The effect of reward system on job satisfaction in an organizational chart of four hierarchical levels: A qualitative study
Galanou, E.; Georgakopoulos, G.; Sotiropoulos, I.; Vasilopoulos, D.

Published in:
Canadian Social Science

Citation for published version (APA):

General rights
It is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), other than for strictly personal, individual use, unless the work is under an open content license (like Creative Commons).

Disclaimer/Complaints regulations
If you believe that digital publication of certain material infringes any of your rights or (privacy) interests, please let the Library know, stating your reasons. In case of a legitimate complaint, the Library will make the material inaccessible and/or remove it from the website. Please Ask the Library: http://uba.uva.nl/en/contact, or a letter to: Library of the University of Amsterdam, Secretariat, Singel 425, 1012 WP Amsterdam, The Netherlands. You will be contacted as soon as possible.
The Effect of Reward System on Job Satisfaction in an Organizational Chart of Four Hierarchical Levels:

A Qualitative Study

L'EFFET DU SYSTÈME DE RÉCOMPENSE SUR LA SATISFACTION AU TRAVAIL DANS UN ORGANIGRAMME DES QUATRE NIVEAUX HIÉRARCHIQUES:

UNE ÉTUDE QUALITATIVE

Ekaterini Galanou1
Georgios Georgakopoulos2
Ioannis Sotiropoulos3
Vasilopoulos Dimitris4

Abstract: Rewards systems are one of the most significant issues of the human resource management. Throughout the literature, it is obvious that theorists and academics, as well as practitioners and managers emphasize the important factor of rewards. Additionally, job satisfaction is another crucial term within the same body of literature. Job satisfaction is likely to provide employees of all levels with feelings of fulfillment, achievement and even pleasure for their job. Thus, such feelings can make people more productive, creative and therefore more profitable for the organization. Furthermore, feelings of job satisfaction can strengthen the commitment and loyalty of employees with the organization, which is very necessary in present times where all firms are looking for competitive advantage and especially through their people. The objective of this study is to examine the correlation of the rewards systems and job satisfaction, based on a qualitative research. An attempt is also made to identify differences in

1 (correspondent author) Department of Business Administration Technological Educational Institute of Patras, Greece E-mail: ketygalapatra@yahoo.gr Address: Eitou 4, 263 32 Patra, Greece.
2 Amsterdam Business School - Accounting Group University of Amsterdam, the Netherlands E-mail: g.georgakopoulos@uva.nl.
3 Department of Finance and Auditing Technological Educational Institute of Epirus, Greece. E-mail: sotiropoulosioan@yahoo.gr.
4 Institute of Social Insurance, Alternate officer of project management and modernization, Team of social security contributions. E-mail: dbasilopou@modernikamng.gr.

*Received 11 June 2010 ; accepted 17 August 21 2010
rewards systems and the extent to which these differences influence job satisfaction among people in different organizational level. Qualitative evidence was found for the aspects of satisfaction in accordance with different kinds of rewards, focusing on the four hierarchical levels of an organization. One of the challenges of the study and its strength is the transitional stage that the organization is in, and the sub-cultures that have been created. Future research should measure crucial factors as behaviors, attitudes, performance and how these results can be linked to contextual elements and to employment performance. This study contributes to increase job satisfaction awareness, which is important for organizational development.

Keywords: organizational behaviour; qualitative research; job satisfaction; reward system

Résumé: Les systèmes de primes sont l'un des enjeux les plus importants de la gestion des ressources humaines. Il est évident que les théoriciens et les universitaires, ainsi que des praticiens et des gestionnaires mettent l'accent sur le facteur important des récompenses. En outre, la satisfaction au travail est un autre terme essentiel dans le même corps. La satisfaction au travail est susceptible de fournir aux employés de tous les niveaux des sentiments d'accomplissement, de réalisation et même le plaisir de travail. Ainsi, de tels sentiments peuvent rendre les gens plus productifs, créateurs et donc plus rentables pour l'organisation. En outre, les sentiments de satisfaction au travail peuvent renforcer l'engagement et la loyauté des employés envers l'organisation, ce qui est nécessaire à notre époque où toutes les entreprises sont à la recherche d'un avantage concurrentiel et en particulier via leur personnel. L'objectif de cette étude est d'examiner la corrélation entre les systèmes de récompenses et la satisfaction au travail, basée sur une recherche qualitative, avec également une tentative d'identifier les différences dans les systèmes de récompenses et la mesure dans laquelle ces différences influent sur la satisfaction au travail chez les employés dans les différents niveaux organisationnels. Des évidences qualitatives ont été trouvées pour les aspects de satisfaction en conformité avec de différentes sortes de récompenses, en se concentrant sur les quatre niveaux hiérarchiques de l'organisation. L'un des défis de l'étude et sa force est la phase transitoire dans laquelle l'organisation se trouve, et les subcultures qui ont été créées. Mots-clés: une étude qualitative; satisfaction au travail; système de récompense

1. INTRODUCTION

Over the years, a considerable amount of literature has been developed, which seeks to improve understanding in rewards systems and the extent to which they can influence the levels of employees’ commitment, motivation and eventually, job satisfaction. According to Lawler (1971), reward systems are one of the most widely researched and written subjects in the field of management and organizational behavior, yet it remains one of the less understood topics.

However, in present days, among manager’s tasks is to create an environment which motivates people to perform satisfactorily and to be a profitable asset, so that they can foster the organization’s growth. In a wider context, there is an increased emphasis on people as a key source of competitive advantage, often being regarded as the key differentiator between organizations and many managers try to comprehend the complexities of motivating people at work and provide them with job satisfaction so that they can gain employee commitment. For those reasons, increased emphasis is given to financial and non-financial rewards from both managers and academics.
In order to define some significant terms, it is expedient to commence with Armstrong and Murlis (1998) who describe reward management as the development, implementation, maintenance, communication and evaluation of reward processes.

Importantly, rewards management is also concerned with the development of appropriate organizational cultures, underpinning core values and increasing the motivation and commitment of employees. Furthermore, reward processes cover both financial and non-financial rewards. There are direct financial rewards which consist of payments in the form of wages, salaries and bonuses. There are also the indirect financial rewards, or benefits, such as insurance plans (life, health etc.), retirement plans, sick leave etc. Finally, the non-financial rewards consist of the satisfaction that a person receives from the job itself, from the psychological and physical environment in which the person works (Mondy and Noe, 2002). Furthermore, non-financial rewards deal with feelings of recognition, achievement, responsibilities and personal growth (Armstrong and Murlis, 1998).

In many cases, rewards management is closely related to motivation theories and job satisfaction. The term of job satisfaction has become a very significant one, now that managers seek for practices which are likely to make people more satisfied and therefore, more productive. Though several papers within the latest literature, it is easy to understand that job satisfaction is quite difficult to measure while it is considered as major determinant of organizational performance (Riketta, 2002) and effectiveness (Laschinger, 2001). According to Smith et al (1969), the problems associated with the measurement of satisfaction are the same with those encountered in the measurement of any attitude. However, Smith et al (1969) in their research, define job satisfaction as the feelings that a worker has for his job. They also stress the need for a wider context when talking on job satisfaction, as there are several aspects of the situation that contribute to total satisfaction.

However, whenever job satisfaction is studied, there is also an emphasis on motivation theories. Thus, motivation is vital in any job, if an individual is to be as productive and effective as possible. Additionally, according to Armstrong and Murlis (1998) motivation is a complex process depending on individual needs and aspirations; both intrinsic and extrinsic motivating factors; expectations; equity and fairness; attributions; self-efficacy; the social context (Deci et al., 1989). Yet, foremost, among all, the fundamental theories of motivation are those of Maslow (1954), McGregor (1985) and Hertzberg (1968), which deal with the needs hierarchy, the man’s attitude to work (the X-Y theory) and the factors of satisfaction and dissatisfaction respectively. Furthermore, theories of motivation focus on satisfaction of the needs for autonomy, competence and relatedness (Gagne & Deci, 2005), or work design characteristics that lead to productive psychological states (Hackman & Oldham, 1976).

The central concern of this study is to examine these two crucial issues of the human resource function and to discover their correlation in a particular setting. The main objective is to show whether reward systems influence the levels of job satisfaction within the different stages of a specific organization. The study aims to discover answers to the following subjects: If the four organizational levels (lower level, middle management - the second level of the lower management and in third level of the upper management- and senior executives) are satisfied by their financial and non-financial rewards. Also, which of the two kinds of rewards can motivate employees and managers, which of the two kinds of rewards is the most influential factor for their job satisfaction and which are the factors that can help them to achieve high levels of job satisfaction.

One of the significant characteristics of this study is the attempt to centre on the four levels of the organizational chart and compare their different needs and requests, an aspect which is seldom found in the body of literature. A further significant aspect may emerge from the attempt to emphasize on cultures, organizational values, and the way they are related to rewards, effectiveness and job satisfaction.

The theoretical and conceptual issues with respect to rewards and job satisfaction, as well the most prominent debates on these topics will be reviewed in chapter two of this research. The methodological issues with regards to the empirical study are described in detail in chapter three. In chapter four there is the presentation of the case study and the results of the empirical work. Chapter five provides a summary and evaluates the implications of the study. There are general and more specific contribution towards the understanding of the rewards systems and job satisfaction. The limitations and recommendations for further research are also discussed. Finally, the Appendix shows the organizational policies on rewards (bonus and
benefits schemes), the grouping of employees in different levels and tables with concentrated results, which are likely to help the reader grouping the answers and have an overall view of the results.

2. LITERATURE REVIEW

2.1 Rewards Systems

Throughout the management literature, practitioners as well as theorists have underlined the importance of rewards systems. Rewards management is considered to be probably the most rapidly developing area of human resource management. In order to conceptualize the rewards systems, it is necessary to commence from the Harvard Model of human resource management, which emanates from the Harvard Business School (Sparrow and Hiltrop, 1994). This model is called “Soft Variant” because it emphasizes in the human aspect of human resource management. According to Beer al (1984), the model comprises of four key policies: rewards systems, designed to attract, retain and motivate employees; human resource flow, akin to the human resource development set of policies; employee involvement in decision-making, and work systems, designed in order to produce the best outcomes.

It is therefore obvious that rewards systems are a fundamental function of human resource management as they deal with the assessment of job values, the design and management of payments, performance management, contingent pay, employees’ benefits and pensions and the management of rewards procedures. Furthermore, reward policies should take into account organizational goals, values and strategies (Armstrong and Murlis, 1998). Another important point that Armstrong and Murlis (1998) mention is that rewards systems also include the development of organizational cultures as they are led by organizational requirements and can increase the motivation and commitment of employees as their philosophy must recognize the vital role of the workforce and also respect their needs.

The rewards systems are comprised of two main elements: financial and non-financial rewards. The financial rewards include rewards strategies such as merit-pay, market-based pay, profit-related pay, while non-financial rewards focus on the needs of people for recognition, achievement, responsibility and personal growth (White and Drucker, 2000). According to Thorpe and Homan (2000), one of the most fundamental debates in the field of rewards management, concerns the extent to which employees are motivated by money. At that point there is an extensive discussion about whether or not money is a motivator and can influence the levels of job satisfaction.

2.2 Job Satisfaction

Before proceeding to the ensuing debates of rewards management it is essential to focus on the concept of job satisfaction and to show the extent to which it is affected from financial and non-financial rewards. The term “job satisfaction” is also a very significant one, which is widely used within the literature of human resource management. Job satisfaction is a theoretical construct closely related to motivation theories and relevant to leading theories of job behavior (Smith et al, 1969). Over the years a growing number of behavioral scientists have generated an accumulated knowledge with their investigation on the crucial issue of job satisfaction and motivation. The most representative theories are those of Maslow (1954), McGregor(1985), Herzberg (1986) and the Hawthorne Experiments (Cameron, 1973).

Maslow’s thinking (1954) is centered round a hierarchy of the individual’s needs, which operates on an ascending scale. As one becomes fulfilled the next ascendant need is uncovered. Furthermore, the individual can “revert back” to the previous stage if a feeling of insecurity takes over. Once this need is met, the individual will return to his former needs area (Simpson, 1983). In an organizational context, when needs not being met are demonstrated in behavior, managers must create an environment in which motivation can take place. In other words, to avoid the consequences which finally results when needs are unfulfilled, managers should be able to implement the right action at the right time (Simpson, 1983).

McGregor (1985) also depicted people’s needs in a hierarchy and generated the X-Y Theory. He argues that once the basic needs (hunger, thirst, and psychological needs) are satisfied they cease to be strong motivators to action. Thus, when people feel more materially secure, higher needs for self-fulfillment and
achievement seek for satisfaction (McGregor, 1985). Therefore, people can be self-motivated and managers; responsibility is to create conditions in which self-motivation can grow. In situations where the work is monotonous and repetitive, higher payments are very important since workers are forced to find satisfaction outside their work ((McGregor, 1985).

Subsequently, Herzberg (1968) aimed to find the factors that led people in different jobs and different levels to extreme satisfaction or dissatisfaction. Thus, he created a “two factor theory” with two categories: hygiene factors, like work conditions, supervision, salary, relationship with subordinates and peers and intrinsic factors like achievement, recognition, the nature of work, growth (Simpson, 1983). Herzberg (1968) showed that the factors that led to extreme satisfaction were the intrinsic ones, which had little to do with money but much to do with responsibility and achievement. The extrinsic “hygiene” factors, does not create a motivational atmosphere and are likely to create only short-lived satisfaction (Simpson, 1983).

Finally, the Hawthorne Experiment took place in the years of the scientific management, when employers believed that people are motivated only by material considerations (Simpson, 1983). This mechanistic approach attempted to depersonalize the organization. This Hawthorne research, hoped to increase the productivity of the workers. So, it experimented with the working conditions. After the increase of productivity, the conclusions of the experiments were that the improvements in working conditions will be only a short-term motivator and that the long-term improvement is dependent on other, more qualitative factors, such as the growth of people within the job (Simpson, 1983).

Thus, as seen from the previous theories, understanding the sources of satisfaction and dissatisfaction is important in itself as it has implications not only on personal happiness but also on mental and psychological health (Smith et al, 1969). It is obvious that it is not only the practitioner and policy-maker who are interesting in understanding the determinants of satisfaction. The theoretician interested in human motivation is equally concerned, since he wishes to understand human behavior and attitudes. At this point there are problems associated with the measurement of job satisfaction as it tries to encounter the measurement of any attitudes and behaviors. According to Robbins (1998), there are six important work-related factors contributing to job satisfaction: mentally challenging work, equitable rewards, supportive working conditions, supportive colleagues, personality and the individual’s genetic disposition.

Mentally challenging jobs are positively related to job satisfaction. Such jobs give the opportunity to employees to use their skills and talents into a variety of tasks and also provide them with feedback on their performance after they complete each task. In accordance to Maslow’s Hierarchy of Needs Theory (1954), employees with challenging jobs are given the chance to fulfill their higher level need of self-actualization and reach self-fulfillment.

Equitable rewards are another work-related factor that affects job satisfaction. Employees are satisfied when they feel that the rewards the receive from their job correspond to their skills and effort. It is not solely about the amount of money they receive. They are satisfied when they feel that they have been fairly treated and when the rewards they receive are equal to the ones that their colleagues who have the same skills and exert the same effort, receive. As Equity Theory suggests “perceived equity seems to lead to greater job satisfaction and organizational commitment” (Sweeney et al, in Huczynski and Buchanan, 2001).

Supportive colleagues are also another factor that is positively related to job satisfaction. Due to the considerable amount of time that employees spend in their job, their colleagues are part of their everyday lives. Friendly and supportive co-workers can increase an employee’s job satisfaction. This view can be related to Maslow’s Hierarchy of Needs Theory (1954) and refers mostly to employees that wish to fulfill their affiliation needs. Moreover, studies have shown that “employee satisfaction is increased when the immediate supervisor is understanding and friendly, offers praise for good performance, listens to employees’ opinions, and shows a personal interest in them” (Robbins, 1998).

When an employee’s personality is consistent with the job that he or she is performing, then his or her job satisfaction will increase. John Holland’s personality- Job Fit Theory suggests: “There is a fit between an individual’s personality characteristics and his or her occupational environment” (in Robbins, 1998). He also claims that “satisfaction and the propensity to leave a job depend on the degree to which individuals successfully match their personalities to an occupational environment” (Robbins, 1998). Consequently, employees that have jobs compatible to their personality are more likely to perform better, because they are
able to use their skills and talents, and in general, to do what they are good at. This increased performance
the probability of achieving satisfaction from their job.

Finally, genetic disposition is another factor that affects employee job satisfaction. Research on job
satisfaction suggests that “a significant portion of some people’s satisfaction is genetically determined.
That is, an individual’s disposition towards life-positive or negative- is established by his or her genetic
makeup, holds overtime, and carries over into his or her disposition towards work” (Robbins, 1998). What
this theory proposes, is that there are employees who have an inherent negative attitude towards work that
job characteristics such as rewards, benefits and working conditions cannot alter it. Therefore, there is
nothing that managers can do to change those employees’ attitude towards their work. Instead, what they
can do is concentrate on the careful selection of their employees to prevent such situations from happening
in the future. Furthermore, as far as managers are concerned they are focused on areas of training,
organizational structure, job enrichment, levels and methods of payments, based on the assumption that
such factors affect the feelings, the attitudes and the behavior of the employees.

2.3 The debates

As Beer et al commented (1984): “The design and management of reward systems constitute one of the
most difficult tasks for the general manager. Of all the policy areas in human resource management, this is
where we find the greatest contradiction between the promise of theory and the reality of implementation”.
As previously mentioned, rewards systems and job satisfaction are very closely related in theory and in
practice and therefore they are crucial issues not only for the practitioners, but also for the academics.

2.3.1 The new Pay Philosophy

There is no doubt that in recent years organizations have witnessed intensified changes in global and local
markets. There is competition in international markets, mobility of capital, technological innovations and
changes in the employment relations patterns. In their search for competitive advantage in the current era,
firms have adopted new high performance work systems (Whitfield & Poole, 1997). Based on that concept
and within the late literature, there are linkages of rewards with the overall strategy. Here, lies the first
debate among academics and practitioners about the approach towards rewards management.

MacDuffie (1995) investigates the need for congruency between the organizational strategy and the
underline the need for a more strategic approach to payments and rewards in the context of a “new pay
philosophy”. The “new pay” concept was originally formulated by Lawler (1995) who emphasized that it is
necessary to think and act strategically about rewards. In order to do that, organizational objectives and
policies should be sharply and clearly defined and measured, so that the design of a rewards system will be
consistent to those objectives.

An opposite standpoint was expressed by Smith (1992) who argues that the new payment schemes have
been created in order to meet the current needs of the organizations for short-term recruitment and retention
problems, cost-cutting pressures and other issues that have come along with the highly competitive
international markets. He also mentions that in fact, the rewards systems have not gone into any
fundamental change and they remain close to traditional payments systems. This is because managers do
not support the notion of the “strategic approaches” to human resource functions but they “muddle through”.
Thus, there is an emphasis in the gap between the rhetoric and the reality, not only by Smith (1992) but also
by Poole and Jenkins (1998). In their research (1998) they indentified a substantial endorsement of “new
pay philosophy” but they did not notice any actual reward practiced based upon this new philosophy.

2.3.2 Best-Practice versus Best-Fit

A second debate investigates the dilemma of bet-practice versus best-fit. In the case of best-practice, the
adherents believe that it is possible to identify approaches which can be globally applicable and have
universal value in organizations’ endeavors to achieve competitive advantage. The best-fit or contingency
school deals with each organization separately, as it stress the significance of strategic alignment of human
resource policies to fit to the organizations’ goals, and business objectives (Thorpe and Homan, 2000).
Furthermore, Legge (1995) describes the previous dilemma as the hard and soft approach to human resource management.

Within many researches there are noteworthy conclusions for both practices. Some support that a best–practice approach is likely to lead to improved performance (Guest, 1987) and some others believe more contingent approaches are best to chose (Lawler, 1990). Lawler re-defines the “new pay” by saying that the implementation of new reward practices does not mean abandoning traditional ones but there should be a set of new ways of thinking about a more strategic role of rewards systems in a complex organization.

2.3.3 Expectancy Theory: money and motivation

The third debate that exists within the literature is even closer to the job satisfaction as it aims to discover the extent to which employees are motivated by money. Here lies the expectancy theory, which holds that money is a significant motivator for most people and that it can guide to specific directions (Thorpe & Holman, 2000). In other words, expectancy theory explains why extrinsic motivation (e.g. bonus schemes) works only if the link between effort and reward is clear and the value of reward is worth the effort (Armstrong & Murlis, 1998). It also explains why intrinsic motivation (responsibility, achievement) can be sometimes more powerful than extrinsic motivation.

The practical application of expectancy theory has been seen in the growth of individual performance-related-pay in all its forms. In a theoretical context, performance-related-pay has important advantages like attracting and retaining qualified employees, improving individual and organizational performance, improving motivation and job satisfaction and linking individual to organizational objectives (Thorpe & Holman, 2000). Furthermore, Armstrong and Murlis (1998) argue that money is an important motivator to people for two very significant reasons. Firstly, money has an instrumental role as it can cover pressing needs and subsequently, money is a tangible method of recognizing other people’s worth and contribution.

Thus, money is a way to improve individual self-esteem but also a way to gain the esteem of others. Additionally, in an organizational context, payments, as well as career opportunities, and the reputation of the organization, can be factors for joining a company (Armstrong & Murlis, 1998). It is obvious, throughout the previous analysis and the presentation of the different concepts and exceptions, that reward systems are strongly affected by organizational cultures and strategies and can considerably influence crucial factors of job satisfaction.

As given from Armstrong & Murlis (1998) it is clear that pay can motivate and reinforce a desirable behavior and that in order to achieve lasting motivation attention has to be paid in non-financial motivators as recognition. Recognition is one of the most powerful motivators and praise should be given judiciously.

An opposite perspective supported by psychologists question the effectiveness of money as a motivator. Similarly, sociologists consider payments and especially those based on individual performance, to be a means of management control, which creates resistance and conflict in the workplace (Thorpe & Holman, 2000). Finally, the advocates of total quality management believe that these kinds of payments are a means of perpetuating gender inequality. An answer to these problems is that these difficulties are surmountable via more effective design systems (White & Drucker, 2000).

In short, it is argued that incentive payments cannot be strong and influential motivators. The most recent supporter is Kohn (1993) who claims that incentives schemes cannot cause long-terms improvements in individual productivity because pay is, in fact, a poor motivator. He believes that individual incentives can have negative effect on individual motivation and firm performance.

As Herzberg mentioned in 1968, pay is a “hygiene factor” for motivation. It can cause dissatisfaction but it cannot motivate or satisfy. Payments are an effective tool of management control and this is extremely important for the managers. Another argument against incentive schemes are that they create short-term individual gain and that can cause sharp competition between members of the same team, instead of cooperation. Furthermore, Kohn (1993) criticizes those payments as they discourage innovative thinking and creativity as people are focused to certain tasks.
2.3.4 Equity Theory

The fourth debate that is found in the literature of rewards management, deals with the crucial issue of equity theory. The principles of this theory are also major determinants of job satisfaction as Adams (1963) supported. Equity theory includes a range of prominent issues like executive remuneration, equal value, and comparable worth. Adams (1963) as a psychologist also argued that there is little interest in the level of payments than the perception of fairness among the others, which can determine satisfaction. Thus, equity is rarely accepted and usually people react to inequity by decreasing their personal effort, demanding more equitable treatment and attempting to find alternative employment (Adams, 1963). Furthermore, the unfair distribution of rewards can lead to lower levels of commitment, higher levels of absence and turnover and finally to a worse organizational performance.

Therefore, the achievement of equity in rewards must be a major objective for the managers. The difficulties that usually appear, according to Thorpe & Holman (2000), lie in setting an objective measurement of “differential and relativities” like efforts, skills, experience, needs. It is essential that rewards should be fairly distributed but there are not satisfactory methods to give such outcomes.

According to Pfeffer’s point of view (1998), organizations with better payments and rewards are more productive than their competitors that pay less. Higher payments are likely to attract and retain the most motivated and qualified employees who can be the basis for competitive strategies based on innovation, quality and price. In addition to Pfeffer, Wood (1996) emphasizes on some crucial matters of rewards. He mentions that group-payments are a stronger incentive rather than focusing on individual performance. Motivators can also be the participation of the employees in designing the rewards systems and the high rate of internal equity by minimizing the differential between the highest and the lowest paid and by using analytical and formal job evaluation schemes (Wood, 1996).

2.3.5 Determining Levels of Pay

There are two ways of determining the levels of pay according to Thorpe and Holman (2000). The first is to focus on the labor market and to pay everyone at around the market rate. In this case, there is a comparison with employees in other organizations and it is called “external equity” (Hume, 1995). The second as as its first priority the organizational goals and supports a reward system according to the organizational objectives and considering the job evaluation. In this case, there is a comparison of employees in the same organization and it is called internal equity (Hume, 1995). It is supported that the most dissatisfied employees are those who face internal inequity, namely when senior managers are “generously paid” and the other employees feel the unfairness (Hume, 1995).

Most of the times, the market rate is considered to be most efficient approach. In most competitive markets, there is no other choice but to pay the market rate in order to attract qualified staff and to ensure satisfaction. Furthermore, according to Thorpe & Homan (2000), small organizations with growth potential can attract new employees by promising a greater share of rewards and better career as the company will expand successfully in the future.

2.4 Executive Motivation

Within the rewards management literature, there is a lack of references in the executives’ compensation and motivation. However, this issue is of utmost importance as managers decide and implement the reward policies. Often, top-managers themselves do not feel satisfied from their work even though they receive very generous financial packages and benefits. In that case it is useful to examine which are the factors that influence the top-executives performance and the motives that can bring them job satisfaction.

According to Patton (1961), one of the basic executive motives is the challenge each person finds in his/her work. This is otherwise called as the “instinct of workmanship”. Furthermore, the executive should know the purpose and scope of his/her assignment. Thus, job responsibilities should be clearly defined through job descriptions. In order to maximize the effectiveness of this motivation of “job challenge”, an executive should not only know the limits of the responsibilities and authority, but also he/she should know the quality of the work expected for him.
Patton (1961) strongly believes that a powerful executive motivation is status. Status motivation has many facets. He gives an example of a young executive who may be motivated to strive for a promotion because of the bonus satisfaction in becoming “a member of management” than the financial rewards that also accrue. Furthermore, one of the most important executive motives is to achieve leadership.

2.5 Middle-Managers Motivation

Apart from all the previous theories on rewards management and job satisfaction, there is an interested in literature about the middle managers and their rewards and motivation. The interest is even bigger in these days of constant changes and of the restructuring of organizational. According to Van Gills (1997), middle management as a function, is an organization “in between” the top of the organization and the workforce at the bottom. They have the task of turning the objectives into goals, targets and actions, transmitting information to lower or higher organizational levels.

Some very significant findings are given from a survey of Institute of Management (Lockwood et al., 1992). The survey showed that middle managers are mostly concerned about their prospects and their career development, which are the two most important motives for them. In a Warwick University Paper (1995) it was found out that the majority of middle managers are committed to their organizations but that was based on fear rather than the provision of planned and satisfying career development. There are focused on the competition through emphasis on market comparisons about their levels of pay. The surveys also mention that significant factors for the middle managers’ job satisfaction are the relevance, fairness and integrity of performance related reward systems. Finally, they appear willing to contribute to the policy debate on pay and that would provide them with more satisfaction, but organizations should be making greater efforts to canvass their views (Lockwood et al., 1992).

2.6 Motivation at the “Front Line”

Obviously, the motives within the different organizational levels are and should be different. There are employee benefits apart from the payment, which aim to increase the commitment of the employees, to make the remuneration packages attractive and competitive. However, within the literature it is clear that employees of the lowest level are rarely motivated by payments and benefits, as money seldom have a direct and immediate effect on performance, unless they are awarded as an incentive (Armostrong & Murlis, 1998).

It seems like employees are mostly motivated by the intangible benefits of recognition, respect and support. According to Simpson (1993), motivating low-level employees can be aided by the way they are treated as persons. It is important that they realize how important their role is in the operation as a whole, and for the supervisor to gain their respect. He suggests that there should be concern and interest to their problems and difficulties and if deadlines and time limits are firm, this combination can be an extremely effective motivator.

Thus, the principal aspect of motivating the “front-line” is the strengthening of the psychological contract between the two parts, employers or managers and employees of the lowest level. Within this psychological contract, lie those aspects of employment which exert the great influence on the motivation, commitment, morale and job satisfaction of employees (Armstrong & Murlis, 1998).

The presented contradicting theories gave the impetus for this research. The thorough study of the divergent approaches of practitioners and academics gave the initial thirst for further investigation. In order to develop a better understanding of the rewards systems and subsequently in what extent they affect the levels of job satisfaction, attention should be paid in specific areas which are likely to answer the research questions of this study and fulfill its objectives. But a lot of criticism is placed upon some certain topics and views.
3. RESEARCH METHODOLOGY

3.1 Research Design

To grasp the organizational culture and peoples’ motivation of having a knowing, planning particular rewards system, a qualitative approach seemed warranted. Through people’s interpretation the researcher aims to construe, whether rewards are an effective way of motivating and satisfying the workforce. Qualitative research leads to a better understanding of the meaning of what is observed and results in data of greater depth and richness (Patton, 2002). Many researchers argue that qualitative research is an essential part of the early stages of any research project as it provides richer details for exploring viewpoints and allows the researchers to gain a better initial understanding of the problem as well as identify phenomena attitude influences (Healy and Perry, 2000; Maxwell, 1996). Qualitative research methods were considered to be more appropriate given the exploratory nature of the studies (Creswell, 2003). Recently, Konstantinidis et al., (2007) stated that the qualitative methods are applied in research operations which aim at the description, analysis and comprehension of social processes, situations or relations between social subjects or team. Despite the call for more qualitative research in organizational behavior and management studies (e.g. Gephart, 2004; Symon et al., 2000), there is still a lack of qualitative studies on satisfaction that people gain from the rewards they receive. Kaplan & Maxwell (1994) argue that the goal of understanding a phenomenon from the point of view of the participants and its particular social and institutional context is largely lost when textual data are quantified (in Thorpe, R. and Homan G. (eds), Strategic Reward Systems, Financial Times Prentice Hall). In this research, qualitative method will help realizing the satisfaction that people gain from the rewards they receive, as well as the feelings of belonging in the particular organization.

3.2 Procedure and sample profile

The study uses a single case study as a strategy research in order to understand or explain the phenomena, that is rewards systems and job satisfaction, by placing them in their wider context, that is the specific company within the Greek market. The reason for this choice was based on the knowledge that case studies are the most appropriate for examining the processes by which events unfold, as well as exploring causal relationships (Yin, 1994) and also they provide a holistic understanding of the phenomena (Kitay & Callus, 1998).

The chosen case study is a successful French multinational company called PR which produces and distributes spirits and wine brands throughout the world. Recently, the company entered the Greek market. In order to have a considerable market share in the new market, PR took over two Greek companies and a British multinational operating in Greece. The first Greek company LL was quite powerful within the Greek market with some strong brands but it was small and traditional with specific cultures that the small organizations usually develop. The other Greek company, EP, was more powerful within the Greek market and it was also bigger with more employees. Still, the ways of thinking were mostly those that develop in limited markets and small organizations. The third company, S, was a multinational with the parent company operating in the UK and several subsidiaries in all over the world. In Greek market, S was operating quite successfully, seeing that almost all its products were very strong within the Greek market and some of them (e.g. Whisky) were the leader products of the branch of food and wine. So, PR proceeded in the mergers in order to have both, the Greek way of thinking, the cultures, along with a successful multinational operating in the specific market.

With the acquisition of part of S’ spirits division in 2007, PR has doubled its size in this sector and has become one of the world’s three leading players in the spirits and wine market. Already the top producer in the Euro Zone, PR has consolidated its position in Europe and Russia and has taken the number 2 spot in Asia and South America.

At this time, the company has a subsidiary in Greece and a considerable market share. It is one of the biggest companies in the spirits’ branch. The company is a unique case to examine, as it uses many different types of payments and rewards systems. Because of the fact that Greek market has high levels of internal competition, as it is a tourist country, the goal of the company is to retain the competent employees and
managers by giving several benefits, payments and rewards. In the same time it is very interesting to
discover how three different rewards systems can operate within the same company and how the
differentials are perceived by the employees. The different strategies, objectives of each of the companies
should now converge.

Furthermore, the parent company has a very effective human resource department, develops significant
human resource policies and has a positive attitude towards hiring and training new and competent people
while in the same time tries to develop and promote the existent staff. In the Greek subsidiary there is no
human resource department and this is very impressive. Although these policies of the parent company in
France show an open strategy and also give the company a sophisticated profile, friendly to education and
training, in the Greek subsidiary there is an absence of a human resource department.

For all these reasons, and especially by emphasizing the new entry of PR in a new market by taking over
three other companies and try to be the market leader of spirits and wines branch, the case is a unique case
study and a “model” of analysis.

As presented earlier, the company operates in Greece and has a leading position in the market of spirits,
which is a very competitive section of a Greek market. It must be taken under consideration that Greece is a
country that has approximately six months “summer tourism” from all around the world, let alone the
internal tourism. So, this market is highly competitive and of high interest for the particular country. As far
as access is concerned, the sales manager of the Greek subsidiary was an existing contact and had been very
cooperative and willing to help the research. For all these reasons, there were the slightest hesitations in
choosing this company and activating the existing contacts.

For the purpose of this study face to face in-depth interviews with 19 interviewees from all the levels of
the organization (the first level, such as secretaries, assistants and salespersons; the middle managers who
exist in the second level of the lower management and in third level of the upper management; the senior
executives with the directors and the vice president of the company) are carried out because it is considered
that, in this way, better and more information would be acquired. In-depth interviews reduce the “distance”
between interviewer and interviewee (Johns and Lee- Ross, 1998). According to Palmerino (1999), this
method should be considered more often by researchers since it provides more qualitative information,
more depth, more representation, more efficiency, more statistics, and more value (Stokes and Bergin,
2006). A non-probability convenience sample of 19 interviewees for this study is utilized. The choice of the
sample is very important, as senior executives are the head of the company and the ones who can foster the
organizational culture to their employees. Additionally, managers of all levels have a holistic view of the
organization and of the rewards systems. Furthermore, they may provide access to more significant and
useful secondary data as documents, and other valuable information.

On the other hand, salespersons have a very significant role in the company’s operation and they usually
have different perceptions from managers on important issues, as rewards. It is, though, essential to know
their point of view and examine to what extent rewards meet their own expectations.

In order to find the best possible sample, it was decided that “purposeful sampling” was the best method
to use as it provides reach and in-depth information (Patton, 1990). The sample size was based on the
theory of “Theoretical Saturation” (Strauss and Corbin, 1998). This means that the quality of the data is
more important than the number of those who will be questioned. Usually, saturation occurs somewhere
between 10 and 30 interviews.

The interviews are going to be semi-structured so that some questions can be omitted or added if some
new and useful information come up though the whole procedure, which will be “face to face” interviews.
The order of the questions may also be varied depending on the flow of the conversation (Saunders et al.,
2000). Some of the interviews are recorded in the cases that the interviewee accepts this action. This can
have advantages like keeping the interviewer concentrated on listening and allow the formulated of the
questions but can distract the interviewee by “focusing” on the recorder. As referred earlier the strength of
this method is the overall, in depth perception of the case. The weaknesses are usually problems of
reliability, as the research will not follow a standardized method. Another problem can be interviews’ bias,
but these problems can be avoided by trying to obtain the confidence of the interviewee (Saunders et al.,
2000).
The processing of findings is based on the structure of the questions in the order used in the interviews. The data are presented in tables where it is feasible. The type of table is used that aids the most the comparisons and the forming of conclusions about the rewards management and job satisfaction.

The interviewees are divided informally into four levels in order to facilitate the analysis and the outcomes. In level one there is the junior staff with the assistants and secretaries (see Appendix, table 4). In the second level, one can find the “first level managers”, with quite limited responsibilities. Level three consists of the managers with a national range of action (see Appendix, table 2 & table 3). Therefore, they have more responsibilities and they are closer to the top-management team. Finally, the last stage, the fourth, encompasses the top management team with the directors of each department and the vice-president (see Appendix, table 1).

The structure of the following data processing begins with some introductory questions (questions one to five) that help to group the interviewees and have some background information. Questions six and seven, seek to discover how many people are satisfied by their financial rewards and the way these rewards are calculated. The next part of the interview, questions eight and nine, seek to investigate whether non-financial rewards such as achievement, recognition and responsibilities provide job satisfaction and which of the two, financial or non-financial rewards are more important to the employees and their managers. Question number ten examines the working environment as a factor of job satisfaction. In question eleven, twelve and thirteen, the answers show different perceptions and attitude towards important factor of job satisfaction. More specifically, question eleven focuses on the autonomy and the responsibilities within the workplace. Question twelve explores the attitude of the people towards their work and the answers of question thirteen discover the elements, which can provide to employees and managers job satisfaction. The category of questions fourteen, fifteen and sixteen examines equity within the workplace, unfair ways of managing rewards and whether the employees believe that the rewards are fair to their work. The answers of question seventeen examines which factors are the strongest motives for the employees. Question eighteen examines the reasons people have in order to choose the particular job in the particular company. In question nineteen, the answers pin-point the de-motivators in the workplace. Questions twenty and twenty one, aim to discover whether rewards management influence the commitment to the organizational goals and organizational culture. Question twenty-two reveals the whether or not the employees feel a link between their individual performance and the company’s final results and achievement of goals. Question twenty-three investigates the attitudes of people towards the absence of a human resource department. Question twenty-four shows that status and prestige are very significant factors of job satisfaction. Question twenty-five investigates the preferences of employees on their payments. Questions number twenty-six to thirty-one fall under the top-managers’ category. Question twenty-six is related to the person who controls the rewards and exercises the human resource policy. In question twenty-seven, the directors present the management style and the corporate culture of the company. The management techniques that are used in order to motivate employees are asked in question twenty-eight. Question twenty-nine, thirty and thirty-one, directors and the vice-president express their opinion on rewards and management control, on the recruitment and the retaining of good employees.

4. FINDINGS

By identifying the general context in which PR operates and by conceptualizing the overall culture via sub-cultures, it will be easier to discuss the data. The following discussion emphasizes on the different levels of PR organizational chart.

4.1 First-Level Employees

The majority of people in that group are not satisfied by their financial rewards. However, money is for them the most significant reward they can have. It is noteworthy that they underlined the significance of money in every case the could, as for example, in the question for the non-financial rewards. They agreed that recognition is important, but they stressed again how crucial their financial payments are. In order to have a more accurate profile for that group, it is necessary to examine some others key answers that can indicate their priorities.
In that level, there were a considerable number of employees who argued that their work is a means of covering their needs. Obviously, these people are not satisfied by the nature of their work and held an instrumental attitude to work and employment. At the time of the interview they did not demonstrate self-confidence about their performance or their value within the company. It is interesting that in question twenty-two, which dealt with the feelings of contribution in the overall results of the company, people of that group answered that they do not feel that they are necessary for their department and they do not see any linkages between their job and the company’s performance. By and large, those people have feelings of dissatisfaction because they have a rather negative perception for their capabilities, worthiness, and the nature of their job. Furthermore, nearly all mentioned that they did not receive the recognition and praise they deserve. Thus, Herzberg’s theory stands in this case of the lower employees, as people stress that they need the financial rewards, the “hygiene” factors, but only if the had the intrinsic factors they could have been led to extreme satisfaction.

Thus, the most important motive for them is the financial payments and the bonus schemes. Second in their list are the interpersonal relations and the recognition of their contribution from the manager. At that point, it should be mentioned that many times people did not express the real thoughts and feelings in the interviews. That was revealed from contradicting views on related issues. A quote of an assistant illustrates this fact: “The employees feel more fear that freedom and control than autonomy”, (Mary, 30). As a result, the impression of the researcher is that one of the most influential motives at this level is praise for their work; the recognition of their contribution not only from their manager but also from their peers.

So, people of this group feel rather defensive and confused by the changes taking place in the company. It seems that they need an enforcement of their self-esteem rather that a bigger bonus. The fact that their work is repetitive, monotonous and with little responsibilities and creativity leads them to be focused on the financial rewards. In addition to that, is the absence of recognition and praise from the upper level of management. It is obvious that, as already mentioned, in jobs where boredom is developed, higher payments are very important as workers hope to find their satisfaction outside their work, as McGregor (1985) has argued. Furthermore, it is clear that because of the fact that this group is not satisfied by the financial rewards it cannot go higher on the “Maslow’s ascending scale” (1954) of needs. So, for them it is vital to have better financial rewards but the stronger motives are the non-financial rewards. Additionally, this group of employees appear to support the Armstrong and Murlis (1998) view when they talk of expectancy theory and they consider money to have an instrumental role and to be the most tangible method of recognizing the contribution of the employees while, non-tangible rewards are considered to be the strongest motivators.

Finally, in order to maximize their job satisfaction they need more autonomy and responsibilities, wherever this is possible. They consider working environment and positive working relationships vital for their satisfaction and happiness. The need for training and individual improvement shows that the company has people with unexploited capabilities at its first level and this provides some evidence of the substantiation of motivational theories and especially that of Herzberg’s (1968), as employees emphasized the factors that can give them extreme satisfaction (the intrinsic ones), when talking for the most influential motives. So, utilization of the junior staff to its maximum potential will create many advantages for the firm.

4.2 Middle Management

The middle management consists of two levels of management: the lower, which is closer to level one (the group discusses above), and the higher level, which is closer to the senior executives. In some questions middle managers had a consensus but in some others there was a division of opinion. This is a result of managers’ perceptions of their role in the firm, their power and their link to the top management. Particularly, managers from both levels gave the impression through their answers, of not feelings an important part of management.

A noteworthy observation shows that middle managers have their own timetables and goals. Only a few feel real commitment and this engagement to the organization has been usually created through strong interpersonal relations with people from the top-management team. This was mostly demonstrated by the managers of the merged Greek forms (LL and EP) who used to have closer relationships with the owners.
The managers coming from the British multinational placed emphasis on their career and their personal goals. Through this example it is evident that the different sub-cultures create discordance among the middle managers.

However, as mentioned, the majority of managers at that level have their personal timetable to follow, their personal goals and objectives and their own motives. It is interesting to consider their age (an average of 38 years) which shows that they are going through a crucial period of their career path, as they build up a better future, with the prospects to be a part of the top-management team. Thus, the commitment is not towards the firm but mostly towards their personal ambitions. Furthermore, they are quite self-confident of their qualifications and their contribution to the overall result of the organization.

By and large, the divided opinions of the middle managers are obvious even in relation to their rewards and job satisfaction. Half of them admit being satisfied by their financial rewards and the way that they are calculated. It seems that they receive more satisfaction from non-financial rewards like the status of their position within the organizational chart. In that case, the factors that influence their job satisfaction are those that strengthen their image within the labor market, colleagues and family. So, similarly, as in the first level, the motivation theories are sustained even for the middle managers. Those people, who obviously are in a better financial position, directly recognize their need for intrinsic factors to maximize their job satisfaction. That means that they have already covered the first and more basic needs of their hierarchy and aim to higher needs (Maslow, 1954).

They are also inspired by the product, which is characterized by them as “highly spiritual and sophisticated”, the company’s power within the international market and of course the development and growth of the company within the Greek market. The challenge for them is that PR is new in the local market and therefore they are the ones who will position the firm as one of the leaders within this new market. Additionally, they have a very positive approach towards their work as they feel that it is a means of self-expression, it matches with their personality and they enjoy the communication and creativity.

Still, they mentioned that they do not receive any recognition from the management, and this is a result of the transitional stage of the firm, which causes disorganization and absence of formal procedures, such as evaluation and appraisal. So, it is obvious that their motivation emanates from non-financial aspects of the job and more qualitative issues like growth, development, promotions, interpersonal relationship and faith in the consolidation of the firm as one of the most powerful players in the local market. So, at this point Herzberg’s theory obviously exists (Herzberg, 1968). The factors that would give middle managers more satisfaction are the intrinsic ones. Furthermore, the very crucial point is that work itself can lead to extreme satisfaction (Herzberg, 1968).

Finally, nearly all of the middle managers believe in the functions of a human resource department and they argued that the informality of the procedures, the lack of clearly defined criteria of job evaluation and job descriptions, the existence of nepotism can be de-motivators. For them, financial issues cannot be de-motivators but mostly non-financial matters can create dissatisfaction, specially, the inconsistencies on teams and conditions and the vagueness of reward policies have generate feelings of mistrust and disbelief. They believe that this is a result of the mergers and all the changes that the company is going through at this time. At this point, it is evident that in PR and in the case of middle managers, there is no “new pay” approach. As mentioned in chapter two, in the “new pay philosophy”, organizational objectives and policies should be clearly and sharply defined and measured so that the reward system serves the organizational goals and there is a congruency between the strategies.

Obviously in PR, reward policies are not clearly defined and the middle managers are not aware of this significant information. This fact reduces their feelings of commitment as they might feel excluded and thus put less effort in their jobs.

Therefore, the particular reward system is not effective for them as it is not explicit, definite, and outright. It is interesting that some implied that this vagueness is a purposive strategy on behalf of the top-management. Apparently, it is counterproductive when the managers feel like that and the general impression is that everybody has an “expectancy attitude” in order to see whether policies and strategies are likely to be defined, unambiguous and equal for everybody.
It is essential to mention that issues of inequity did not appear as de-motivators. Despite the fact that nearly all stressed the existence of differentials and unfairness in payments, they also mentioned that this is expected because of the merger of three different rewards systems. Furthermore, they mentioned that they are willing to contribute to the policy debate on pay as the participation could provide them with more satisfactions and make them more productive. Additionally, they use market rate to make comparisons for their position, as Thorpe and Holman (2000) have stressed, and they expect that internal equity is likely to come, after the company passes this transitional stage. The majority of managers expect that after two or three years they will see their expectations to be met and their ambitions to be fulfilled.

4.3 Senior Executives

The senior executives’ level consists of the directors and the vice-president. The noteworthy observation about that level and the interviews is that did not follow the predetermined interview design. It was obvious, even at this level that there is a division in cultures within PR and the endeavors the bridge the gap among the different groups. It is interesting to mention the fact that, the sales director comes from the merged multinational (S) and his attitude towards his work, his subordinates and the company is very different than those of the production director and the vice-president who come from the traditional Greek companies (LL and EP).

Those coming from the Greek companies seemed more affective with their people, with a low – profile and an evident focus on the interpersonal relations with their employees and an emphasis on communication and the friendly environment. In contrary, the director coming from another multinational is more focused on the strict deadlines and fast pace of work, evident that he has been working to a highly competitive environment.

In general, PR executives are satisfied with the financial rewards and benefits they receive. They claim that their financial rewards, benefits and their share options can provide them and their family a comfortable life. The non-financial rewards are also satisfactory, as they receive recognition from the management of the parent company and their responsibilities are wide. They are self-confident about their contribution to the company and that gives them more job satisfaction. At that level it is very important to mention the approach toward the nature of the job. The vice-president and the directors emphasized the feelings of “self-completion” they receive from their jobs and furthermore, they stressed that their work itself give them great satisfaction as it is a part of their own personality.

As far as the motives are concerned, the executive level identified a combination of multiple factors, which is likely to maximize their job satisfaction. Because of the fact that they have high expectations from themselves, financial rewards are not the case. They are very concerned about the nature of the work itself, their responsibilities, the status and the prestige they acquire. Subsequently, one of the most important factors of job satisfaction considering that they have a competitive rewards package, is their working environment, their relations within the company as well as the position of the company within the market. So, they seem inspired from the qualitative aspects of the job and not the quantitative.

Although the rewards system is designed in order to motivate and satisfy, it does not seem to be effective. Yet, the vice-president admits that the vagueness of policies is really a disadvantage for the management but he considers this to be a result of the changes caused by the mergers. Obviously, even at that level they have an expectancy stance and they place their expectations on the promising prospects of the company within the Greek market. The challenge for them is that the company is changing and they believe that the result is likely to reward them. So, they are motivated by the prospects and they have faith on the strategies of the company.

Additionally, they argue that rewards cannot bring them or the employees closer to the organizational culture and goals. Mostly the personal relations and the feeling of achievement can provide this commitment. The rewards should show the appreciation of the individual’s contribution to the company goals and that creates greater satisfaction and a better working environment, as people feel that they are respected. The senior executives argued that the rewards are a means of control and a tool of attracting new, qualified employees as well as to retain the good ones. The problem at this point is that there is not any link between the strategies of the company, and that verifies the previous observation of absence in strategic
approach to rewards. It seems that senior managers are “muddling through” the human resource functions and especially the rewards, as argued by Smith (1992).

Finally, by linking the motivational theories with the senior executives’ motivation, it is evident that the fact that they have covered their lower order needs leads them to seek a qualitative combination of intrinsic factors of satisfaction. Furthermore, their present position has provided them with confidence and self-esteem as they know how to achieve tasks, building teams, exercise “inspirational” leadership. Hence, as mentioned earlier, the challenge for senior executives is within intrinsic factors of job satisfaction. Holding with Patton’s (1961) view on executives’ remuneration, mostly non-financial rewards have a significant role for them and “status” is the most powerful executive motivation.

5. CONCLUSIONS

It was found that the absence of a human resource department can be the origin of many problems within an organization that is developing in size and operations. In the particular case study this fact shows that there is a “black hole” in the company which causes disorganization as well as untrustworthy informal human resource procedures. It was found that, as in theory, so in practice, there is a gap between rhetoric and reality seeing that there is no strategic approach to rewards and human resource management. The “new pay philosophy” of Lawler’s (1990) seems to remain within the pages of management’s handbooks while managers are “muddling through” as Smith (1992) has argued and the research has revealed.

Furthermore, there is a presentation of the lower level of employees who are not satisfied by the financial rewards they receive. This corroborates Herzberg’s (1968) and Maslow’s theories (1954), as people that are financially weak and are not satisfied from their work need to fulfill these initial needs in order to ascend to the higher needs. So, when financial rewards are less than expected, they can be a factor of job dissatisfaction but when people are satisfied by them their payments are not a factor influencing satisfaction. It was found that strong motives are the non-financial rewards, such as recognition, achievement and personal growth, which as in theory, can be used for long-term development, growth and not only short-terms results. In order to maximize their levels of satisfaction people of the lower stage mostly emphasize on interpersonal relationships and working environment.

It was evident that when ascending the management ladder, people express their satisfaction from their rewards as well as their benefits and emphasis on prospects and future promotions. This creates feelings of job security and along with the possibility to be promoted and reach a higher management level can create commitment and give job satisfaction. The motives for that higher level are: more participation and the notion that they are perceived as a part of the top-management team; formal or informal affirmation of the prospects; recognition of their contribution to the overall results. The maximization of their job satisfaction is likely to occur with the fulfillment of their needs and requirements for participation, job security but also with nice and friendly interpersonal relationships and working environment as seen from Robbins’ factors for job satisfaction (Robbins, 1998).

At the higher management level, the executives are satisfied with the rewards that they receive but they are focused on other aspects, which motivate them and provide them with job satisfaction. The center of attention for senior executives is on the work itself and the status they get, as was also argued by Patton (1961). They consider their job as a part of their personality and they have feelings of “self-completion” through their job. Thus, as they have covered their lower needs and they have a comfortable family, they look for more qualitative factors of job satisfaction, as confirmed also from Maslow (1954). First in their priorities is status, the profile and power of the company within the market, the “inspirational” leadership and after that, there are the working environment and the interpersonal relations. The motives at those levels are the best possible working conditions along with a satisfaction package but it seems that executives are mostly self-motivated.

The reasons, for which organizations design effective reward systems are found in the literature as the way to attract, retain and motivate employees. In the particular case study it was discovered that PR does not emphasize so much in the best possible reward package, as it offers promising prospects and a radiant future for its employees. That means that people who work in PR are mostly focused on the prospects that the company offers rather than the actual present payments they receive, because PR is developing within a
new market. So, employees as well as managers believe that in the near future they will be rewarded for their faith in the company and its prospects. Still, from that point of view, the rewards system that already exists serves the company’s interest as they can recruit well qualified employees with the focus on the prospects and not so much on the rewards. Although the rewards system is not congruent to the company’s overall strategy, which aims for the top position within the market (and that means to be also a pay leader), it seems to be effective for the management but not for the lower levels. In fact, it is a matter of expectations. The lower level’s expectations are not met through the particular rewards system whereas the top-management has obviously designed the particular system so that their own expectations should be met. Therefore, the rewards system is effective for the higher level but not for the lower level within the organization. This conclusion is also related to the previous observation where it was shown that the lower level of employees are not satisfied from what they receive whereas in the higher level there is an acceptance on the same issue.

Finally, the last concluding remark deals with the equity theory. It was noticed that people of all levels did not raise the point of inequity. Though, everybody has observed the inequities they consider this as a consequence of the changes within the company. Furthermore, people compare their payments to the average market rate and so much to the others of the same company. This observation is quite opposite to equity theory which considers inequity to be one of the most significant factors of dissatisfaction; this particular case study is a unique case as it captures a crucial transitional stage in company’s development.

Though, an obvious suggestion for future research is a replication of this study using the analytical framework in another environment, preferably one with a more stable organization and context. This will improve the literature on rewards systems and job satisfaction in organizations that have more effective rewards systems, more formal procedures and a successfully operating human resource department. This approach might reveal more explicit conclusions about the effectiveness of rewards systems and the priorities of the employees in order to acquire ob satisfaction, within a less unstable and volatile environment and with one prevailing culture.

Further research may also be conducted by using quantitative methods of gathering and analyzing data. Such an approach is likely to measure crucial factors and the best remuneration package for employees in the particular setting and in a certain culture.

### Table 1: Grouping Executive Level (Level Four)

<table>
<thead>
<tr>
<th>NAME</th>
<th>AGE</th>
<th>POSITION</th>
<th>EDUCATIONAL BACKGROUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>John</td>
<td>58</td>
<td>Vice-President</td>
<td>BA in Enology, France</td>
</tr>
<tr>
<td>George</td>
<td>48</td>
<td>Sales Director</td>
<td>BA in Economics, Athens</td>
</tr>
<tr>
<td>Chris</td>
<td>40</td>
<td>Production Director</td>
<td>BA in Chemistry, Athens, Msc in Enology MBA</td>
</tr>
</tbody>
</table>

### Table 2: Grouping Middle-Managers (Level Three)

<table>
<thead>
<tr>
<th>NAME</th>
<th>AGE</th>
<th>POSITION</th>
<th>EDUCATIONAL BACKGROUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jim</td>
<td>34</td>
<td>Account Manager</td>
<td>BA in Economics, Athens</td>
</tr>
<tr>
<td>William</td>
<td>39</td>
<td>Financial Control Manager</td>
<td>BA in Management and Accounting, Athens</td>
</tr>
<tr>
<td>Peter</td>
<td>46</td>
<td>National Key Account Manager</td>
<td>Diploma in Business Administration</td>
</tr>
<tr>
<td>Ilias</td>
<td>54</td>
<td>Regional Manager</td>
<td>BA in Accounting</td>
</tr>
<tr>
<td>Konstantinos</td>
<td>33</td>
<td>Group Brand Manager</td>
<td>BA in Geoponics, Msc in Food Marketing, Msc in International Business</td>
</tr>
</tbody>
</table>

### Table 3: Grouping Middle-Managers (Level Two)

<table>
<thead>
<tr>
<th>NAME</th>
<th>AGE</th>
<th>POSITION</th>
<th>EDUCATIONAL BACKGROUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stathis</td>
<td>34</td>
<td>Attica Key Account Manager</td>
<td>BA in Information Technology, Athens MBA</td>
</tr>
<tr>
<td>Marinios</td>
<td>37</td>
<td>Area Manager (Ouzo)</td>
<td>BA in Business Administration, Peiraeus</td>
</tr>
<tr>
<td>Kate</td>
<td>32</td>
<td>Promotion Manager</td>
<td>BA in Athens Msc</td>
</tr>
<tr>
<td>Panos</td>
<td>42</td>
<td>Area Manager Attica</td>
<td>BA in Engineering</td>
</tr>
</tbody>
</table>
Table 4: Grouping the Front Line Employees (Level One)

<table>
<thead>
<tr>
<th>NAME</th>
<th>AGE</th>
<th>POSITION</th>
<th>EDUCATIONAL BACKGROUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Genny</td>
<td>25</td>
<td>Marketing Assistant</td>
<td>BA in Communication, UK</td>
</tr>
<tr>
<td>2. Sofie</td>
<td>30</td>
<td>Assistant Finance</td>
<td>High School</td>
</tr>
<tr>
<td>3. Mary</td>
<td>30</td>
<td>Sales Assistant</td>
<td>BA in Marketing and Advertising, Athens</td>
</tr>
<tr>
<td>4. Paul</td>
<td>30</td>
<td>Assistant Financial Control</td>
<td>BA in Economics, Peiraeus</td>
</tr>
<tr>
<td>5. Mary</td>
<td>28</td>
<td>Saleswoman</td>
<td>BA in Economics, Athens</td>
</tr>
<tr>
<td>6. Stefanie</td>
<td>30</td>
<td>Sales Analyst and Assistant</td>
<td>BA in Athens</td>
</tr>
<tr>
<td>7. Katrin</td>
<td>40</td>
<td>President and Vice-President Assistant</td>
<td>BA in Business Administration, Msc in HRM</td>
</tr>
</tbody>
</table>

Table 5: Question 13

“What other elements can help you to maximize your job satisfaction?”

<table>
<thead>
<tr>
<th>LEVELS</th>
<th>ANSWERS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. More responsibilities</td>
</tr>
<tr>
<td></td>
<td>2. Participation in the decision-making</td>
</tr>
<tr>
<td></td>
<td>3. Working Environment</td>
</tr>
<tr>
<td>LEVEL ONE (one to nine)</td>
<td>4. Interpersonal Relations</td>
</tr>
<tr>
<td></td>
<td>6. Potential Promotion</td>
</tr>
<tr>
<td></td>
<td>7. Development Within the Company</td>
</tr>
<tr>
<td></td>
<td>8. Training</td>
</tr>
<tr>
<td></td>
<td>9. Transfer to New Department</td>
</tr>
<tr>
<td></td>
<td>10. Promotion Prospects</td>
</tr>
<tr>
<td></td>
<td>13. Status/Prestige</td>
</tr>
<tr>
<td>LEVELS THREE &amp; FOUR (thirteen to fifteen)</td>
<td>14. Recognition</td>
</tr>
</tbody>
</table>

Table 6: Question 14

“Do you feel that payments and rewards are equal to all employees?”

| 1. Consequences of the Merger |
| 2. Seniority                  |
| 3. Educational Level          |
| 4. Status within the Market   |
| 5. Competition (strong CV)    |

Table 7: Question 18

“Can you tell me the five most important motivators in deciding to have this job in the particular company?”

| 1. The Position offered |
| 2. The Products of the Company |
| 3. Company’s Profile within the Global Market |
| 4. The Prospects of the Company within the Greek Market |
| 5. The Nature of the Job (e.g. communication) |
| 6. The Autonomy Provided |

Table 8: Question 17 and 19

“Do you consider financial or non-financial rewards to be the strongest motivator?”

“Do you think that financial of non-financial rewards can be de-motivators?”

<table>
<thead>
<tr>
<th>MOTIVATORS</th>
<th>DE-MOTIVATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bonus Schemes</td>
<td>1. Flat Salary</td>
</tr>
<tr>
<td>2. Recognition and Praise</td>
<td>2. Low Salary</td>
</tr>
<tr>
<td>3. Freedom and Autonomy</td>
<td>3. Lack of Recognition and Praise</td>
</tr>
<tr>
<td>4. Interpersonal Relationships</td>
<td>4. Lack of Communication</td>
</tr>
<tr>
<td>6. Promotion within the Company</td>
<td>6. Unfriendly Interpersonal Relationships</td>
</tr>
<tr>
<td>8. Company’s Profile</td>
<td>8. Vague Terms and Conditions</td>
</tr>
</tbody>
</table>
RULES OF REGULAR BONUS FOR 2008

<table>
<thead>
<tr>
<th>PEOPLE ENTITLED:</th>
<th>All the employees and workers, except for specific cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAXIMUM AMOUNT:</td>
<td>1 month of basic salary</td>
</tr>
</tbody>
</table>

**BASED ON PERFORMANCES:**

- **Company Performance:** Based on Budget given by PR Europe
  - Company performance will be judged only on Pretax Profit
  - Any significant change of perimeter during the year will be taken into consideration

- **Individual Performance:** Judgment on specific targets given at the beginning of the year and personal behavior.
  - The targets have to be given to Managing Director
  - The employee will be rated by the hierarchic responsible between 5 levels of satisfaction:
    1) Very Performant 1
    2) Performant 2
    3) Satisfactory 3
    4) To improve 4
    5) Poor Performer 5
  - Performance will be proposed by Director and finally approved by Managing Director

**CALCULATION:**

- The bonus will be calculated as a combination of company and personal performance, in order:
  1) To give part of the bonus to meritant people even if company fail to reach its target.
  2) To limit the bonus of people who did a poor performance even if company reached its target.

**EXAMPLES:**

A. The company reaches 95% of the target,
   Then:
   1) very performant people receive 70% of the bonus,
   2) people who failed, receive only 10% of the bonus.

B. The company reaches the target,
   Then:
   1) very performant people receive 100% of the bonus,
   2) people who fail receive only 40% of the bonus.

**PEOPLE ENTITLED: MAXIMUM AMOUNT:**

- salesmen 150
- supervisor 210
- regional directors 375
- key account 375

**BASED IN INDIVIDUAL PERFORMANCE:**

- **1st quarter:** Basis trade receivables at the 28th of February
  
<table>
<thead>
<tr>
<th>% collected before 30th of June (and check date expired):</th>
<th>% bonus received</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;= 95%</td>
<td>100%</td>
</tr>
<tr>
<td>90 &lt;= x &lt; 95%</td>
<td>75%</td>
</tr>
<tr>
<td>85 &lt;= x &lt; 90%</td>
<td>50%</td>
</tr>
<tr>
<td>&lt; 85%</td>
<td>0%</td>
</tr>
</tbody>
</table>

- **2nd quarter:** Basis: volumes on specific brands

<table>
<thead>
<tr>
<th>Sales Volumes: % reached</th>
<th>% bonus received</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;=100%</td>
<td>100%</td>
</tr>
<tr>
<td>95 &lt;= x &lt; 100%</td>
<td>75%</td>
</tr>
<tr>
<td>90 &lt;= x &lt; 95%</td>
<td>50%</td>
</tr>
<tr>
<td>&lt; 90%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: PR Hellas, July 2008
REFERENCES


