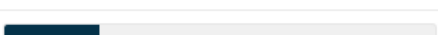
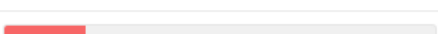

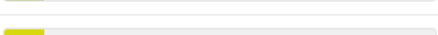
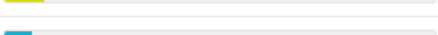
	Very satisfied	Rather satisfied	Neither satisfied nor dissatisfied	Rather dissatisfied	Very dissatisfied	Number of answers
<b>Meaningful and interesting tasks</b>	25.8 % <sup>8</sup>	45.2 % <sup>14</sup>	29.0 % <sup>9</sup>	0.0 % <sup>0</sup>	0.0 % <sup>0</sup>	31
<b>Responsibility</b>	22.6 % <sup>7</sup>	35.5 % <sup>11</sup>	35.5 % <sup>11</sup>	6.5 % <sup>2</sup>	0.0 % <sup>0</sup>	31
<b>Financial remuneration</b>	9.7 % <sup>3</sup>	58.1 % <sup>18</sup>	25.8 % <sup>8</sup>	6.5 % <sup>2</sup>	0.0 % <sup>0</sup>	31
<b>Recognition and praise</b>	9.7 % <sup>3</sup>	29.0 % <sup>9</sup>	35.5 % <sup>11</sup>	22.6 % <sup>7</sup>	3.2 % <sup>1</sup>	31
<b>Workplace relationships</b>	12.9 % <sup>4</sup>	48.4 % <sup>15</sup>	22.6 % <sup>7</sup>	9.7 % <sup>3</sup>	6.5 % <sup>2</sup>	31
<b>Opportunity for career growth</b>	3.2 % <sup>1</sup>	41.9 % <sup>13</sup>	29.0 % <sup>9</sup>	16.1 % <sup>5</sup>	9.7 % <sup>3</sup>	31
<b>Working environment</b>	38.7 % <sup>12</sup>	41.9 % <sup>13</sup>	19.4 % <sup>6</sup>	0.0 % <sup>0</sup>	0.0 % <sup>0</sup>	31
<b>Job security</b>	22.6 % <sup>7</sup>	61.3 % <sup>19</sup>	9.7 % <sup>3</sup>	6.5 % <sup>2</sup>	0.0 % <sup>0</sup>	31
<b>Job status</b>	12.9 % <sup>4</sup>	48.4 % <sup>15</sup>	35.5 % <sup>11</sup>	3.2 % <sup>1</sup>	0.0 % <sup>0</sup>	31
<b>Personal development</b>	19.4 % <sup>6</sup>	25.8 % <sup>8</sup>	35.5 % <sup>11</sup>	12.9 % <sup>4</sup>	6.5 % <sup>2</sup>	31
<b>Sense of personal achievement</b>	12.9 % <sup>4</sup>	48.4 % <sup>15</sup>	25.8 % <sup>8</sup>	9.7 % <sup>3</sup>	3.2 % <sup>1</sup>	31
<b>Company policy</b>	3.2 % <sup>1</sup>	25.8 % <sup>8</sup>	41.9 % <sup>13</sup>	22.6 % <sup>7</sup>	6.5 % <sup>2</sup>	31

## Section I: Desired benefits

### Would you like to expand the range of benefits provided by your company by any of these below?

Other:

- a. Multisport Card and Culture contribution to be mentioned once more.
- b. Massage

Value		Percent	Count
Higher meal voucher value		81.3 %	26
More sick days		59.4 %	19
More vacation days beyond the law		43.8 %	14
Personal time off (to handle important personal matters)		43.8 %	14
Contribution to sports and cultural events (tickets, vouchers)		40.6 %	13
Sickness benefit (topping-up the salary when ill)		40.6 %	13
Refreshments in the workplace (fruits, etc.)		37.5 %	12
Holiday contribution		34.4 %	11
Above-standard health care		31.3 %	10
Relaxation zone (ping-pong, table football, comfortable couch, etc.)		31.3 %	10
Business car		21.9 %	7
Contribution for the use of health care services		21.9 %	7
Multisport Card		21.9 %	7
Possibility to use the company cottage for a special price		21.9 %	7
Transport allowance		21.9 %	7
Voucher for the purchase of medical goods		18.8 %	6
Life insurance contribution		9.4 %	3
Travel insurance		9.4 %	3
Other (Please specify...)		6.3 %	2
Voucher for the purchase of books		6.3 %	2

### Section J: Retention

#### Do you consider leaving your current job?

Value	Percent	Count
Yes	0.0 %	0
Rather yes	18.8 %	6
Rather no	43.8 %	14
No	37.5 %	12

#### What leads you to change your current job?

- The situation in the company, better conditions in other companies, current market opportunities.
- Stress, a form of financial remuneration, a feeling that superiors do not value the work we do.
- Stress, project management, some colleagues, technology used.

### Section K: Additional commentary

#### If you have any comments, suggestions or ideas regarding remuneration and work motivation, please type it here:

- In my opinion, it would be good to change the system of financial remuneration. Trying to make employees 'work' more enjoyable - we spend much time here, and after a few hours, it happens very often that you are disgusted with all your work and approach used by the management. The possibility of, eg. self-education for one day per month - testing, reading exciting stuff - this may further employee's knowledge. Currently, I do not have time for self-education nor employer support. Therefore, I would not get paid in such case.
- The change regarding the canoeing trip is necessary. The Vltava River is not exciting anymore, and honestly people can get drunk everywhere. Perhaps organizing more teambuilding activities may help, however, other than just meeting in a pub. I prefer more active experiences (paintball, karting, rope center, bowling..).
- Working during weekends and outside working hours is coveted, and it is not taken into account. There is an unnecessary pressure to solve tasks even when it is not necessary and thus to increase the already relatively high level of stress. Tightening rules in the technical department to relieve other departments. Technicians have to look after everything, everything is their responsibility and the deadlines are constantly tightening.

### Section L: Respondent's profile

#### I have been working in the company...

Value	Percent	Count
... less than 1 year	16.1 %	5
... 1-3 years	25.8 %	8
... 4-5 years	6.5 %	2
... 6-10 years	25.8 %	8
... 11-15 years	12.9 %	4
... 15 years and more	12.9 %	4



### Which department do you work in?

Value		Percent	Count
Economic department		9.7 %	3
Software department		32.3 %	10
Technical department		32.3 %	10
ODP/OPA department		22.6 %	7
Sales department		0.0 %	0
Other		3.2 %	1

### What is your position in the company?

Value		Percent	Count
Junior		22.6 %	7
Senior		54.8 %	17
Managerial		9.7 %	3
Other		12.9 %	4

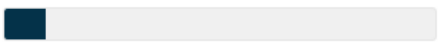

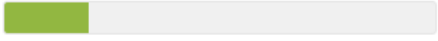
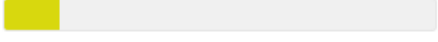
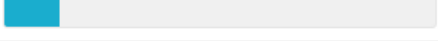
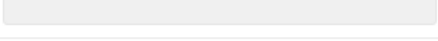
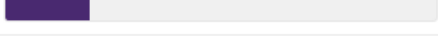
### What is your gender?

Value		Percent	Count
woman		32.3 %	10
man		67.7 %	21

### What is your highest level of education?

Value		Percent	Count
Primary education		0.0 %	0
Secondary education without A-level examination/ Apprenticeship		0.0 %	0
Secondary education with A-level examination		74.2 %	23
Post-secondary education		0.0 %	0
Higher education (Bc.)		9.7 %	3
Higher education (Mgr.,Ing.)		16.1 %	5

## How old are you?

Value		Percent	Count
Less than 25 years old		9.7 %	3
25-29 years old		25.8 %	8
30-34 years old		19.4 %	6
35-39 years old		12.9 %	4
40-44 years old		12.9 %	4
45-49 years old		0.0 %	0
More than 50 years old		19.4 %	6