

EMPLOYEE SATISFACTION AND THE URGE FOR INTRINSIC REWARDS



MASTER THESIS

AUTHOR: MARK VELDHOEN

STUDENT NUMBER: 413374

SUPERVISOR: DR. K.E.H. MAAS

CO-READER: PROF. DR. E.A. DE GROOT

ERASMUS UNIVERSITY ROTTERDAM

ERASMUS SCHOOL OF ECONOMICS

ACCOUNTING, AUDITING AND CONTROL (ACCOUNTING & FINANCE)

FEBRUARY, 2016

ABSTRACT

With the upcoming interest in intellectual capital, motivating and satisfying employees is becoming more and more important. On the other hand, performance can be improved when upgrading satisfaction levels. In order to effectuate this, reward structures needs to be optimized and adjusted towards employees' needs. This paper tests whether changes in demanded rewards are notable, and in particular whether intrinsic rewards are more desired nowadays, it investigates whether proper rewarding is in place and tries to explain (possible) alterations in, by employees, requested intrinsic rewards. Research is done through analysis of a, in May/June 2015 distributed, survey in the Netherlands. The results of this study imply that intrinsic rewards have become more important during the last ten years. Both employees demand more and firms tend to compensate more intrinsically-motivated rewards. Also, results prove that alterations in the amount of intrinsic rewards offered have the strongest influence on changes in job satisfaction levels, compared with other extrinsic and perceived equitable rewards. However, the actual cause of the increased interest in intrinsic rewards by employees remains (mostly) unclear. Although regression output suggests that the financial crisis and increase in internet-usage have influenced this change in some way.

Keywords: Employee satisfaction, intrinsic rewards, financial crisis, internet-usage, education

PREFACE

During the last five years I gathered both academic and practical insights in multiple aspects of the studies Business Economics and Accounting & Finance. The educational findings I gained throughout these years have resulted in the master thesis that is laying in front of you.

This thesis wouldn't made possible without the help of several people. In particular, I would like to thank Dr. K.E.H. Maas for her guidance and critical feedback during all phases of this study. On the other hand, I would also like to thank my family and friends for their help in the last five years.

Rotterdam,

February, 2016

TABLE OF CONTENTS

ABSTRACT.....	2
PREFACE	3
1. INTRODUCTION.....	6
2. LITERATURE OVERVIEW.....	8
2.1 Reward Systems.....	8
2.1.1 Tangible vs. Intangible and Monetary vs. Non-Monetary Rewards.....	9
2.1.2 Fixed vs. Variable Rewards.....	10
2.1.3 Intrinsic vs. Extrinsic Rewards	10
2.1.4 Elements of Reward Systems	11
2.2 Objectives of Reward Systems	13
2.2.1 Firm’s Perspective	13
2.2.2 Employee’s Perspective	19
2.3 Effect of Job Satisfaction	20
2.4 Antecedents of Job Satisfaction	22
2.4.1 Age and Tenure.....	22
2.4.2 Gender.....	22
2.4.3 Education	22
2.4.4 Demography	23
2.5 Rewards in Practice	23
3. HYPOTHESIS DEVELOPMENT	25
3.1 Need for Intrinsic Rewards	27
3.2 Causes of Alterations	28
3.2.1 Education Effects	28
3.2.2 Financial Crisis Effects.....	30
3.2.3 Internet-usage and Social Awareness Effects.....	31
4. RESEARCH METHODOLOGY AND DATA OBTAINING	33
4.1 Research Methodology.....	33
4.2 Data Collection.....	34
4.2.1. Data Obtaining	34
4.2.2. Sample Profile	35
4.2.3. Variable Measurement.....	35
5. RESULTS.....	38

5.1 Modifications in Remuneration..... 38

5.2 Expectancy Theory 39

5.3 Alterations in Requested Rewards 42

5.4 Demand for Intrinsic Rewards 43

6. CONCLUSION AND DISCUSSION 45

6.1 Limitations and Future Research..... 47

6.2 Contribution to Existing Literature..... 48

REFERENCES 49

APPENDIX A – NUMBER OF STUDENTS WITHIN THE NETHERLANDS..... 54

APPENDIX B – AWARENESS OF POVERTY 55

APPENDIX C – KOF INDEX OF WORLDWIDE GLOBALIZATION 56

APPENDIX D – LIBBY BOXES..... 57

APPENDIX E – SAMPLE PROFILE 58

APPENDIX F – VARIABLE MEASUREMENT..... 59

APPENDIX G – VALENCE COMPONENT 61

APPENDIX H – SPSS OUTPUT 62

1. INTRODUCTION

More shareholder value can be created when improving employees' job satisfaction levels (Ittner & Larcker, 2003). Through its effect on work motivation (Pool, 1997), job satisfaction indirectly influences the amount of effort contributed by an employee, which eventually increases job performance (Karatepe et al., 2006). Therefore, in order to continuously improve job performance, investigating further exploitation of job satisfaction remains interesting.

In their Motivational model (Figure 2, p.16), Lawler and Porter describe three drivers of employee satisfaction; (1) perceived equitable rewards, (2) intrinsic rewards and (3) extrinsic rewards. Whereby extrinsic and perceived equitable rewards are motivated throughout extrinsic rewards, like base salary and days-off. While intrinsic rewards are distributed via self-motivated tasks, such as a proud feeling after completing or during the completion of a complex task. At first sight, extrinsic rewards seem to be the easiest way to motivate employees because it's less complex to just increase a subordinates' paycheck instead of creating an "abstract" reward, like a proud feeling.

However, the effectiveness of rewards, in terms of work motivation and job satisfaction, depends on the value that an employee places on the received reward(s) (Lawler, 1993). This is mostly dependent on the needs that can be fulfilled when receiving those rewards (Deci et al., 2001). Following Maslow's Hierarchy of Needs (Figure 3, p.19), seven different needs can be categorized, with a distinction between needs that can and cannot be fulfilled via the use of money (Lawler and Porter, 1963). Whereby the most essential needs (in terms of surviving) are safety, biological and physiological needs, which can easily be obtained when having sufficient cash. The remaining needs (esteem, cognitive, aesthetic and self-actualization needs) cannot be bought (easily), are mostly stimulated through intrinsic rewards and require effort, such as social interaction and time.

Since the early 1970's, no significant research is done in the field of job satisfaction (Steers et al., 2003). However, the rise of the "new" economy, where intellectual capital became more important than ever, might have changed this (Thurrow, 1992; Steers et al., 2003). Sequentially, through its effect on work motivation (Pool, 1997), effort (Karatepe et al., 2006) and eventually employee-added value (Ittner and Larcker, 2003), satisfying employees is now more important than ever. Leading towards well-known initiatives like Google's headquarters which, for example, includes massage rooms. Initiatives like these are meant in order to lower the gap between work obligations and a social life. Consequently, work is now

more seen as enjoyable instead of tedious (hrtrendinstitute.com)¹. It is therefore very likely that these alterations in the work-life balance caused changes in both demanded and offered remuneration packages. Deloitte's 2015 Human Capital Trends report emphasize the ongoing changes in demanded rewards, and in particular the growing importance of intrinsic rewards, such as learning & development and culture & engagement. Leading towards a (supposedly) new balance structure of the three antecedents described in Lawler and Porter's Motivational model.

Nevertheless, in order to understand what might have caused such an (predicted) alteration in rewarding structures, it's interesting to study the, in my opinion, three most significant events of the last ten years; (1) the rise in educational levels (Appendix A, p.54), (2) the rise in internet penetration and overall usage of the internet and (3) the financial crisis of '08 and subsequent recession. It is thinkable that each of these three events, and especially the consequences of these events (e.g. more skilled workers, lack of real-world social interaction and increased awareness in other non-monetary rewards), caused alterations in the rewards demanded by employees working in the Netherlands. This thesis investigates whether Dutch employees now demand more intrinsic rewards, compared with ten years ago, and if any of the earlier described three events participated in these (conceivable) alterations, by answering the following research question:

“Does the financial crisis, improved educational levels and increased use of internet caused an increase in demanded intrinsic rewards by employees working in the Netherlands?”

The following chapter presents an overview of all significant literature for this thesis. This section describes the objectives of reward systems and the (in)direct effects and antecedents of job satisfaction on performance. Second, chapter three describes the hypothesis development in detail. The fourth chapter contains descriptions of the research methodology and data collection of this study. Chapter five presents the results. And at last, chapter six provides a conclusion and discussion, presents the limitations and sums up possible openings for further research in this topic.

¹ <http://hrtrendinstitute.com/2014/11/29/9-emerging-hr-trends-for-2015/>

2. LITERATURE OVERVIEW

Firms always tend to create more and more shareholder value. One possible way to do so is by improving employees' productivity and therefore their contributing value (Ittner & Larcker, 2003). This is visualized in Ittner & Larcker's (2003) causal model (Figure 1), which illustrates the drivers of strategic success. This thesis investigates if employee satisfaction can be improved via alterations in current rewarding systems. Whereas a reward system is defined as all procedures, rules and standards associated with the allocation of benefits and compensation to employees².

This chapter contains an overview of leading research and literature in reward systems and job satisfaction. Starting with a description of the most significant types of rewards being issued in paragraph 2.1. Second, paragraph 2.2 focuses on the main objectives of rewards, whereby a distinction is made between an agent's and principal's perspective. The third paragraph contains a literature overview of the several effects that improved or decreased job satisfaction has on multiple aspects of job performance. In the fourth paragraph, prominent research in the search for antecedents of employee satisfaction is summarized. And at last, the fifth paragraph visualizes the most common remuneration packages being used within the Netherlands.

2.1 Reward Systems

Following Lawler and Porter's Motivational model (p.16), rewards can satisfy employees, while increased satisfaction leads to more employee-added value (Ittner and Larcker, 2003). Different types of rewards can be issued. Prior research (Baker, 1992; Deci et al., 2001; Lazear, 2000; Presslee et al., 2013; Stumpf et al., 2013; Van Herpen et al., 2005) imply different types of rewards, a reward can be tangible or intangible,

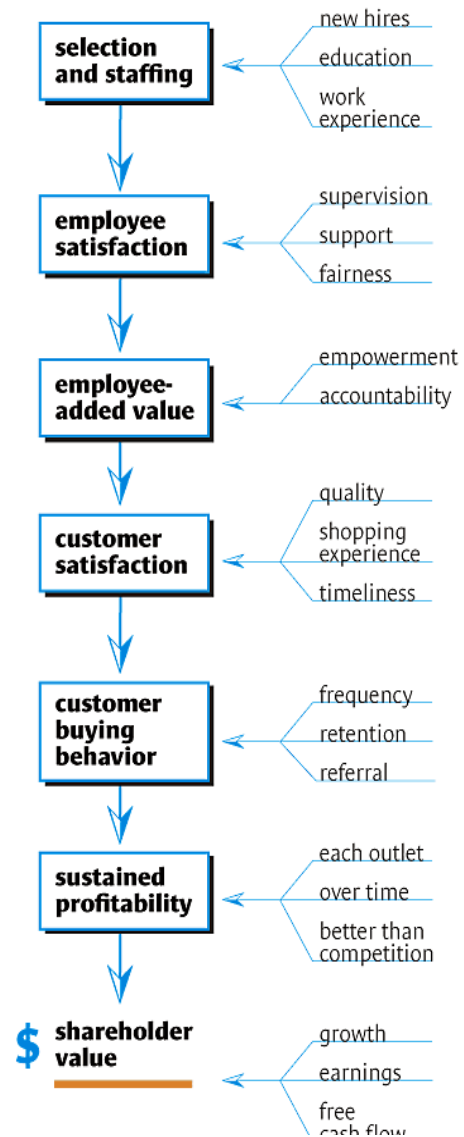


Figure 1: Job Satisfaction's Indirect Effect on Shareholder Value, Ittner and Larcker (2003)

Copyright © 2003 Harvard Business School Publishing Corporation. All rights reserved.

² <http://www.businessdictionary.com/definition/reward-system.html>

extrinsic or intrinsic, fixed or variable and monetary or non-monetary. Tangible rewards are mostly issued in monetary form, such as pay. However, tangible rewards can also be delivered in non-monetary ways, like a leased car or mobile phone. Intangible rewards are always offered in non-monetary form. Well-known examples of these kinds of rewards are feelings during or after the completion of an activity (e.g. being proud), which are considered to be intrinsically motivated. But intangible rewards are also issued in extrinsic ways, like days-off.

Before going further with the explanation of reward systems, the difference between a reward and incentive needs to be addressed, as most people think that both are the same. In fact, this is not the case. Rewards are defined as something that you get after performing, where an incentive is the perception of getting a reward³. This means that incentives, according to its definition, are meant to motivate people. While rewards can be used to keep people satisfied. However, the second paragraph (p.13) describes several theories in the scope of employee motivation and satisfaction, and shows how closely both definitions relate to each other. Vroom's Expectancy theory (p.14) even argues that rewards are motivating employees directly. This suggests that incentives are irrelevant or that rewards and incentives can be applied as the same, even when having different definitions. Therefore I conclude that prior research in both the field of incentive- and reward-systems are valuable for this paper. Due to the similar effect rewards have on employee motivation, research in the field of incentive-based remuneration is considered to be just as noteworthy when understanding all aspects of reward systems.

2.1.1 Tangible vs. Intangible and Monetary vs. Non-Monetary Rewards

Clark & Wilson (1961) state that the incentive-system being used influences the organizational characteristics of a firm. They also categorize (in)tangible and (non-)monetary incentives in three different incentive types; (1) material, (2) solidary and (3) purpose incentives. Material incentives are described in Clark & Wilson's (1961) paper as: "tangible rewards that have a monetary value or can easily be translated into ones that have", such as cash. In line with the previous classification, material resources are; extrinsic, tangible and monetary, which can be offered in a fixed or variable way. Second, solidary incentives are known to be; intangible, offered intrinsically (but can be offered extrinsic, in theory) and are non-monetary or cannot be easily transformed into monetary incentives, like social feelings between colleagues. Purposive incentives are categorized as intangible, non-monetary and intrinsic (also, in theory it is possible

³ <http://www.differencebetween.com/difference-between-reward-and-vs-incentive/>

to offer them extrinsically) rewards but these arise “in the status ends of the association rather than from simple the act of associating”.

Following these three types of incentive systems, three different types of organizations are described in Clark & Wilson’s (1961) paper; (1) utilitarian, (2) solidary and (3) purposive organizations. At first, utilitarian organizations are known to focus more on the material incentives and do rarely implement solidary and purposive incentives. Within these organizations there’s a greater pressure to produce. Their main goal is to exploit the material resources that will provide incentives, for example at manufacturing firms. Second, solidary organizations are, as the name indicates, mainly based on solidary incentives that “include many service-oriented voluntary associations”. For example, a strong incentive of working at an university might be the easy association with other high-educated professors. It will be harder for these kind of organizations to provide appropriate incentives, as these incentives are known to be more abstract (e.g. prestige) and harder to obtain. Off course, the previous doesn’t mean that solidary firms don’t need to provide material resources, but it states that more weight needs to be placed on solidary incentives in order to fulfil their employees’ needs. Attracting good and capable employees for these kind of organizations depends on how they handle their solidary incentives. At last, the incentives within a purposive organization lay within the goal of an organization. For example, contributors (employees) of an organization like Friends of the Earth, that is fighting climate change, find their incentives in the realization of these goals and therefore less weight needs to be placed on other incentive-types, such as a monetary salary (material resource).

2.1.2 Fixed vs. Variable Rewards

Interest in performance (variable) pay has been on the rise since the beginning of the 21st century (Van Herpen et al., 2005). Using variable pay in reward systems is being questioned regularly (Baker, 1992; Bergstresser & Phillippon, 2003; Dale-Olsen, 2012). Variable pay might attract earnings management, as it becomes more beneficial to improve performance results (Bergstresser & Phillippon, 2003). On the other hand, variable pay negatively affects sickness absence (Dale-Olsen, 2012). Performance pay is also considered to be an useless performance measure for large publicly traded firms that are known to have very fluctuating firm values (Baker, 1992). However, Lazear’s (2000) findings imply that productivity can easily be improved when changing from fixed to variable pay-schemes.

2.1.3 Intrinsic vs. Extrinsic Rewards

Organisations also have to choose whether to offer rewards in extrinsic or intrinsic ways, whereby the difference lays within the type of motivation that is influenced by the reward. Within motivation in general,

a distinction between two forms of motivation can be made; intrinsic and extrinsic motivation (Ryan & Deci, 2000). Intrinsic motivation is defined as “the doing of an activity for its inherent satisfaction rather than for a separable consequence” (Ryan & Deci, 2000). The “reward” in this form of motivation lays within a feeling that someone gets after completing or during the completion of a task. For example, a proud feeling when a student submits his/her thesis. Intrinsic rewards show that work can be its own reward (Stumpf et al., 2013). On the other hand, extrinsic motivation “refers to doing something because it leads to a separable outcome” (Ryan & Deci, 2000). Extrinsic motivation is the part of motivation that is stimulated through extrinsic rewards. Previous paragraphs described well-known extrinsic rewards, which are mostly offered in monetary form (e.g. base salary and year-end bonuses).

In some situations, the presence of extrinsic rewards pushes intrinsic motivation away. This is known as the crowding-out effect, or Motivation Crowding Theory. The theory is based on Titmuss’ (1970) arguments about payment-procedures for blood donations, which were meant to stimulate the quantity of donations. Titmuss argued that implementing monetary rewards would result in fewer blood donations, as most people wouldn’t find it ethical to donate blood in exchange for money. Later on Deci & Ryan (1985) defined these arguments as the Cognitive Evaluation Theory. Hereby they made a distinction between expected and unexpected extrinsic rewards. According to Ryan et al. (1999), unexpected rewards don’t affect how intrinsically motivated someone is. While expected rewards do. Frey & Jegen (2001) added empirical evidence to Titmuss’ arguments and Ryan & Deci’s theory by finding both crowding-in and crowding-out effects in “a wide variety of areas of the economy and society”. In theory, a crowding-out effect can always occur. However, when a task requires for, or results in someone to be less intrinsically motivated, the likeliness of a crowding-out effect declines (Frey & Jegen, 2001). This suggests that for tasks which aren’t known to be very attractive and therefore provide fewer intrinsic rewards, like working at an assembly band or picking up garbage, the use of an extrinsic reward might be more effective. As in these scenarios, there is simply no intrinsic motivation that can be stimulated via intrinsic rewards (Lawler, 1970).

2.1.4 Elements of Reward Systems

It is debatable whether one reward-type or a mix of types is maximizing performance. Lawler (1993) describes in his *Design of Effective Reward Systems* that firms should treat reward systems the same as investment or project decisions: looking at it with a cost-benefit perspective. He states that “the key is to identify the outcomes needed in order for the organization to be successful and then to design the reward system in a way that these outcomes will in fact be realized”.

When designing the appropriate incentive system, multiple elements should be taken into consideration. Following Merchant et al. (2003), these elements are; (1) performance targets, (2) performance measures, (3) performance evaluations and (4) reward structures.

- (1) Targets

Differences between what kind of performance is getting rewarded are notable. In general, a firm can reward financial and/or non-financial performance. Financial performance is determined as performance in a monetary form, like EPS or profit/revenue performance indicators. While non-financial performance is determined by, for example, product quality or customer satisfaction. Target-setting is done to make sure that these goals are reached, as they direct attention and action to the requested task. Locke et al. (1981) argue the importance of the goal-performance relation in their theory of Goal-Setting. Stating that setting realistic, specific and challenging goals can be a positive influencer of motivation. Also, implementing deadlines may increase the effectiveness of target-setting (Lunenburg, 2011).

Targets can be set in budget and piece-rate form. Budget-related targets are met when general objectives are reached while using the same (or less) resources as allocated in the budget. On the other hand, piece-rate pay is done by rewarding performance “one on one”. Fisher et al. (2003) stated that budget-related targets are more efficient when stimulating performance.

- (2) Measurement & (3) Evaluation

In order to reward the progress made in terms of reaching targets, the progress needs to be measured. Distinction between subjective and objective measurement is made in prior literature. Bommer et al. (1995) define objective measures as direct measures of behavior, like production quantity. On the other hand, “subjective measures consists of supervisor ratings of employee performance”. Due to the existence of information asymmetry between the supervisor and employee, inaccurate, and therefore subjective, performance measurements might occur.

Information asymmetry might jeopardize employee performance. Later on, when explaining the Expectancy theory (p.14), a direct and positive relation between effort and rewards will be described. Over- or under-rewarding might complicate this relation, which might be caused by wrong evaluation (due to information asymmetry), as people expect a certain outcome following the effort they contributed. Both could result in a decrease in effort put in, as employees think the amount of effort doesn't say anything about the rewards issued.

- (4) Reward Structures

Reward structures relate to the performance made with the rewards received by the employee. Earlier are the many types (e.g. fixed vs. variable and monetary vs. non-monetary) of rewards described. The third paragraph of this chapter, and especially the subparagraphs motivation and satisfaction (starting at page 14), is explaining the positive relation between rewards and performance, as the use of rewards influence the level of motivation and satisfaction, and therefore effort provided by the employee.

2.2 Objectives of Reward Systems

Objectives of reward systems can be categorized into objectives based on firm's perspective and objectives based on employee's perspective. As the agency theory paragraph (p.11) will describe, both parties have different interests and motives. While firms are considered to be more interested in achieving goals such as maximizing shareholder value, employees are mostly self-interested and work in order to provide certain needs.

2.2.1 Firm's Perspective

An employee's job performance is driven on individual characteristics (e.g. skills, knowledge, experience, etc.) and the amount of effort an employee provide (Karatepe et al., 2006). While individual characteristics can be improved via, for example, increased education or better workers can be attracted when creating better working conditions (Lawler, 1982), the amount of effort is built on how motivated someone is (Expectancy theory). Consequently, Moynihan and Pandey (2007) state that motivation is partly influenced via job satisfaction. Which is in line with Platis et al. (2015) findings, who found a relation between employee satisfaction and performance. Concluding that the amount effort can be improved via increased motivation and satisfaction levels. Therefore, one of the main objective of a reward system, from a firm's perspective, is to attract and motivate (future) employees against the most appropriate cost possible (Lawler, 1993). As visualized by Lawler and Porter's Model of Motivation (p.19), employee satisfaction is determined by the way a firm rewards their employees.

On the other hand, rewards can be used in order to direct employees towards the firm's main objectives (agency theory). As most people are considered to be self-interested, it can be helpful to implement targets on firm objectives, which create benefits for employees after achieving those targets.

Work Motivation

An employee is hired to fulfill one or several task(s). In order to direct a person towards the tasks that needs to be done, (s)he needs to be motivated. Following Ryan and Deci (2000), to be motivated means “to be moved to do something”.

According to Stumpf et al. (2013), employee motivation is determined by both intrinsic and extrinsic rewards. Their statement is based on prior research that found a relation between a correct balance of both reward-types and positive signals of employee motivation, such as work engagement and the intention to stay. Lawler (1993) and Vroom’s Expectancy theory explain the connection between rewarding and motivating people. The Expectancy Theory suggests that effort is made in order to perform, while this performance results in a reward and the received reward satisfies a certain need. Eventually whenever the fulfillment of the need covers the effort made, it is considered as worthy by the employee. This theory can be split into three different components. Each component describes the relation between two elements. At first, the Expectancy Component is the extent of effect that effort has on performance. This component discusses whether the amount of effort put in, influences the performance made. Locke (1968) argued that goal-setting and goal-expectancy also mediates in this relation, as, “with all things being equal”, the higher the expectancy of success, the higher the performance. Also, more difficult goals lead to higher performance (Matsui et al., 1981). Where performance is a result of effort made, an employee’s effort can be increased by setting reachable but difficult goals (Locke, 1968). Second, the Instrumentality Component suggests that a reward (outcome) is issued after or during the performance. This reward can be intrinsically (feeling) motivated or extrinsically (paycheck) motivated. At last, the Valence Component can be described as the value that the employee places on the reward (outcome), this also determines the level of satisfaction, which will be described further in the next subparagraph. Consequently, the outcome, and therefore level of satisfaction, influences the level of motivation. Where more motivated people put in more effort in their jobs.

Moynihan and Pandey (2007) distinguish three significant aspects of work motivation; job satisfaction, job involvement and organizational commitment. In order to better motivate workers, improvement in at least one of these antecedents is needed. Moynihan and Pandley (2007) also found that “managers have varying degrees of influence over these different aspects of work motivation”, by stating that managers have the greatest influence on job satisfaction. Therefore, in the field of work motivation, most progress can be made when improving job satisfaction.

Job Satisfaction

Since the early 1930s, an increased focus in job satisfaction is notable. Starting with the Hawthorne-studies of Mayo, Roethlisberger and Dickson in 1933. Their findings implied that subordinates' productivity increased in cases where employees felt more "attention" from their supervisor. This noted increase in the importance of workers' feelings made a major contribution to the relevance of job satisfaction, as prior to this research subordinates in manufacturing firms were considered more as machines than as human beings. Now the feelings of these workers have become more important and productivity can be increased when increasing the level of attention, managers had incentives to listen to their subordinates.

Vroom's Expectancy Theory is famous for its conceptions about rewards and motivation. These rewards can be both intangible (proud feeling) and tangible (money). According to Lawler (1982), the function of a reward is to motivate people towards putting more effort in a task. In addition, rewards can be used to fulfill several needs, which will be described more deeply in paragraph 2.2.2 (p.19), and motivation, according to Deci et al. (2001), depends also "to the extent that they experience psychological need satisfaction", which emphasizes the importance of proper rewarding. Consequently, the level of satisfaction is determined on whether the actual reward does or doesn't match the up-front expectations and effort made, this is earlier described as the Valence Component.

Lawler and Porter made the Motivational Model in 1968, which was meant to visualize which rewards influence job satisfaction and how these rewards are reached. Figure 2 (p.16) shows that job satisfaction, according to Lawler and Porter, is driven via three kinds of rewards; (1) perceived equitable rewards, (2) intrinsic rewards and (3) extrinsic rewards. Whereas intrinsic and extrinsic rewards are influenced by performance accomplishments, such as reaching the prognosed sales target at the end of the year, but perceived equitable rewards aren't (e.g. standard salary). Consequently, intrinsic and extrinsic rewards can be seen as variable rewards.

Besides Vroom, Lawler and Porter's theory, Herzberg found another theory of job satisfaction in 1959, which provided a different view on satisfaction and how it is determined. His Motivator-Hygiene theory implied that job satisfaction and job dissatisfaction are two separate concepts. While there are drivers that only affect job satisfaction (motivators), such as growth and advancement, there are other factors that only result in job dissatisfaction (hygiene factors), like company policies and working conditions. In order to satisfy employees at an optimal level, a firm should try to minimize the drivers that cause job dissatisfaction and maximize the drivers that cause job satisfaction. In general, Herzberg's theory is similar to Vroom's Expectancy theory and Lawler & Porter's Motivational Model. Both positive and negative

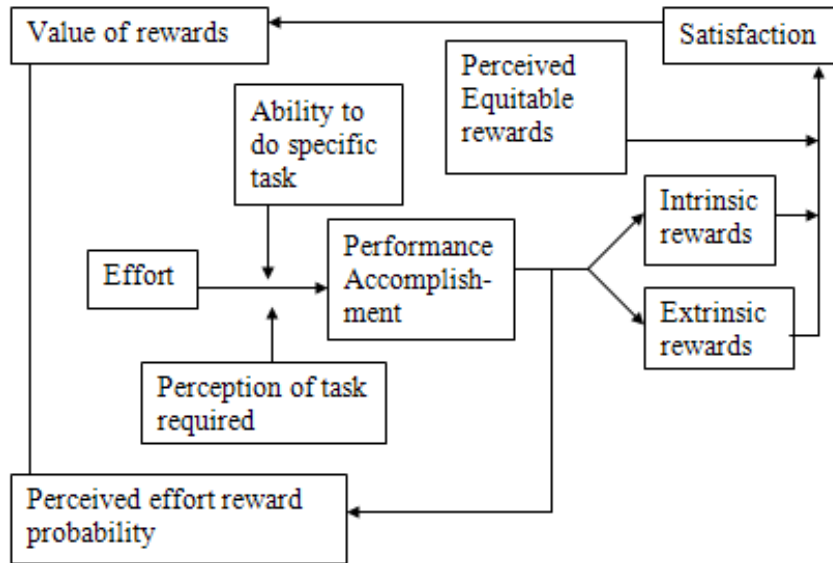


Figure 2: Motivational Model, Lawler and Porter (1968)

influencers can be placed in the three reward-types visualized in the Motivation Model. But Herzberg’s theory differs in the way these factors contribute to the overall satisfaction level. Where Lawler and Porter make no distinction between “positive” and “negative” factors, Herzberg does. Important to notice is that Herzberg stated that satisfaction and dissatisfaction are not opposites of each other. Resolving factors that result in job dissatisfaction, doesn’t result in job satisfaction. The idea is to eliminate factors that cause job dissatisfaction and create conditions for job satisfaction.

The impression that performance influences satisfaction via the use of rewards comes, according to Lawler & Porter’s Motivational model, from the suggestion that the amount of rewards increases the level of satisfaction. Also, employees are considered to be self-interest and want something in return for their effort (agency theory). The prospect of more (variable) rewards results in increased output of an employee (Lazaer, 2003). On the other hand, the Expectancy Theory argues that the idea of getting better rewarded is influencing the effort put in and therefore improves performance. So whenever a good performing employee is getting rewarded the same as a bad performing employee, the good performing employee feels undervalued and becomes dissatisfied. This disturbs the Valence component of the Expectancy theory, the better performing employee’s performance will drop because he probably feels under-rewarded and this employee’s output eventually becomes more or less the same as other (normally lower-producing) employees across similar rewarding levels.

As Lawler and Porter’s three determinants of employee satisfaction remain the same over time, the weight put on each of the three reward-types might have changed. Jobs that require lower skill and/or intelligence

might need relatively less intrinsic rewards and more extrinsic rewards, while jobs that require a higher set of skills and/or intelligence probably require more weight put on intrinsic rewards in order to satisfy employees (Lawler, 1970; Verhofstadt et al., 2007). The automation of processes became very popular with the rise of computer-usage, lower skilled tasks are processed more and more via computers. Resulting in relatively more jobs that require higher skill levels. Steers et al. (2004) describe the low contribution of academic research during the period 1970-2000 in the field of employee motivation (and eventually satisfaction) in their theory of the *Future of Work Motivation*, by noticing no major breakthroughs since Vroom's Expectancy theory (1964) and Locke (1968) and Lawler & Porter's findings (1967 and 1970) took place. However, Steers et al. (2004) state that "the new-economy" might change this, by way of an economy driven on e-commerce and globalization effects. Where a motivated workforce can be an important determinant of competitive advantage. These arguments were based on Lester Thurow's arguments in 1992, who stated that a firm's future success will mostly depend on the quality of its technology and its human capital, arguing that the need of further exploitation of human capital will result in more academic research in employee motivation and satisfaction.

Tymon Jr. et al. (2010) showed the increasing importance of intrinsic rewards during the last years. While investigating talent management in India, they found that by increasing intrinsic rewards, extrinsic rewards would become less relevant. For firms that offer more intrinsic rewards, by being more socially responsible and increasing the level of pride, it is less necessary to offer more extrinsic rewards. Also, providing more intrinsic rewards would result in increased likeliness of employee's to stay and in better perception of further career success, which is essential in talent management. The likeliness of employees to stay at the firm is influenced by and influencing job satisfaction. Morgan et al. (2013) studied job satisfaction under "frontline" healthcare workers, who are known to be rewarded with relatively low extrinsic rewards (e.g. long shifts and mediocre salaries) but high intrinsic (e.g. good feeling when helping people in pain) rewards. Their results indicate that intrinsic rewards are likely to influence job satisfaction, where extrinsic rewards (including perceived equitable rewards) are more likely to steer the intention to stay.

Agency Theory

Rewards can also be used to navigate employees towards certain directions (Lawler, 1982). This might be very useful in situations where the owners (shareholders) of a company have different interests than the subordinates, this is the so called agency problem. An agency relation is a relation between someone who hires (principal) and someone who is hired (agent) to complete a task. As the agent is, in most situations,

concerned with day-to-day practices, it is important for the principal that the agent is operating according to his interests.

Based on the idea that people are mostly self-interested, some steering via the use of rewards can turn out to be very helpful. Agency problems do mostly occur when the agent and principal have different approaches upon risk taking. While risk taking might be beneficial for agents, in terms of better returns, the principal is more likely to be risk averse, and vice versa. Another common problem between principal and agents are the differences in task-knowledge. Agents are operating tasks on a daily basis, while principals are mostly not involved within this process, they are considered to be less informed about how the process evolves. However, principals need to evaluate the agent's role in the process. Due to the fact that the agent is more informed, an information gap arises. It is therefore questionable whether the principal is enough informed to evaluate the agent as good as possible. Also, because it is most likely that the agent provides the principal with information.

A very well-known example of an agency problem was the fall of Enron in 2001. Employees, and mostly directors, were benefitting via their incentive system from a high stock price. In order to reach this higher stock price, directors used profit increasing accruals that boosted the stock price via its better than expected returns. Also, these accruals were based on false assumptions and not appropriate accounting was in place. While this short-term view resulted in temporarily higher stock prices, the reported figures of the prior year's needed to be adjusted in the following years, which resulted in lower stock prices at the end. After all, the required losses were too big and Enron suffered bankruptcy.

When dealing with agency problems, costs might arise. Jensen and Meckling (1976) define these agency costs as the sum of; (1) the monitoring expenditures by the principal, (2) the bonding expenditures by the agent and (3) the residual loss. Managers always tend to cogitate whether the benefits of resolving agency issues outweigh these costs. Hence, monitoring problems are sometimes ignored. Principals consider the necessary effort and equity not worth it. Which seems odd as Fauver & Naranjo (2010) found that firms with greater agency problems (larger information asymmetry, overall poorer monitoring and greater agency costs) indirectly, via its effect on derivative usage, influences firm value. Second, Fisher et al. (2002) found empirical evidence that budgetary slack was bigger under information asymmetry than under information symmetry. Despite budgetary slack might create some benefits (Davila and Wouters, 2005), managers tend to set budgets as tight as possible in all cases. So, the benefits of resolving agency problems go sometimes further than managers initially think.

2.2.2 Employee's Perspective

Earlier is described how firms tend to increase performance by directing, satisfying and motivating subordinates. In order to motivate and satisfy an employee, the firm has to listen to and understand the employee's wishes. An employee becomes satisfied whenever there needs are fulfilled (Deci et al, 2001). This might be the main reason why firms are used to offering money in exchange for an employee's services, through money can be easily transferred into goods and services needed for basic human needs (e.g. food and shelter).

Human needs can be categorized into different classes. On one hand there are social needs, like the need to know you're loved or appreciated. On the other hand, needs in terms of survival can be identified, such as the need to get the proper healthcare. Maslow (1943) defined these different classes in his Hierarchy of Needs, where the most important needs (in terms of survival) are specified at the bottom and the least important at the top. Figure 3 shows these needs. Also, Maslow (1943) stated that people tend to fulfil the



Figure 3: Hierarchy of Needs, Maslow (1943)

most important needs at first and when these are realized, they try to achieve the next on. Later on, Maslow expanded his pyramid by implementing cognitive and aesthetic needs.

At first, basic physiological needs (e.g. food and sleep) are considered to be the most vital needs for human beings, as no one is able to survive without them. The second most important need is defined as the need to feel protected and safe. However, the first two needs are mostly offered against low prices and can be obtained easily. Also, Dutch legislation tries, via the use of laws for mandatory healthcare, fixed (maximum) healthcare prices, social services (e.g. police and hospitals) and unemployment pay, to make sure that everyone is able to survive, no matter what your (financial) situation is. Once these two essential categories of needs are fulfilled, people try to obtain needs that result in accomplishments or social feelings, like the need for belongingness (love) and esteem. At the fifth and sixth level we find the, later (1970) implemented, needs to become educated and attractive. Or in other words, the need to know that you're valuable. At last, when all social and basic human needs are fulfilled, people try to become better in what they do. This need for self-actualization functions differently than all prior needs, as other needs are based on urgent feelings that you really need to have something. Like for example, the feeling that you need to have food or that you need to make friends. Therefore, Maslow described self-actualization more as a growth need, while prior needs were labelled as deficiency needs.

2.3 Effect of Job Satisfaction

Where motivation was earlier described as “to be moved to do something” (Ryan & Deci, 2000), satisfaction is about being (un)happy when doing something or the attractiveness of doing it (Lawler 1970). Lawler (1967) argued that satisfied employees are more likely to come to work, while a dissatisfied employee is likely to come less often to work. Therefore Lawler (1970) states that “satisfaction is an indicator of an employee’s motivation to come to work”. This was also visualized by Pool (1997), where a significant and positive relation was found between motivation and satisfaction. Stating whenever satisfaction increases, motivation will follow, and the other way around. Pool (1997) also argued that motivation is not a full predictor of satisfaction, other factors do also influence the level of satisfaction (e.g. leadership behavior, task substitutes and organizational structure). Being an indicator doesn’t mean that satisfaction is less important than motivation, as Lawler (1970) also states that an employee’s motivation is mostly driven on the “attractiveness of attending the job”. Consequently, Lawler (1967) argued that the level of employee (dis)satisfaction might not say anything about its performance. In fact, performance can be bad under satisfied employees and the other way around. Suggesting that employee

performance is determined via how (1) motivated and (2) skilled someone is and how (3) well someone understands his role in an organisation.

The discussion whether satisfaction influences performance directly, indirectly or not at all, goes back to the beginning of research in this area. Starting with Brayfield and Crockett (1955), who found no connection between satisfaction and performance. While later on, Bagozzi (1980) stated that his “evidence suggests that performance influences job satisfaction, but job satisfaction does not influence performance”. Since these contradictory findings, specifying this difficult relation is seen as the “Holy Grail of industrial psychologists” (Davar & Ranjubala, 2012). Edwards et al. (2008) sums up several theoretical explanations of the performance-satisfaction relation. At first, job satisfaction should influence job performance, whereby empirical evidence was found by Platis et al. (2015) by showing a strong relation between employee satisfaction and both self- and managerially-evaluated performance for people working in healthcare services. Second, Edwards et al. (2008) states, based on the prior described Expectancy theory (p.14), that performance on the job should influence job satisfaction and not the other way around, following Bagozzi’s (1980) findings. At last, employee satisfaction and job performance might also be reciprocally related. Empirical evidence was found by Koys (2001) who focused more deeply on the relation between employee satisfaction and profitability and customer satisfaction, whereby employee satisfaction is considered as one of the many outcomes of Human Resource Management. Koys (2001) showed that Human Resource outcomes positively influence both customer satisfaction and profitability. The direct relation between customer satisfaction and employee satisfaction is reciprocal, by way of customer satisfaction might also influence job satisfaction.

Improving job satisfaction does also have other positive consequences that are at first sight not considered to be beneficial for corporations, such as the mediating role it plays in the improvement of perceived general health (Yuan et al., 2014) and the predictive effect on burnouts (Dolan, 1987). Although these factors don’t contribute directly to workers’ productivity, average productivity increases when preventing sickness. There are many other factors which have similar effects on productivity and therefore Kaiser (2007) sums up these advantages of increased job satisfaction by stating that “job satisfaction is relevant for overall economic performance”.

On the other hand, job (dis)satisfaction says something about the way a firm rewards its employees, as visualized in Figure 2 (p.16). Whenever employees are dissatisfied, a firm is probably not rewarding their employees properly. Lawler (1970) pointed, in addition to these suggestions, out to earlier empirical evidence (Lawler & Porter, 1963) that stated pay would become less important to employees as they

become more satisfied with it. Meaning if pay is used correctly, other non-monetary rewards should be implemented in order to keep employees satisfied.

2.4 Antecedents of Job Satisfaction

Where the previous described theories mainly suggest three determinants (extrinsic, intrinsic and perceived equitable rewards) of employee satisfaction, many studies found other antecedents that contribute to the level of job satisfaction. Most focus within these studies was on individual (e.g. age, tenure, gender, education) and demographic characteristics.

2.4.1 Age and Tenure

Age is a strong predictor of job satisfaction (Bamundo and Kopelman, 1980; Bedeian et al., 1992; Lee and Wilbur, 1985). Lee and Wilbur (1985) stated that younger employees were more likely to be less satisfied because of their discontent regarding the intrinsic characteristics (e.g. work challenge, creativity and responsibility) of their jobs. Whereby they state that young employees, that have recently graduated, have certain expectations of these intrinsic characteristics in their future jobs. Compared to age, tenure is even considered to be a stronger predictor of job satisfaction, although this relation differs between men and women (Bedeian et al., 1992). When tenure increases, job satisfaction is likely to follow because of better understanding of the firm's performance evaluations (Lee and Wilbur, 1985).

2.4.2 Gender

Females report significantly higher job satisfaction levels (Clark, 1997; Kaiser, 2007) while PayScale⁴ stated men, when having similar jobs, skills and experience levels, earn slightly more (monetary rewards) than women in 2012. This suggests that women extract more intrinsic rewards from their jobs. On the other hand, satisfaction is mostly determined by expectations (Expectancy theory) and the expectations of women are easier to meet (Clark, 1997; Bender et al., 2005). Also, Clark (1997) states that gaps in job satisfaction levels between men and women is not found for younger and higher-educated workers. In addition, Kaiser (2007) found no gender-satisfaction differences in countries with "full" equality between men and women.

2.4.3 Education

Previous research (Ross and Reskin, 1992) found positive effects of education on higher expectations regarding the job (e.g. more control over work). Fabra and Camisón (2009) found significant indirect and

⁴ <http://www.payscale.com/gender-lifetime-earnings-gap>

direct effects of education on job satisfaction. Arguing that, when looking closer to the various dimensions of the job, different effects on job satisfaction are found. Stating that better educated workers are “more likely to access jobs with characteristics that provide greater satisfaction”, they (Fabra and Camisón) imply that better educated workers have more realistic expectations and are able to extract more intrinsic rewards (e.g. meaningfulness) from their jobs. On the other hand, better education also leads to more monetary rewards (Fabra and Camisón, 2009).

2.4.4 Demography

Van de Vliert and Janssen (2002) found differences within intrinsic job satisfaction across countries. However, demographic differences leading to variances in overall job satisfaction are mostly based on different composites of age, gender and education (Scott et al, 2005). These differences contribute to diverse outcomes when valuing jobs, that possibly lead to observed differences in job satisfaction (Magee, 2011). This is shown by variances in job-judgement between migration and foreign born workers (Magee, 2011), and in particular between Canadian- and Philippines-born employees working in Canada.

2.5 Rewards in Practice

Most focus in the Netherlands is on the variable-fixed remuneration package, where usually most weight is put on the fixed part. Also, compensation packages only based on fixed payments are popular under firms. However, research in 2010⁵ showed an increase in variable rewards in the Netherlands. The balance between variable and fixed pay was estimated, by this research, as 13-18% for variable pay. Nevertheless, big outliers are seen at major firms. For example, Shell’s CEO (Ben van Beurden) was rewarded with a variable (bonus) paycheck of almost €22m over 2014, compared to his fixed salary of €1.4m⁶.

However, while the public debate mostly focuses on the correctness of provided monetary (extrinsic) rewards, an increased focus on the effectiveness of intrinsic and non-monetary rewards can be recognized. Deloitte’s Human Capital Trends of 2015⁷ emphasize these ongoing changes in Human Resource Management, earlier pointed out by Steers et al. (2004) as the future of work motivation in the new-economy. In their report, Deloitte states that online networking platforms like Glassdoor and LinkedIn lowered the barriers of job-hopping. This shifted “the balance of power in the employer-employee

⁵ <http://www.hrpraktijk.nl/topics/loon-belonen/nieuws/variabel-inkomen-groeit-ten-opzichte-van-vast-inkomen>

⁶ Ben van Beurden was rewarded over the annual year of 2014 with a; standard fixed salary of €1.4m, annual performance bonus of €3.3m, pensionfund-addition of €10.7m and “tax-compensation” of €7.9m.

⁷ <http://www2.deloitte.com/content/dam/Deloitte/global/Documents/HumanCapital/gx-cons-human-capital-trends-2015.pdf>

relationship” and made “today’s employees more like customers or partners than subordinates”. On the other hand, Deloitte notice an increased importance in intrinsic rewards, by showing that the three most important global trends of 2015 are: (1) culture and engagement, (2) leadership and (3) learning and development. Also, Deloitte showed a lack of firms’ readiness on a global scale. Their figures imply that employees now ask for more intrinsic rewards than corporations currently can deliver.

The importance of correct intrinsic rewarding was also addressed by Powdthavee (2008), who stated that “an increase in the level of social interaction with friends and relatives is estimated to be worth up to an extra £85.000 a year”.

3. HYPOTHESIS DEVELOPMENT

Firms use rewards to satisfy employees (Motivational model, p.16). Rewards can also be used to direct employees towards certain directions (Agency theory, p.17). On the other hand, from an employee's perspective, a reward is considered useful whenever it covers an employee's needs. If an employee's needs are not covered adequately enough, the person becomes unmotivated and/or unsatisfied (Lawler & Porter, 1970; Lawler, 1993). This might lead to a decrease in effort put in and eventually towards diminishing employee performances (Vroom's Expectancy theory, 1964). It is therefore very important to fully understand a subordinate's wishes and needs, to be able to fulfill them properly.

For as long as we know, rewards are mostly offered in monetary form. Starting with the early existence of manufacturing labor towards the jobs we know nowadays. Despite the fact that the nature of work has changed over time (Deloitte's Report of Human Capital Trends of 2015), the kind of rewards offered are mostly the same. Salary has been on the rise over the years. In 1970, the average annual salary in the Netherlands was €5.559, this strongly increased towards €34.500 in 2013⁸. While monetary salary multiplied over six times, inflation was only 337%⁹ in this period. Concluding that the average Dutch employee is earning more and more salary over time. This increase in extrinsic rewards might be caused by a similar increase in cost of living. As stated before, rewards are meant in order to fulfil an employee's needs. If these needs have become more expensive, higher (monetary) rewards should be offered to remain employees at a required satisfaction/motivation level. Based on Maslow's Hierarchy of Needs (p.19), we can make a distinction between needs that can be and between needs that cannot be fulfilled with money (Lawler, 1963). In general, the most essential needs, in terms of survival, can be obtained via money. For example, needs like the need to eat, sleep, be healthy and to feel safe can all be bought. These are the so called safety and physiological needs. Purchasing power parities between 1985 and 2012 showed that Dutch people saw an increase in their wealth during this period¹⁰. Especially during periods between 1985-1990 and 1995-2002. Only after 2010, the purchasing power parity started to decline more heavily. Altogether, the Dutch Central Bureau of Statistics (CBS) noticed a 4.5 times increase in individual wealth during the last 50 years (CBS, 2014). Based on these significantly improved parities, I assume that it has become more easy for people working and living in the Netherlands to fulfill their needs, during the period between 1985 and 2012. Also, Dutch government has implement legislation in order to make sure

⁸ <http://www.gemiddeld-inkomen.nl/inkomens-vanaf-1970/>

⁹ <http://www.cbs.nl/nl-NL/menu/themas/prijzen/cijfers/extra/prijzen-toen-nu.htm>

¹⁰ Due to unmatchable data it is not possible to compare indexes prior to and after 2002, therefore graphs, provided by CBS, are used in this situation.

that everyone living in the Netherlands is able to fulfill the most essential basic human needs. Therefore laws for unemployment pay and mandatory health care are realized.

The previous suggests that, due to the significant increase in salaries reported by the CBS, Dutch people have become more wealthy over time. While at the same time, the cost of living increased at a lower rate. Resulting in increased purchasing power parities, which implies that it has become more easy to fulfill basic human needs, as described in the first two stages of the Maslow pyramid (p.19). Some theories try to explain why salaries rise over time. One of them is founded by F.A. Harper (1957), who states that wages rise consequently to increased output, showing a significant relation between GDP per hour and wages per hour in the period of 1910-1960. This theory strongly relates with Vroom's Expectancy theory (p.14), suggesting that more effort results in increased output and therefore more/better rewards. On the other hand, it is thinkable that salaries started to rise in order to contract better employees. The laws of supply and demand are also applicable to the labor market (smallbusiness.chron.com)¹¹, this could have led to increased wages as more competent employees are more desired. However, people might have become more capable and educated over time because of technological advantages and increased education levels. Therefore employees with average skills now, are just as capable as the more competent employees from years ago, leading to an increase in average wages.

Despite giving the exact justification of why salaries rose over time, it is debatable whether it was the appropriate approach. Due to increased purchasing power parities, it has become more easy to fulfill basic human needs for people living in the Netherlands. In fact, most of the basic life needs (e.g. food, drink and shelter) are already provided through government initiatives. The remaining needs of Maslow's pyramid can't be covered easily through the use of money. Therefore it is thinkable that increasing monetary rewards was not the proper approach. This might have led to better fulfilling of the first two stages of Maslow's hierarchy of needs. For example, people nowadays are buying luxury "survival" products, such as bigger houses. This increase in living standards made employees probably more satisfied and motivated, but was it as efficient as other rewards would have been? Wasn't it better to focus on other non-monetary needs?

The remaining (non-monetary) needs are needs for belongingness, esteem, cognitive, aesthetic and self-actualization (Figure 3, p.19). In general, needs can be categorized into needs that are fulfilled via the use of intrinsic rewards and needs that can be fulfilled via extrinsic rewards, or in some situations by a

¹¹ Retrieved from <http://smallbusiness.chron.com/laws-supply-demand-affect-labor-market-58242.html>

combination of both. As stated before, the “other” needs can’t be fulfilled via the use of money but can be via intrinsic rewards. Needs for belongingness can be fulfilled when creating a more friendly working-environment. For example by organizing more social events, like a monthly staff dinner. On the other hand, esteem needs can easily be provided by giving employees more responsibility.

Prior studies showed that more satisfied and motivated workers are more productive than others (Edwards et al., 2008; Herzberg, 1957; Koys, 2001; Platis et al., 2014). In order to maximize shareholder value, satisfaction levels need to be improved (Ittner and Larcker, 2003).

3.1 Need for Intrinsic Rewards

Research throughout the last five years emphasizes the importance of intrinsic rewards (Tymon Jr. et al. (2010)). Deloitte’s 2015 Human Capital Trends report shows that 14% of the surveyed non-HR business leaders evaluate their firm’s HR performance as underperforming, with an “average performance score of 1.32 on a five-point scale”. According to Deloitte this “should be setting off alarms in every HR organization”, implying that the balance between Lawler & Porter’s antecedents of job satisfaction is shifting and workforces now should focus less on extrinsic, and monetary rewards in particular, and more on alternative rewards (e.g. career development).

The HR Trend Institute prognoses these alterations in their “9 emerging trends for 2015” by stating work expectations of subordinates have changed. Where prior to 2015 money was the main driver, “people are now looking for a sense of purpose in work”. They (hrinstitute.com)¹² continue their argument by stating that work is now more seen as enjoyable instead of tedious. Some organisations anticipated on these trends by implementing new reward systems at an early stage. A leading example is Google’s headquarters in California, which has massage rooms, a basketball court, free restaurants and many more features within the office¹³. Initiatives like these are trying to fulfill other “non-monetary” needs. However, according to Deloitte’s capability gap index (2015 Human Capital Trends), the Netherlands can be seen as one of the leading countries in lack of readiness for the biggest trends in Human Capital management. Especially large negative scores¹⁴ were reached in trends around culture and engagement (-31), learning and development (-29), workforce capability (-40), performance management (-37), reinventing HR (-37), HR and people analytics (-41), people data everywhere (-24) and simplification of work (-38). This lack of

¹² <http://hrtrendinstitute.com/2014/11/29/9-emerging-hr-trends-for-2015/>

¹³ <http://www.dailymail.co.uk/sciencetech/article-2100879/Google-offers-rare-glimpse-inside-California-Googleplex-headquarters.html>

¹⁴ Deloitte’s capability gap is measured, on a scale from -100 to 100, by differences between readiness and importance for the 10 biggest trends.

readiness and growing importance for restructured remuneration packages, whereby more focus is placed on the fulfilment of other non-monetary needs provided through intrinsic rewards, could result in more unsatisfied workers, as Lawler and Porter's Motivational model (Figure 2, p.16) predicts in cases of wrong rewarding.

Based on the prognosed trends by Deloitte and the HR Trend Institute, I assume that employees now demand more intrinsic rewards. Therefore the first hypothesis is defined as:

H1: Workers in the Netherlands now demand more intrinsic rewards.

3.2 Causes of Alterations

As the first hypothesis predicts an increase in requested intrinsic rewards by workers operating within the Netherlands, it is interesting to study what have caused such an alteration. Events during the last decade might have contributed to differences in what employees want as compensation for their effort. During the last ten years I noticed three events that have changed, in my opinion, the way we live and work and the things we strive for.

3.2.1 Education Effects

A significant increase in Dutch students is notable. Between the academic years of 2004/05 and 2013/14, 26% more students were attending Dutch universities and applied universities (Appendix A, p.54). This increase in better educated workers might have led to differences in demanded rewarding packages. Better educated people get better quality jobs, in terms of less dangerous working conditions and workload, and more task-variety, job-related learning and job-complexity (Verhofstadt et al., 2007). Consequently this resulted in more intrinsic rewards, as more variety, complexity and personal development (job-related learnings) within the job are considered to be so.

Deloitte points out in their 2015 report of Human Capital Trends that organisations should integrate the (increased) skilled workers into talent programs, following the idea that better skilled workers are more likely to need more intrinsic rewards (e.g. meaningfulness and personal development). Deloitte also states that "the softer areas such as culture and engagement, leadership, and development have become urgent priorities" because "skills have become more specialized" and of "the increased competition in talent".

Verhofstadt et al. (2007) also found different perceptions of job satisfaction among differently educated workers, by stating that "when a lower educated worker obtains a job of good quality, his or her probability of being satisfied will be considerably higher than that of his higher educated counterparts, working in

exactly the same job". This might be due to different expectations of job-quality among diverse education levels. Whereby lower educated employees have lower expectations of job-quality and therefore are positively surprised when attending better-quality jobs. While, on the other hand, higher educated employees already expect better-quality jobs, resulting in a lower surprise effect. Suggesting that higher educated people expect more intrinsic rewards, leading towards an increase in requested intrinsic rewards when education levels rise.

On the other hand, the increased number of Dutch students raises concerns, as there are not enough high-quality jobs for graduates (intermediair.nl)¹⁵. Therefore some overeducated Dutch graduates are forced into lower-quality jobs. These kind of jobs provide a smaller amount of intrinsic rewards (Verhofstadt et al., 2007). Whereas the absence of sufficient intrinsic rewards might raise more awareness for intrinsic rewards among Dutch graduates and can result in an increased demand for intrinsic rewards. Also, Verhaest and Omey (2008) describe a negative relation between overeducation and job satisfaction, and suggest that the amount of rewards should be improved in order to compensate the lower than expected quality of jobs. However, they (Verhaest and Omey, 2008) studied the amount of monetary (non-intrinsic) rewards needed to remain job satisfaction at a required level and don't focus on the effect of improved intrinsic rewards. While Verhaest and Omey (2008) studied the "economic dynamics of overeducation", they indirectly found empirical evidence of Lawler & Porter's (1968) Motivational model, by stating that a reduction in job satisfaction can be recuperated via better/more rewards, whether these rewards are extrinsic or intrinsic. Therefore, I assume that overeducation resulted in an increased demand for intrinsic rewards among Dutch workers.

Consequently to the earlier studied effects of overeducation and increased education levels on job satisfaction and/or intrinsic rewards, I predict that an increase in education levels resulted in more requested intrinsic rewards by people working in the Netherlands. Therefore, the following hypothesis will be examined:

H2a: The overall increase in education levels caused an increase in employees' demand for intrinsic rewards.

¹⁵ http://www.intermediair.nl/carriere/een-baan-vinden/branches/wat-als-straks-iedereen-hoogopgeleid?utm_referrer=https%3A%2F%2Fwww.google.nl

3.2.2 Financial Crisis Effects

Possibly the most notable event of the last decade was the financial crisis of 2008. Lots of businesses, organisations and eventually employees were influenced by the economic crisis in some way. Masselink and Van den Noord (2009) accentuate the vulnerability of the Netherlands during global financial crises, by stating that “the export of goods and services amounts to about 80% of GDP, which is almost twice the European average”. As export figures are most likely to fall after, or in some cases during, a financial crisis (Ma and Cheng, 2005), the Dutch Central Bureau of Statistics (CBS) reported a 16% decrease in exported goods during 2009¹⁶. Most likely this contributed to the increasing Dutch unemployment numbers after the start of the financial crisis (2008), whereby the CBS showed an 22% increase in unemployment between the years of 2008 and 2009¹⁷.

On a more individual level, both Blanchflower and Oswald (1994) and Card (1995) found existence of a wage curve, which is defined as a “negative relation between wages and the unemployment rate in a worker’s local labor market” (Card, 1995). According to Investopedia.com¹⁸, “Labor Department statistics show that Americans are producing more goods than in previous years, but are being paid less for their work” after the financial crisis of 2008. Similar results are found in the Dutch labor market (Rtlnieuws.nl)¹⁹, whereby more wealth seems to go to stockholders, as wages are not fully following workers’ productivity improvements. These figures emphasize the actuality of the wage curve. Consequent to the increased Dutch unemployment figures, after and during the financial crisis of 2008, the growth rate of wages, or even average wages at all, declined over the last ten years.

While the financial crisis, and in particular unemployment rates, negatively affected the monetary rewards offered, organisations might have increased their focus on alternative rewards to remain workers satisfied. Extrinsic, and especially monetary, rewards are limited and even harder to provide during an economic crisis. Therefore, organisations could have altered their HR-programs towards less monetary-expensive rewarding tools. Lawler and Porter’s (1968) Motivational model (p.16) advocate three types of rewards; (1) extrinsic, (2) perceived equitable and (3) intrinsic rewards. Whereby intrinsic rewards require the least monetary resources. Therefore I assume that organisations, as a consequence of the financial crisis, have start to implement more intrinsic rewards in order to keep employees satisfied via a less cost-expensive

¹⁶ CBS export figures show 370.489 exported goods in 2008, compared to 309.369 exported goods in 2009.

¹⁷ CBS unemployment figures show 357.000 unemployed Dutch people in 2008, compared to 434.000 unemployed Dutch people in 2009.

¹⁸ <http://www.investopedia.com/articles/economics/09/the-impact-of-unemployment.asp>

¹⁹ <http://www.rtlnieuws.nl/economie/home/effect-crisis-harder-werken-minder-verdienen>

way. Linz & Semykina (2012) state that workers themselves are sometimes not aware of their need for intrinsic rewards, because of the idea that “workers may not necessarily identify them as desirable”. If this is the case, the possible increase in offered intrinsic rewards raised more awareness in the importance of intrinsic rewards among workers in the Netherlands. Therefore I assume that intrinsic rewards are on the rise:

H2b: The financial crisis of 2008 caused an increase in employees' demand for intrinsic rewards.

3.2.3 Internet-usage and Social Awareness Effects

Globalisation is defined as “The worldwide movement toward economic, financial, trade, and communications integration” (businessdictionary.com). The rise of the internet contributed to a leading step in the development of globalisation throughout the last decade. In particular, the internet created global markets accessible for even the smallest local firms, by generating worldwide trade, communication and advertisement openings against reasonable costs. During the last ten years, internet-usage in both well- and lesser-developed countries have significantly increased. EUROSTAT figures demonstrate a 36% increase in internet penetration during the period 2004-2013 within the Netherlands²⁰. Also, the average monthly time spent on the internet per user increased significantly from 611 in 2003 (Nielsen/Netratings)²¹ towards 2928 (98 minutes per day times 30.5 days) minutes in 2013 (Media Standaard Survey)²².

While internet communication might be a good and less time-consuming alternative to replace real-world social interactions when purely exchanging information, it is considered to be less useful when developing (Chan and Cheng, 2004) and sustaining social relationships (Cummings et al., 2002). However, different effects of internet-usage are noticed amid dissimilar purposes of its use. In cases where the internet was used in order to maintain real-life social contacts, no negative consequences on someone’s psychological well-being was noticed (Bessiere et al., 2010). People who were using the internet to meet new people were “associated with increased depressive affect overall...” (Bessiere et al., 2010). Carrier et al. (2015) shows how an expression like empathy is received differently in the virtual world, leading towards “a 5-6 times stronger relationship” when uttering the same feeling during real-world conversations. Also, according to Carrier et al. (2015), virtual world conversations cannot replace real-world conversations. Furthermore, technology, and in particular increased internet-usage, has made us less sociable

²⁰ <http://www.marketingfacts.nl/statistieken/channel/internet-en-mediagebruik>

²¹ http://www.marketingfacts.nl/berichten/bereiksonderzoek_internet_welkom_stir

²² <http://www.emerge.nl/nieuws/gemiddel-internettijd-96-minuten-per-dag>

(Wallstreetjournal.com)²³. This lack of socialness since the upcoming of the internet might have resulted in an increased demand for intrinsic rewards, as these rewards (e.g. friendly work environment) focus more on the social associations between coworkers and others than other monetary or extrinsic rewards do.

On the other hand, the internet contributed to the development of globalization, as internet-usage is considered to be a significant contributor of the KOF Index of Globalization²⁴. This might be due to lowered communication barriers provided by the internet. Nowadays we're able to contact people around the world in just a heartbeat. This might have resulted in more exposure to less wealthier societies and increased awareness of poverty around the world. When focusing on the 1980-2000 period, Appendix B (p.55) shows that "public awareness of poverty could be well at its historical peak" (Ravaillon at voxeu.org)²⁵. The KOF Index of Globalization Worldwide (Appendix C, p.56) displays similarities in growth during the same time-period. It is therefore thinkable that the public awareness in poverty has increased because of improved developments in globalization. However, no significant scientific research has yet proved this theory. If globalization truly contributes to poverty-awareness, further development, through increased internet-usage, in the last decade might have resulted in even more awareness among the public. This could possibly have led toward lesser requested extrinsic (monetary) rewards, as poverty figures might have made us aware of the idea that we don't need that much money to fulfill our basic human needs, as described in Maslow's Hierarchy of Needs (p.19). Consequently, a decrease in demand for extrinsic (monetary) rewards is notable. To remain the satisfaction levels at comparable points, an increase in demand for intrinsic rewards might be notable.

As both prior described theories predicts an increased demand for intrinsic rewards by employees in the Netherlands. These assumptions will be tested in the following hypothesis:

H2c: The increased use of internet, and the greater social awareness in poverty around the world, by employees caused an increase in employees' demand for intrinsic rewards.

²³ www.wsj.com/articles/is-technology-making-people-less-sociable-1431093491

²⁴ http://globalization.kof.ethz.ch/media/filer_public/2014/04/15/method_2014.pdf

²⁵ <http://www.voxeu.org/article/poverty-enlightenment-awareness-poverty-over-three-centuries>

4. RESEARCH METHODOLOGY AND DATA OBTAINING

4.1 Research Methodology

The research methodology used within this paper is based on Vroom's (1964) Expectancy theory (p.14) and Lawler and Porter's (1968) Motivational model (p.16). Vroom, and later Lawler & Porter, explain how employee satisfaction is determined by the extent of intrinsic, extrinsic and perceived equitable rewards. Therefore the following equation is fundamental for this research:

$$\Delta EMPL_SAT = \alpha + \beta_1 \Delta AIR + \beta_2 \Delta AER + \beta_3 \Delta APER + e \quad (1)$$

Changes within employee satisfaction ($\Delta EMPL_SAT$) are caused by changes in actual intrinsic (ΔAIR), extrinsic (ΔAER) and perceived equitable ($\Delta APER$) rewards provided by the company. However, the effect each reward type has on employee satisfaction is strongly influenced by the extent of rewards already provided (p.16). For example, if an employee feels that (s)he already has sufficient extrinsic rewards, increasing the amount of extrinsic rewards will not be as purposive as it will be when extrinsic rewards are limited. This means that each of the betas (β) used within equation (1) is mostly based on the rewards already provided and that β changes after every modification in the remuneration package. The empirical validity of the Expectancy theory has recently been tested across several industries (e.g. Chiang & Jang, 2008 and Lambright, 2010). However, as these studies only focus on the validity within one specific industry and studies including multiple industries are mostly done more than 30 years ago (e.g. House & Wahba, 1972), the Expectancy theory and Motivational model will be tested quickly via equation (1).

Based on the wide variety and high number of research papers that already proved the empirical validity of the Expectancy theory/Motivational model and/or the use of Expectancy theory/Motivational model antecedents as predictor of employee satisfaction, it is very likely that equation (1) will be proved again. If so, equation (2) will investigate whether demand for intrinsic rewards (ΔDIR) has indeed increased over the last ten years:

$$\mu_{\Delta DIR} > 0 \quad (2)$$

Subsequently, possible causes of alterations in demand for intrinsic rewards will be researched in equation (3). This will be done by testing the effect of each of the, earlier described, events separately on employee's demand for intrinsic rewards. Whereby changes in demand for intrinsic rewards are seen as the dependent variable and the specific event (*DIPLOMA or EDUCATION, FIN_CR and INT_USE or INT_EXPO*) as the independent variable. Besides these three events, other factors might have caused changes in employees'

demand for intrinsic rewards. It is essential to control for these factors in order to improve the internal validity of the model. Prior studies investigated several factors that might influence an employee's demand for intrinsic rewards. On the other hand, intrinsic rewards are expected to have a strong correlation with employee satisfaction. Therefore antecedents in the field of job satisfaction (p.22) are also taken into consideration. These antecedents are; age, tenure, job description, gender and promotion. Appendix D (p.57) visualizes the operationalization of hypothesis 2 through the use of Libby boxes. The following equations are set up in order to test whether one (or more) event(s) have influenced the assumed change in demand for intrinsic rewards:

$$\Delta DIR = a + \beta_1 DIPLOMA + \beta_2 EDUCATION + \beta_3 AGE + \beta_4 TENURE + \beta_5 JOB_DESCR + \beta_6 GENDER + \beta_7 PROMOTION + e \quad (3a)$$

$$\Delta DIR = a + \beta_1 FIN_CR + \beta_2 AGE + \beta_3 TENURE + \beta_4 JOB_DESCR + \beta_5 GENDER + \beta_6 PROMOTION + e \quad (3b)$$

$$\Delta DIR = a + \beta_1 INT_USE + \beta_2 INT_EXPO + \beta_3 AGE + \beta_4 TENURE + \beta_5 JOB_DESCR + \beta_6 GENDER + \beta_7 PROMOTION + e \quad (3c)$$

4.2 Data Collection

This research is focusing on motivational characteristics of people working within the Netherlands. Prior to this research, a dataset including the required variables was yet not available. Therefore a questionnaire was set up in order to obtain a proper dataset. Several studies have questioned the use of surveys for academic purposes. Especially the three kinds of measurement error (bias, random errors and correlated or systematic errors) are seen as big disadvantages of survey-usage. However, Andrews (1984) suggests that the effect and occurrence of these measurement errors can be minimized by better questionnaire design, such as implementing scale categories and short introductions prior to questions. All of these suggestions are, in order to improve the reliability and to minimize measurement errors' effect, implemented within this questionnaire. An overview of all survey questions can be found in Appendix F (p.59).

4.2.1. Data Obtaining

The survey was distributed online and filled in during May/June 2015. The distribution took place via acquaintances and former colleagues of mine. In order to improve the external validity of this study, I looked for respondents across different industries and with diversity in age and tenure. Initially 208 respondents participated in the questionnaire. However, several incomplete surveys caused a relatively

high drop-out rate of 31%. The cause of this high drop-out rate remains partly invisible. However the dataset exposed resemblances between not fully finished and finished surveys. This suggests that respondents, initially considered as drop-outs, came back in a later period and filled in completely new questionnaires. Therefore, in order to prevent double entries, only respondents that have fully filled in the survey are considered to be useful for this research. Also, this research is focusing on workers operating within the Netherlands. Respondents that didn't meet this criteria were removed from the dataset. The original number of respondents was 143, consisting 2 Dutch expats working abroad. Therefore the final dataset consists of 141 suitable respondents.

4.2.2. Sample Profile

Appendix E (p.58) shows various specifics of the sample profile. Of the 141 respondents, most participants are male (63%). Appendix E (p.58) reveals big differences within respondents' age. Most respondents are between 30 and 50 years old (60%), with a median age of 39. Also, most participants seem to have had multiple employers. As tenure details show a median tenure of 6.5 and most activity between 0-10 years. While working experience figures reveal much higher working experience in years (median of 18). On the other hand, while 39 participants disclosed to have less than 10 years of working experience, only 6 of them would classify themselves as junior. Most of the participants see themselves as senior (59%), and the remaining 52 as employee. 96 participants had a promotion during the last ten years, either internally or externally (switching between employers). And at last, Appendix E (p.58) shows a wide spread in education levels among respondents. Most participants obtained a degree at an university of applied sciences, while every participant at least finished secondary school.

4.2.3. Variable Measurement

Measuring the independent and dependent variables can be seen as one of the biggest challenges in this research. In most equations, these variables are non-numeric and do relate to "abstract" feelings that can't be measured easily, such as job satisfaction and the demand for intrinsic rewards. Especially the demand for intrinsic rewards and actually provided intrinsic rewards are considered to be very hard to observe. Linz & Semykina (2012) even address that intrinsic rewards are sometimes not even obvious to workers themselves, because of the idea that "workers may not necessarily identify them as desirable".

Several institutions, that are specialized in translating those conceptual variables into operational variables, made suggestions in how to deal with this issue. For instance, CPP (owner of the California Psychological Inventory) studied the measurement of four specific intrinsic rewards; meaningfulness, choice, competence and progress. CPP measures these intrinsic rewards by asking respondents how

strongly they (dis)agree to several statements. Based on a five-point Likert scale, numeric values can be appointed to intrinsic rewards. Common used scale anchors are: (1) strongly agree, (2) agree, (3) neutral, (4) disagree and (5) strongly disagree.

Another option to operationalize construct variables, like intrinsic rewards, is to expose participants to a task under varying conditions. By testing whether someone is still motivated to continue when a supervisor leaves the room or extrinsic rewards are left behind, the extent of intrinsic rewards can be measured. However, carrying out these free-choice experiments is very time-consuming and participants are hard to find. Therefore, measurement of intrinsic rewards took place via the approach specified by the CPP.

The CPP is measuring actually provided intrinsic rewards at the present time, while this research is focusing on both asked (by employees) and actually provided (by companies) intrinsic rewards. Also, this study tries to expose a possible change within actually provided and demanded intrinsic rewards between present time (2015) and ten years ago. Therefore I asked respondents if they experienced possible changes over the last ten years in these variables, as shown in Appendix F (p.59). Also, the five-point Likert scale is translate to a scale between -2 and +2 in order to separate negative and positive outcomes more easily. The actual value used for statistical analysis (*DIR* or *AIR*) is the average score of the four operational “sub-variables” for intrinsic rewards. An overview of all variables and survey questions used to measure them, is given in Appendix F (p.59)

In order to measure the other rewards used within the Expectancy theory, similar questions are used. The Expectancy theory makes a distinction between extrinsic and perceived equitable rewards. When applying the definition of extrinsic rewards (p.11), we find that both reward-types have extrinsic characteristics and can basically be categorized as one. However, this research is following the Expectancy theory and therefore classifies these reward-types into two separate variables. Classification takes place by separating extrinsic rewards into variables for primary and secondary elements of remuneration. Whereby primary elements (fixed annual salary) are seen as perceived equitable rewards and secondary elements (e.g. leased cars, vacation days and year-end bonuses) as extrinsic rewards. At last, in order to test the validity of the Expectancy theory on this dataset, the level of job satisfaction needs to be measured. This is done by using the, earlier described, five-point Likert scale on the statement showed in Appendix F (p.59).

The third equation (p.34) includes several control variables. Measurement of these variables is done via numeric entries for tenure, age and working experience. Job description (*JOB_DESCR*) is indicated via the use of three scales; (1) junior, (2) employee and (3) senior. For the remaining variables gender and promotion (during the last ten years), dummy variables are implemented. In case of measuring a

respondents gender, the value 1 stands for “male” and 2 for “female”. When measuring whether a respondent made promotion during the last ten years, the value 1 equals “yes” and 2 equals “no”.

The events that might have caused changes in the demand for intrinsic rewards are measured, in combination with a five-point Likert scale, via several statements. I assume that each event affects every respondent in a different way. It is important to estimate the extent of influence that every single event had on a respondent’s behavior, and test whether this change in behavior caused any change in the respondent’s demand for intrinsic rewards and eventually on the determination of job satisfaction in general. The focus, when measuring the effect of one of the events, is on the extent of impact the event had. This means that indications are based on how exposed a respondent was to a single event. Financial crisis effects (*FIN_CR*) were indicated following Hurd & Rohwedder’s (2010) working paper for the (American) National Bureau of Economic Research, which was focusing on the effect of the financial crisis on American households. Key effects in their working paper included changes in savings (spending), job security and overall confidence in the economy. Appendix F (p.59) shows how each of these effects are measured and operationalized (Appendix D, p.57) in this research paper. The actual value used for statistical analysis is the average score of the three operational “sub-variables”. Internet-usage effects are also measured on a five-point Likert scale applied to several statements. Respondents were asked whether they experienced an increase in internet-usage over the last ten years and if this increase resulted in more exposure to less-wealthier parts of the world. And at last, educational effects are measured by indicating whether a respondent obtained a job-related diploma during the last ten years and by indicating the highest obtained degree (Appendix F, p.59).

5. RESULTS

This chapter contains all findings of this research. The first paragraph focuses on alterations in the remuneration packages offered by organizations operating in the Netherlands. Second, the empirical validity of the Motivational model, and therefore the Expectancy theory, is tested in paragraph 5.2. The third paragraph indicates changes within requested rewards by employees. And at last, in order to understand what drives employees' request for intrinsic rewards, paragraph 5.4 is focusing more deeply on what might have caused these changes during the last ten years.

5.1 Modifications in Remuneration

People working in the Netherlands have become more satisfied about their working situation over the last ten years. Of the 141 participants, only 18 disagreed with the statement that their day-to-day working situation has become more satisfying. While 19 people stated they experienced strong increases in job satisfaction.

Also, firms seem to have extended their focus on intrinsic rewards. Of the three reward-types offered, actual intrinsic rewards, provided during the fulfilling of work-related activities, have increased the most. This is demonstrated in Table 1. Only 10 of the (141) surveyed employee's didn't experienced an increase in received intrinsic rewards. The perceived equitable rewards offered also increased over the last ten years. On average, on a scale from -2 to +2, this increase (0.5) wasn't as strong as the reported increase in actual provided intrinsic rewards (0.92). Extrinsic non-salary typed rewards increased the least during the last ten years. Over 60% (85 participants) didn't report an increase in received extrinsic rewards.

	Δ EMPL_SAT	Δ AIR	Δ APER	Δ AER
Mean	0.67	0.92	0.50	0.16
Median	1.00	1.00	1.00	0.00
Standard Deviation	0.87	0.49	1.01	1.10
Minimum	-1.00	-0.70	-2.00	-2.00
Maximum	2.00	2.00	2.00	2.00
Standard Error of Mean	0.07	0.04	0.09	0.09
Observations	141	141	141	141

Table 1: Descriptive Statistics Motivational Model

The actual provided intrinsic rewards are based on an average indication of the four most essential intrinsic rewards offered. Within these four intrinsic rewards, differences are notable. At first, results in Table 2 illustrate a strong increase in competence levels. Only 11 out of the 141 participants didn't experienced an increase in competence levels over the last ten years. Second, 81% (114) of the questioned people think that they're making faster progress on their job-related activities. Also, most people think that their work has become more meaningful, 72% of the surveyed Dutch employees report an increase in meaningfulness. And at last, 65% of the participants noticed more variety in their day-to-day work activities.

	Δ Competence	Δ Progress	Δ Meaningfulness	Δ Variance
Mean	1.13	0.96	0.85	0.73
Median	1.00	1.00	1.00	1.00
Standard Deviation	0.64	0.69	0.74	0.86
Minimum	-2	-1	-1	-2
Maximum	2	2	2	2
Standard Error of Mean	0.05	0.06	0.06	0.07
Observations	141	141	141	141

Table 2: Descriptive Statistics Actual Intrinsic Rewards

5.2 Expectancy Theory

Earlier is described why it's relevant to test whether the Motivational model applies to this dataset, and in particular whether intrinsic rewards can be seen as predictor of employee satisfaction. Table 3 (p.40) displays these results.

Following the results in Table 3 (p.40), the actual intrinsic rewards provided by an organisation is a predictor of employee satisfaction. Furthermore, compared with the two other determinants Lawler and Porter's Motivational model (p.16), prescribes, intrinsic rewards can be seen as, by far, the strongest predictor of changes within employee satisfaction. While the actual provided extrinsic rewards, such as days-off or a leased car, is a significant predictor according to Table 3 (p.40), the effect of changes in perceived equitable rewards (salary) firms offer on changes in job satisfaction during the last ten years is negligible.

All variables used within this regression are measured on a scale from -2 to +2. Without any improvements in the rewards offered, employee satisfaction seems to decline over time. As the constant coefficient is

negative (-0.170) and all (Lawler and Porter's) predictors are positive. However, these changes are measured over a 10-year time period and it is therefore debatable whether firms need to continuously increase rewards. Even without a strong relation between extrinsically-typed rewards, and in particular perceived equitable rewards, Vroom's Expectancy theory is proved again. Mainly because the R-squared indicates that Lawler & Porter's model fits the data.

Table 3 partly answers the research question by showing the importance of proper intrinsic rewards. Following the results, it seems that the most efficient way to influence employee satisfaction is by increasing ones intrinsic rewards. Also, Appendix H (p.62) includes full SPSS output of the Expectancy model, showing no multicollinearity problems with tolerance and VIF (Variance Inflation Factor) numbers within acceptable ranges for all independent variables.

	ΔEMPL_SAT
CONSTANT	-0.170 (-1.369)
ΔAIR	0.821*** (6.650)
ΔAPER	0.118 (1.503)
ΔAER	0.148** (2.062)
Observations	141
R-squared	0.403
Adjusted R-squared	0.390

*** correlation is significant at the 0.01 level (2-tailed)

** correlation is significant at the 0.05 level (2-tailed)

Table 3: Regression Output Motivational Model

However, section 2.2.1. (p.14) describes that employee satisfaction is not only determined by the extent of rewards a firm offers, but also by the value that an employee places on that reward, which is earlier described as the Valence component (p.14). There are several factors that might influence the value that an employee places on a reward. However, Lawler & Porter (1969) state that this value mostly depends on whether the rewards offered, covers the rewards wanted. Stating that people will ask for sufficient

rewards to cover their needs. The difference between rewards offered and rewards asked should explain the level of job satisfaction ($EMPL_SAT = (AIR-DIR) + (AER-DER) + (APER-DPER)$).

Nevertheless, this only works for “numeric” rewards, such as salary, where the provided rewards can be compared with the demanded rewards. For example, by comparing an actual monthly income of €3.000 with a demanded monthly income of €3.250. When actual provided intrinsic rewards were measured, the respondent was asked how much (s)he agreed to (a) certain statement(s). As the respondent is indicating the provided intrinsic rewards, (s)he already values it. Resulting in a lower or higher value of “actual” intrinsic rewards. Because it’s not possible to indicate the “real” actual intrinsic rewards without participation of respondents, the Valence component of the Expectancy theory cannot be tested in this research. However, the theory around the Valence component is still applied and regression output (Appendix G, p.61) shows that the requested intrinsic rewards have a significant effect on job satisfaction.

On the other hand, when studying the effect of every (tested) provided intrinsic reward on job satisfaction, Table 4 shows that making progress and finding your work useful are the biggest significant contributors to job satisfaction levels. This suggest that firms can make most progress by improving these two intrinsic rewards.

	$\Delta EMPL_SAT$
CONSTANT	-0.234* (-1.695)
$\Delta A_COMPETENCE$	0.169 (1.595)
$\Delta A_PROGRESS$	0.315*** (3.248)
$\Delta A_USEFULNESS$	0.296*** (3.126)
ΔA_CHOICE	0.212*** (2.742)
Observations	141
R-squared	0.331
Adjusted R-squared	0.311

*** correlation is significant at the 0.01 level (2-tailed)

* correlation is significant at the 0.1 level (2-tailed)

Table 4: Intrinsic Rewards on Job Satisfaction

5.3 Alterations in Requested Rewards

On average, all reward-types showed an increase in demand during the last ten years. Employees seem to postulate more rewards over time (Table 5). Especially demand for intrinsic rewards is on the rise. More than 80% (113 participants) stated they now want more intrinsic rewards in trade for their effort put in, compared with ten years ago. This proves hypothesis 1 (p.28), workers in the Netherlands now demand more intrinsic rewards. Also, most people experienced an increase in demand for perceived equitable rewards (55%) and extrinsic rewards (59%).

	Δ DIR	Δ DPER	Δ DER
Mean	0.76	0.55	0.59
Median	1.00	1.00	1.00
Standard Deviation	0.80	0.90	0.94
Minimum	-2.00	-2.00	-2.00
Maximum	2.00	2.00	2.00
Standard Error of Mean	0.67	0.76	0.79
Observations	141	141	141

Table 5: Descriptive Statistics Motivational Model (Demanded Rewards)

When focusing more deeply on the changes in requested intrinsic rewards, differences between specific intrinsic rewards are notable (Table 6). Most participants seem to emphasize the importance of task-variety, as 77% of the participants reported they now find task-variety more important. Second, 72% stated they find meaningfulness in their jobs now more important than ten years ago. Also, most people (67%) now want to make more progress on their jobs. And at last, 66% of the questioned Dutch workers find it now more important to be more competent in what they're doing.

	Δ Competence	Δ Progress	Δ Meaningfulness	Δ Variance
Mean	0.72	0.67	0.77	0.87
Median	1.00	1.00	1.00	1.00
Standard Deviation	0.95	1.04	0.97	0.90
Minimum	-2	-2	-2	-2
Maximum	2	2	2	2
Standard Error of Mean	0.08	0.09	0.08	0.08
Observations	141	141	141	141

Table 6: Descriptive Statistics Requested Intrinsic Rewards

5.4 Demand for Intrinsic Rewards

Through the effect of the Valence component, demand for intrinsic rewards (in)directly influences employee satisfaction (Appendix G, p.61). Table 3 (p.40) shows that the most efficient way to improve employee satisfaction is by altering the intrinsic rewards provided. On the other hand, Table 5 (p.42) confirms that employees are requesting more and more intrinsic rewards over time. In order to improve employee satisfaction via efficient rewarding, it is important to understand what caused changes in the request for intrinsic rewards. Section 3.2 (p.28) describes three events, during the last ten years, that might have influenced the determination of requested rewards. Table 7 (p.44) shows the output of the regression analysis of equation (3) that finds out which event(s) caused significant alterations in demanded intrinsic rewards.

The education level of the highest obtained degree didn't had a significant effect on changes in requested intrinsic rewards. Also, whether someone obtained a job-related degree during the last ten years, didn't caused any significant results. These results reject hypothesis 2a, an increase in educated workers had no significant effect on an employee's demand for intrinsic rewards during the last ten years. Second, the financial crisis had a significant negative ($\beta = -0.230$) effect on alterations in demand for intrinsic rewards. Stating that the more someone was exposed to financial crisis effects, the lower their demand for intrinsic rewards was. However, hypothesis 2b predicts a positive effect and can therefore be rejected. At last, internet-usage effects, measured by changes in internet-usage ($\beta = 0.142$) and exposure to less-wealthier societies ($\beta = 0.116$), had a significant and positive effect on requested intrinsic rewards. As hypothesis 2c predicts a positive effect, this hypothesis is proven.

Table 7 (p.44) shows a low R-squared value in all three regression models. Suggesting that other (non-included) factors influenced changes in requested intrinsic rewards. The control variables that were included are picked following prior literature (p.22) around the determination of intrinsic motivation and employee satisfaction. The results of Table 7 (p.44) show that the determination has changed over time. Other (not discovered) variables might have become more important over time. Also, Appendix H (p.62) includes full SPSS output of the regression models used for Table 7, and shows no multicollinearity problems with tolerance and VIF (Variance Inflation Factor) numbers within acceptable ranges for all independent variables.

	Δ DEM_IR	Δ DEM_IR	Δ DEM_IR
CONSTANT	1.449** (2.283)	1.557*** (3.139)	1.070** (2.203)
DIPLOMA	-0.046 (-0.255)		
EDUCATION	-0.38 (-0.474)		
FIN_CR		-0.230** (-2.416)	
INT_USE			0.142* (1.717)
INT_EXPO			0.116* (1.666)
AGE	-0.008 (-0.924)	-0.013 (-1.568)	-0.006 (-0.738)
GENDER	-0.060 (-0.425)	-0.101 (-0.725)	-0.075 (-0.542)
JOB_DESCR	0.161 (1.032)	0.135 (0.890)	0.174 (1.142)
TENURE	-0.008 (-1.140)	-0.006 (-0.898)	-0.011 (-1.524)
PROMOTION	-0.199 (-1.246)	-0.252 (-1.626)	-0.205 (-1.331)
Observations	141	141	141
R-squared	0.065	0.102	0.104
Adjusted R-squared	0.015	0.061	0.057

*** correlation is significant at the 0.01 level (2-tailed)

** correlation is significant at the 0.05 level (2-tailed)

* correlation is significant at the 0.1 level (2-tailed)

Table 7: Effect of Events on Demand for Intrinsic Rewards by Dutch Employees

6. CONCLUSION AND DISCUSSION

Prior studies prove the positive (indirect) effect of increased job satisfaction on overall employee performance (Dolan, 1987; Herzberg, 1957; Ittner and Larcker, 2003; Karatepe et al., 2006; Koys, 2001; Pool, 1997; Yuan et al., 2014). On the other hand, Lawler and Porter's Motivational Model (p.16) visualizes employee satisfaction's three antecedents, which are; extrinsic, perceived equitable and intrinsic rewards.

Firms increased their focus on intrinsic rewards during the last ten years. Over 95% of the participants stated that the amount of actual received intrinsic rewards didn't decreased during the last ten years. Results showed that all three reward-types increased on average (Table 1, p.38). Concluding that Dutch workers are rewarded more nowadays, with the biggest increase in intrinsic rewards. Just like the Expectancy theory predicts, this resulted in more satisfied workers. Regression results show significant relations between the actual provided intrinsic and extrinsic rewards, and alterations in job satisfaction (Table 3, p.40). Also, while the R-squared of the regression indicates that other factors might influence job satisfaction as well, the Expectancy theory was partly proven. However, the amount of actual intrinsic rewards a firm provides, can be seen as a strong predictor of job satisfaction. On the other hand, the number of requested intrinsic rewards seems to influence job satisfaction as well (Appendix G, p.61).

As the amount of requested intrinsic rewards influences the value an employee places on the provided reward, it is important to indicate whether changes in demand for these kind of rewards are notable. Table 5 (p.42) shows that people have been increasingly asking for more intrinsic rewards during the last ten years. Showing a relatively "mediocre" increase (0.76 on a scale from -2 to +2) in demand for intrinsic rewards. Compared with the other rewards offered, demand for intrinsic rewards have been on the rise the most.

The reason behind this increase remains partly unclear. None of the implemented control variables showed significant results. Also, the tested events didn't all had the prescribed effect. Education levels and newly obtained diploma's didn't significantly influenced the determination of requested intrinsic rewards. This is not according prior research (Verhofstadt et al., 2007; Verhaest and Omey, 2008) studying educational effects on job satisfaction and requested rewards. Verhofstadt et al. (2007) claims that better educated workers expect better-quality jobs. While this is not stated in their (Verhofstadt et al., 2007) research, these expectations of better-quality jobs might be due to the idea that better educated workers think they're more capable of doing more complex tasks than the average job requires and therefore think they deserve to be rewarded with better/more rewards, as pointed out by Verhaest and Omey's (2008)

when studying the effects of overeducation. With more and more people obtaining higher degrees, the average level of education is rising. A degree has almost become mandatory in order to get a job. It is thinkable that this happened to influence expectation levels of (prior thought) better educated workers, as these workers are now considered to be “average”. Resulting in lowered expectations of intrinsic rewards by people with higher degrees. This might be one explanation of the negligible effects of education on requested intrinsic rewards.

On the other hand, the financial crisis had a significant negative effect on changes in demanded intrinsic rewards, while this event was predicted to have positive effects. Hypothesis 2b predicts that due to the idea that firms became less capable to provide monetary (extrinsic and perceived equitable) rewards, they now tend to focus more on alternative rewards that require not so much monetary resources. The Motivational model and Expectancy theory implies that offering lesser or less growth in rewards throughout the years would decrease job satisfaction levels, therefore increasing interest in intrinsic rewards might be notable. However, this was not the case. Once more, Deci et al. (2001) findings might be more important than was expected when developing this hypothesis. More specifically, the financial crisis and the consequent rise in unemployment rates might have resulted in lowered expectations of expected rewards. It is thinkable that when employees see their friends and colleagues lose their jobs and become financially unstable, they start valuing the job that they have even more. This might have resulted in a slight (uncontrolled) boost in job satisfaction levels. Therefore, extra compensation via intrinsic rewards, which could function to recuperate the effects of the lowered growth in monetary rewards, was not necessary during this event.

However, Table 5 (p.42) shows a relatively high average increase in requested intrinsic rewards and there must be factors which caused such an alteration. One of these factors was the increased use in internet. And consequently, more exposure to less wealthier societies, also had a significant and positive effect on the requested intrinsic rewards by employees.

These, above described, findings contributed to the answer of this paper’s research question. Which was earlier formulated as:

“Does the financial crisis, improved educational levels and increased use of internet caused an increase in demanded intrinsic rewards by employees working in the Netherlands?”

To conclude, Table 8 (p. 47) displays all hypothesis outcomes, it shows that the amount of intrinsic rewards demanded by employees working in the Netherlands has significantly increased during the last ten years.

However, the financial crisis and improved educational levels didn't contribute to this increase. In fact, the financial crisis even negatively affected the number of requested intrinsic rewards. Although weak evidence (α at the 10% level) is found in Table 7 (p.44), the overall increase in internet-usage did influenced the amount of intrinsic rewards demanded by Dutch employees.

<i>Hypothesis</i>	<i>Predicted Effect</i> (Δ DIR)	<i>Actual Effect</i> (Δ DIR)	<i>Accepted</i>
1: Workers in the Netherlands now demand more intrinsic rewards.	+	+	YES
2a: The overall increase in education levels caused an increase in employees' demand for intrinsic rewards.	+	NO EFFECT	NO
2b: The financial crisis of 2008 caused an increase in employees' demand for intrinsic rewards.	+	-	NO
2c: The increased use of internet, and the greater social awareness in poverty around the world, by employees caused an increase in employees' demand for intrinsic rewards.	+	+	YES

Table 8: Outcome Hypotheses

6.1 Limitations and Future Research

Table 7 (p.44) shows very low R-squared values for all three regression models, suggesting that other (non-included) factors contributed to the increase of demanded intrinsic rewards by Dutch employees. The true cause of this increase therefore remains unclear. However, the purpose of this study was not to identify this true cause, but to test whether the most notifying events of the last decade contributed to this (up-front supposed) alteration in requested intrinsic rewards. These reported low R-squared values also highlight the importance of understanding all aspects and possible antecedents for requested intrinsic rewards, as no significant research has yet done this. This study also shows that the number of intrinsic rewards provided (Table 3, p.40) and requested (Appendix G, p.61) strongly influences employee satisfaction levels. Therefore, future research clearly needs to focus on finding the true drivers of these demanded intrinsic rewards, where prior research mainly focuses on creating awareness for intrinsic rewards, none of them really tries to understand all aspects of these kind of rewards in a way as happened when employee satisfaction became more important.

On the other hand, this research is limited to the (seemingly) four most essential intrinsic rewards. This is following the CPP institute, who studies intrinsic rewards on a regular basis. However, none is yet known about other intrinsic rewards. No research is found that studies the most effective intrinsic rewards, or

tests what factors influence every single intrinsic reward. It might be that these other intrinsic rewards have different relations with the three tested events and job satisfaction.

However, one important remark on this study's findings needs to be made. This research doesn't say that rewarding employees via intrinsic rewards is more effective than other rewards. In fact, it shows how changes in intrinsic rewards have more effect on alterations in job satisfaction than any other reward-type has. This relation is supposed to be strongly influenced by the amount of rewards already in place. It is therefore highly likely that different results can be found in less wealthier countries, because of the fewer monetary (extrinsic) rewards in place. Future research can investigate whether the amount of monetary rewards in place mediates in the relation tested in this paper.

Another limitation of this research is the absence of valid testing for existence of the Valence component, as described on page 41. While Appendix G (p.61) still proves that the extent of requested intrinsic rewards strongly influences job satisfaction levels, no true empirical evidence of the Valence component was found because of (supposed) "bias" between estimating the true value of actually provided and demanded intrinsic rewards. Therefore, testing the relation between actual and demanded intrinsic rewards might be an opening for future research.

6.2 Contribution to Existing Literature

Where prior research mainly studied relations between individual characteristics (e.g. tenure, age and gender) and job satisfaction, and many research also prove existence of these relations, results in this thesis suggest that these factors didn't influence the number of requested intrinsic rewards. This directly highlights the importance of future research in this area.

On the other hand, contribution to existing literature is made by proving that significant life-events alter the number of requested intrinsic rewards and therefore continuously altered rewarding structures, in terms of intrinsic rewards, are necessary. Also, this research highlights the importance of intrinsic rewards by showing its (very) strong effect on job satisfaction.

And at last, this paper contributes to earlier research by finding difficulties in the (earlier studied) relation between education and job-expectations. Findings show that other factors mediate within this relation, and that it cannot be said clearly, as Verhofstadt et al. (2007) suggest, that higher education levels leads toward higher expectations of job-quality.

REFERENCES

- Bagozzi, R.P. (1980). *Performance and Satisfaction in an Industrial Sales Force: An Examination of Their Antecedents and Simultaneity*. Journal of Marketing 44, 65-77.
- Baker, G.P. (1992). *Incentive Contracts and Performance Measurement*. Journal of Political Economy 100, 598-614.
- Bamundo, P.J. & Kopelman, R.E. (1980). *The moderating effects of occupation, age, and urbanization on the relationship between job satisfaction and life satisfaction*. Journal of Vocational Behavior 17, 106-123.
- Bedeian, A.G., Ferris, G.R. & Kacmar, K.M. (1992). *Age, tenure, and job satisfaction: A tale of two perspectives*. Journal of Vocational Behavior 40, 33-48.
- Bender, K.A., Donohue, K.A. & Heywood, J.S. (2005). *Job Satisfaction and Gender Segregation*. Oxford Economic Papers 57, 479-496.
- Bergstresser, D. & Phillipon, T. (2006). *CEO incentives and earnings management*. Journal of Financial Economics 80, 511-529.
- Bommer, W.H., Johnson, J.L., Rich, G.A., Podsakoff, P.M. & Mackenzie, S.B. (1995). *On the interchangeability of objective and subjective measures of employee performance: A meta-analysis*. Personnel Psychology 48, 587-605.
- Brayfield, A.H. & Crockett, W.H. (1955). *Employee Attitudes and Employee Performance*. Psychological Bulletin 52, 396-424.
- CBS. (2014). *Hoe zijn we zoveel rijker geworden?*. Retrieved from <http://www.cbs.nl/nl-NL/menu/themas/dossiers/conjunctuur/publicaties/artikelen/archief/2014/2014-groot-verhaal-hoe-zoveel-rijker-med.htm>
- Clark, P.B. & Wilson, J.Q. (1961). *Incentive Systems: A Theory of Organizations*. Administrative Science Quarterly 6, 129-166.
- Clark, A.E. (1997). *Job satisfaction and gender: Why are women so happy at work?*. Labour Economics 1997, 341-372.

- Dale-Olsen, H. (2012). *Sickness absence, performance pay and teams*. International Journal of Manpower 33, 284-300.
- Davar, S.C. & RanjuBala (2012). *Relationship between Job Satisfaction & Job Performance: a Meta-Analysis*. Indian Journal of Industrial Relations 28, 290-305.
- Davila, T. & Wouters, M. (2005). *Managing budget emphasis through the explicit design of conditional budgetary slack*. Accounting, Organizations and Society 30, 587-608.
- Deci, E.L. & Ryan, R.M. (1985). *The general causality orientations scale: Self-determination in personality*. Journal of Research in Personality 19, 109-134.
- Deci, E.L., Koestner, E. & Ryan, R.M. (1999). *A Meta-Analytic Review of Experiments Examining the Effects of Extrinsic Rewards on Intrinsic Motivation*. Psychological Bulletin 125, 627-668.
- Deci, E.L., Koestner, E. & Ryan, R.M. (2001). *Extrinsic Rewards and Intrinsic Motivation in Education: Reconsidered Once Again*. Review of Educational Research 71, 1-27.
- Deloitte (2015). *Global Human Capital Report 2015: Leading in the new world of work*. Retrieved from Deloitte University Press.
- Dolan, N. (1987). *The relationship between burnout and job satisfaction in nurses*. Journal of Advanced Nursing 12, 3-12.
- Edwards, B.D., Bell, S.T., Arthur Jr., W. & Decuir, A.D. (2008). *Relationships between Facets of Job Satisfaction and Task and Contextual Performance*. Applied Psychology 57, 441-465.
- Fabra, M.E. & Camisón, C. (2009). *Direct and indirect effects of education on job satisfaction: A structural equation model for the Spanish case*. Economics of Education Review 28, 600-610.
- Fauver, L. & Naranjo, A. (2010). *Derivative usage and firm value: The influence of agency costs and monitoring problems*. Journal of Corporate Finance 16, 719-735.
- Fisher, J.G., Maines, L.A., Pfeffer, S.A. & Sprinkle, G.B. (2002). *Using Budgets for Performance Evaluation: Effects of Resource Allocation and Horizontal Information Asymmetry on Budget Proposals, Budget Slack, and Performance*. The Accounting Review 77, 847-865.
- Fisher, J.G., Pfeffer, S.A. & Sprinkle, G.B. (2003). *Budget-Based Contracts, Budget Levels, and Group Performance*. Journal of Management Accounting Research 15, 51-74.

- Frey, B.S. & Jegen, R. (2001). *Motivation crowding theory: A survey of empirical evidence*. Working Paper, University of Zurich.
- Herpen, M. van, Praag, M. van & Cools, K. (2005). *The Effects of Performance Measurement and Compensation on Motivation: An Empirical Study*. *De Economist* 153, 303-329.
- Hurd, M.D. & Rohwedder, S. (2010). *Effects of the Financial Crisis and Great Recession on American Households*. Working Paper, National Bureau of Economic Research.
- Ittner, C.D. & Larcker, D.F. (2003). *Coming Up Short on Nonfinancial Performance Measurement*. *Harvard Business Review* 81, 88-95.
- Jensen, M.C. & Meckling, W.H. (1976). *Theory of the firm: Managerial behaviour, agency costs and ownership structure*. *Journal of Financial Economics* 3, 305-360.
- Kaiser, L.C. (2007). *Gender-job satisfaction differences across Europe; An indicator for labour market modernization*. *International Journal of Manpower* 28, 75-94.
- Karatepe, O.M., Uludag, O., Menevis, I., Hadzimehmedagic, L. & Baddar, L. (2006). *The effects of selected individual characteristics on frontline employee performance and job satisfaction*. *Tourism Management* 27, 547-560.
- Koys, D.J. (2001). *The Effects of Employee Satisfaction, Organizational Citizenship Behavior, and Turnover on Organizational Effectiveness: A Unit-level, Longitudinal Study*. *Personnel Psychology* 54, 101-114.
- Lawler, E.E. & Porter, L.W. (1963). *Perceptions Regarding Management Compensation*. *Industrial Relations: A Journal of Economy and Society* 3, 41-50.
- Lawler, E.E. & Porter, L.W. (1967). *Antecedent attitudes of effective managerial performance*. *Organizational Behavior and Human Performance* 2, 122-142.
- Lawler, E.E. (1970). *Job Attitudes and Employee Motivation: Theory, Research, and Practice*. *Personnel Psychology* 23, 223-237.
- Lawler, E.E. (1993). *Effective Reward Systems: Strategy, Decisions, Design and Change*. Working Paper, Center for Effective Organizations, Marshall School of Business, University of Southern California.
- Lazear, E.P. (2003). *Performance pay and productivity*. *The American Economic Review* 90, 1346-1361.

- Lee, R. & Wilbur, E.R. (1985). *Age, Education, Job Tenure, Salary, Job Characteristics, and Job Satisfaction: A Multivariate Analysis*. Human Relations 38, 781-791.
- Locke, E.A. (1968). *Toward a theory of task motivation and incentives*. Organizational Behavior and Human Performance 3, 157-189.
- Locke, E.A., Shaw, K.N., Saari, L.M. & Latham, G.P. (1981). *Goal Setting and Task Performance: 1969-1980*. Psychological Bulletin 90, 125-152.
- Lunenburg, F.C. (2011). *Goal-Setting Theory of Motivation*. International Journal of Management Business and Administration 15, 1-6.
- Magee, W. (2011). *Immigrant Group Differences in Job Satisfaction*. Race and Social Problems 3, 252-265.
- Maslow, A. (1943). *A Theory of Human Motivation*. Psychological Review 50, 370-396.
- Matsui, T., Okada, A. & Mizuguchi, R. (1981). *Expectancy Theory Prediction of the Goal Theory Postulate, "The Harder the Goals, the Higher the Performance"*. Journal of Applied Psychology 66, 54-58.
- Merchant, K.A., Stede, W.A. van der & Zheng, L. (2003). *Disciplinary constraints on the advancement of knowledge: the case of organizational incentive systems*. Accounting, Organizations and Society 28, 251-286.
- Morgan, J.C., Dill, J. & Kalleberg, A.L. (2013). *The quality of healthcare jobs: can intrinsic rewards compensate for low extrinsic rewards?*. Work, employment and society 27, 802-822.
- Moynihan, D.P. & Pandey, S.K. (2007). *The Role of Organizations in Fostering Public Service Motivation*. Public Administration Review 67, 40-53.
- Platis, C., Reklitis, P. & Zimeras, S. (2015). *Relation between Job Satisfaction and Job Performance in Healthcare Services*. Procedia – Social and Behavioral Sciences 175, 480-487.
- Pool, S.W. (1997). *The Relationship of Job Satisfaction With Substitutes of Leadership, Leadership Behavior, and Work Motivation*. The Journal of Psychology: Interdisciplinary and Applied 131, 271-283.
- Powdthavee, N. (2008). *Putting a price tag on friends, relatives, and neighbours: Using surveys of life satisfaction to value social relationships*. The Journal of Socio-Economics 37, 1459-1480.

- Presslee, A., Vance, T.W. & Webb, R.A. (2013). *The Effects of Reward Type on Employee Goal Setting, Goal Commitment, and Performance*. *Accounting Review* 88, 1805-1831.
- Ross, C.E. & Reskin, B.F. (1992). *Education, control at work, and job satisfaction*. *Social Science Research* 21, 134-148.
- Ryan, R.M. & Deci, E.L. (2000). *Intrinsic and Extrinsic Motivations: Classic Definitions and New Directions*. *Contemporary Educational Psychology* 25, 54-67.
- Scott, M., Swortzel, K.A. & Taylor, W.N. (2005). *The relationships between selected demographic factors and the level of job satisfaction of extension agents*. *Agricultural Education Research* 55, 102-115.
- Steers, R.M., Mowday, R.T. & Shapiro, D.L. (2004). *The Future of Work Motivation Theory*. *Academy of Management Review* 29, 379-387.
- Stumpf, S.A., Tymon, W.G., Favorito, N. & Smith, R.R. (2013). *Employees and change initiatives: intrinsic rewards and feeling valued*. *Journal of Business Strategy* 34, 21-29.
- Titmuss, R.M. (1970). *The gift relationship: from human blood to social policy*. London: George Allen and Unwin.
- Tymon Jr., W.G., Stumpf, S.A. & Doh, J.P. (2010). *Exploring talent management in India: The neglected role of intrinsic rewards*. *Journal of World Business* 45, 109-121.
- Van de Vliert, E. & Janssen, O. (2002). *"BETTER THAN" PERFORMANCE MOTIVES AS ROOTS OF SATISFACTION ACROSS MORE AND LESS DEVELOPED COUNTRIES*. *Journal of Cross-Cultural Psychology* 33, 380-397.
- Yuan, L., Tan, X., Huang, C. & Zou, F. (2014). *Mediating Effect of Job Satisfaction on the Relationship Between Emotional Intelligence and Perceived General Health*. *Social Behavior and Personality* 41, 1057-1068.

APPENDIX A – NUMBER OF STUDENTS WITHIN THE NETHERLANDS

<i>Academic Year</i>	<i>No. Students in Applied Universities</i>	<i>No. Students in Universities</i>	<i>No. Total Students</i>
2004/'05	346 640	199 556	546 196
2005/'06	356 842	205 886	562 728
2006/'07	366 689	208 618	575 307
2007/'08	374 802	212 713	587 515
2008/'09	383 713	220 504	604 217
2009/'10	403 278	233 128	636 406
2010/'11	416 629	242 345	658 974
2011/'12	423 945	245 428	669 373
2012/'13	421 693	241 372	663 065
2013/'14	440 203	250 111	690 314

Obtained via

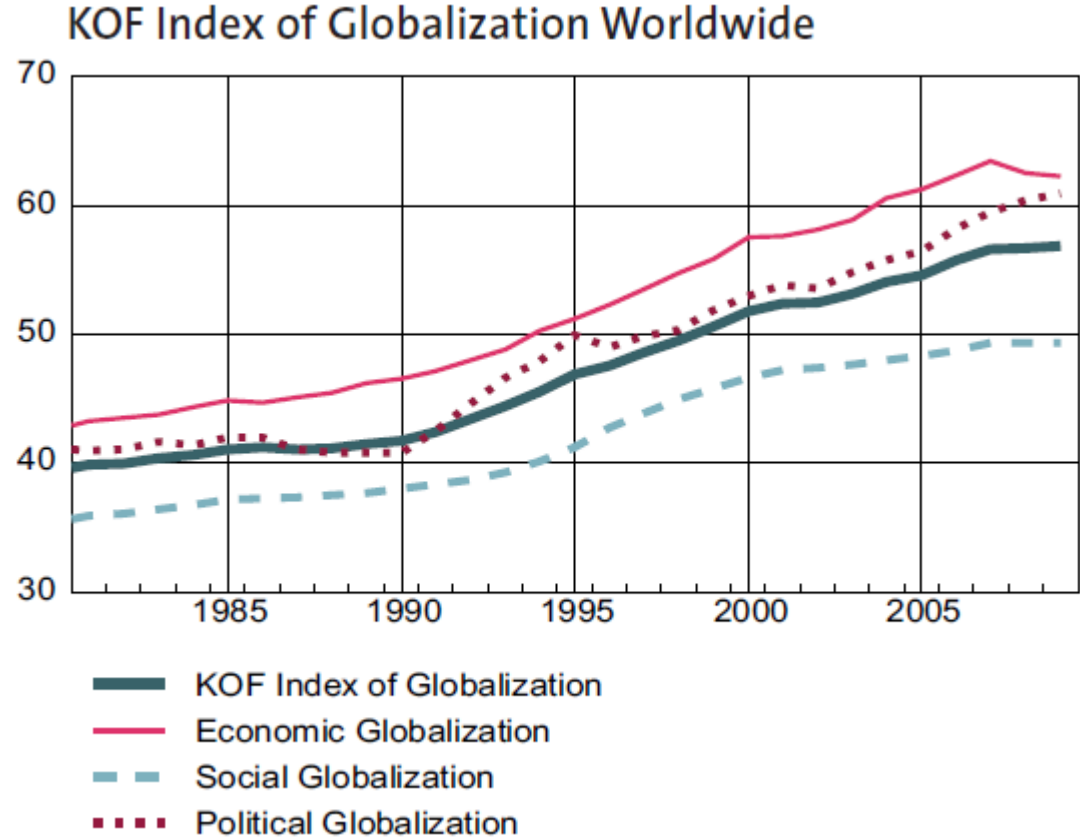
<http://statline.cbs.nl/Statweb/publication/?DM=SLNL&PA=71450ned&D1=0&D2=0&D3=0&D4=16-17&D5=0&D6=0&D7=a&HDR=T,G2,G4,G1,G6,G5&STB=G3&VW=T>

APPENDIX B – AWARENESS OF POVERTY



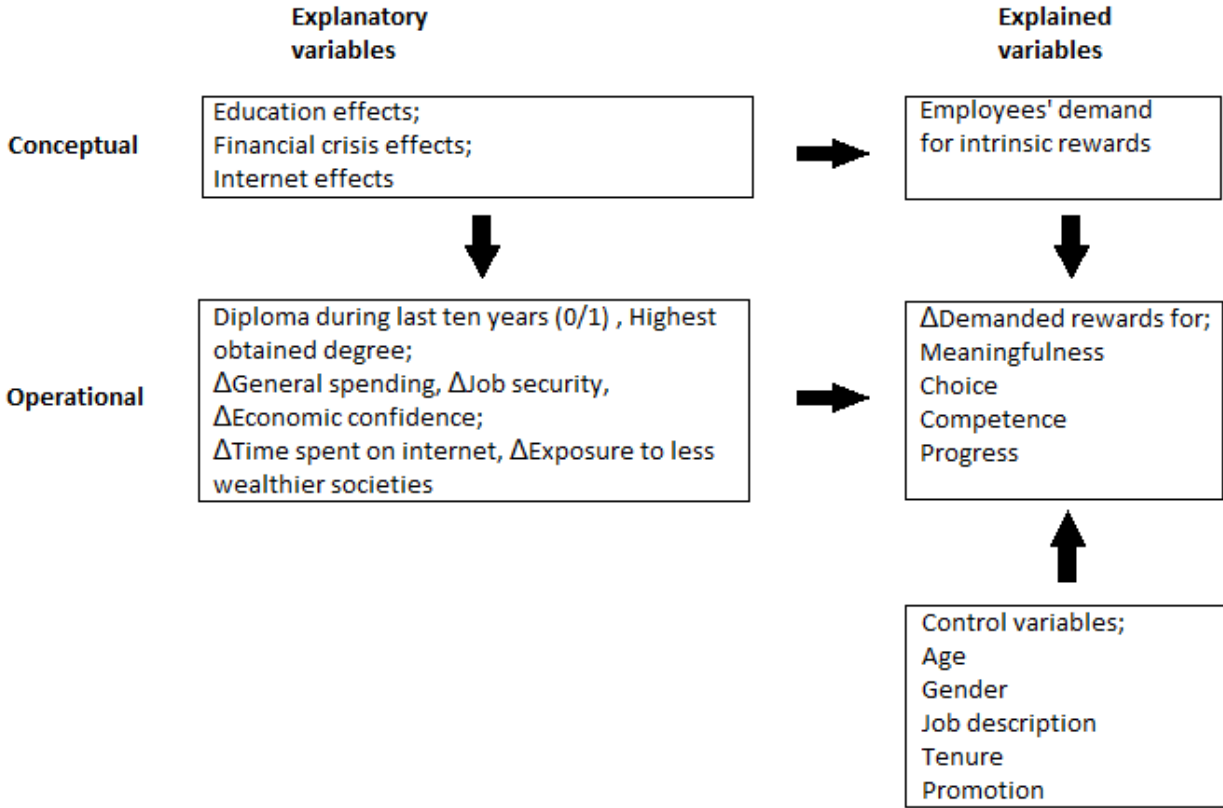
Obtained via <http://www.voxeu.org/article/poverty-enlightenment-awareness-poverty-over-three-centuries>

APPENDIX C – KOF INDEX OF WORLDWIDE GLOBALIZATION



Obtained via <https://impactofinformationsystemsonsociety.wordpress.com/2011/01/14/week-3-technology-and-globalisation/>

APPENDIX D – LIBBY BOXES



APPENDIX E – SAMPLE PROFILE

Frequency (N = 141)

	N	%		N	%
Gender			Promotion (in last ten years)		
Male	89	0.63	Yes	96	0.68
Female	52	0.37	No	45	0.32
Age (in years)			Job Description		
20 and below	2	0.01	Junior	6	0.04
21 - 30	34	0.24	Employee	52	0.37
31 - 40	42	0.30	Senior	83	0.59
41 - 50	42	0.30	Industry		
51 - 60	20	0.14	Agrarian	14	0.10
61 and above	1	0.01	Mining, Oil & Gas	3	0.02
Tenure (in years)			Construction	3	0.02
5 and below	64	0.45	Manufacturing	2	0.01
6 - 10	36	0.26	Transport & Public Services	18	0.13
11 - 15	21	0.15	Wholesale	7	0.05
16 - 20	9	0.06	Retail	7	0.05
21 and above	11	0.08	Financial Services	29	0.21
Working Experience			General Services	1	0.01
10 and below	39	0.28	Municipal Services	1	0.01
11 - 20	41	0.29	Other...	56	0.40
21 - 30	28	0.20	Education Level		
31 - 40	30	0.21	Primary School	0	0.00
41 and above	3	0.02	Secondary School	10	0.07
			MBO	32	0.23
			HBO	66	0.47
			WO	33	0.23

APPENDIX F – VARIABLE MEASUREMENT

	Survey Question / Variable Description	Scale
Employee Satisfaction <i>EMPL_SAT</i>	I'm satisfied about my working situation.	-2 to +2
Actual Extrinsic Rewards <i>AER</i>	The secondary elements in my remuneration package have improved over the last ten years.	-2 to +2
Actual Perceived Equitable Rewards <i>APER</i>	The primary elements in my remuneration package have improved over the last ten years.	-2 to +2
Actual Intrinsic Rewards <i>MEANINGFULNESS</i>	What I'm trying to accomplish is more meaningful to me than it was ten years ago.	-2 to +2
<i>CHOICE</i>	I'm exercising more choice in what I do, compared with ten years ago.	-2 to +2
<i>COMPETENCE</i>	I'm performing more competently than I did ten years ago.	-2 to +2
<i>PROGRESS</i>	Compared with ten years ago, I'm now making better progress on my projects.	-2 to +2
<i>AIR</i>	Average score of meaningfulness, choice, competence and progress.	-2 to +2
Demand Extrinsic Rewards <i>DER</i>	I think the secondary elements in my remuneration package should have improved over the last ten years.	-2 to +2
Demand Perceived Equitable Rewards <i>DPER</i>	I think the primary elements in my remuneration package should have improved over the last ten years.	-2 to +2
Demand Intrinsic Rewards <i>MEANINGFULNESS</i>	It is for me more important to accomplish meaningful tasks than it was ten years ago.	-2 to +2
<i>CHOICE</i>	It is for me more important to have task-variety in my job, compared with ten years ago.	-2 to +2
<i>COMPETENCE</i>	It is for me more important to perform competently than it was ten years ago.	-2 to +2
<i>PROGRESS</i>	It is for me more important to make good progress on my projects, compared with how it was ten years ago.	-2 to +2

<i>DIR</i>	Average score of meaningfulness, choice, competence and progress.	-2 to +2
Education Effects		
<i>DIPLOMA</i>	Did you obtained a job-related diploma during the last ten years?	1/2 (Dummy)
<i>EDUCATION</i>	What is your highest obtained degree?	1,2,3,4,5
Financial Crisis Effects		
<i>SAVINGS</i>	I'm now more likely to save my money instead of spending it, compared with ten years ago.	-2 to +2
<i>JOB SECURITY</i>	Over the last ten years I became more insecure about keeping my job.	-2 to +2
<i>OVERALL CONFIDENCE</i>	Compared with ten years ago, I now have less confidence in the economy.	-2 to +2
<i>FIN_CR</i>	Average score of savings, job security and overall confidence	-2 to +2
Internet-usage Effects		
<i>INT_USE</i>	Compared with ten years ago, I now spend more time on the internet.	-2 to +2
<i>INT_EXPO</i>	The internet exposed me more to poverty and less wealthier societies across world.	-2 to +2
Control Variables		
<i>TENURE</i>	For how many years do you work for your current employer?	0-99
<i>GENDER</i>	What is your gender?	1,2
<i>AGE</i>	What is your age?	0-99
<i>PROMOTION</i>	Did you get a promotion during the last ten years?	1/2 (Dummy)
<i>JOB_DESCR</i>	How would you describe you current job?	1,2,3

APPENDIX G – VALENCE COMPONENT

	ΔEMPL_SAT
CONSTANT	0.541*** (5.293)
ΔDIR	0.326*** (3.714)
ΔDPER	-0.142 (-1.016)
ΔDER	-0.075 (-0.559)
Observations	141
R-squared	0.120
Adjusted R-squared	0.101

*** correlation is significant at the 0.01 level (2-tailed)

APPENDIX H – SPSS OUTPUT

Expectancy Theory (p.40)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,635 ^a	,403	,390	,678

a. Predictors: (Constant), ACT_ER, ACT_IR, ACT_PER

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42,428	3	14,143	30,801	,000 ^b
	Residual	62,905	137	,459		
	Total	105,333	140			

a. Dependent Variable: EMPL_SAT

b. Predictors: (Constant), ACT_ER, ACT_IR, ACT_PER

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-,170	,124		-1,369	,173		
	ACT_IR	,821	,123	,467	6,650	,000	,882	1,133
	ACT_PER	,118	,079	,138	1,503	,135	,518	1,929
	ACT_ER	,148	,072	,188	2,062	,041	,527	1,898

a. Dependent Variable: EMPL_SAT

Four Intrinsic Rewards on Employee Satisfaction (p.41)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,575 ^a	,331	,311	,720

a. Predictors: (Constant), Variatie, Progressie, Competent, Nuttig

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34,815	4	8,704	16,785	,000 ^b
	Residual	70,519	136	,519		
	Total	105,333	140			

a. Dependent Variable: EMPL_SAT

b. Predictors: (Constant), Variatie, Progressie, Competent, Nuttig

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-,234	,138		-1,695	,092		
	Competent	,169	,106	,124	1,595	,113	,815	1,227
	Progressie	,315	,097	,249	3,248	,001	,836	1,196
	Nuttig	,296	,095	,251	3,126	,002	,763	1,310
	Variatie	,212	,077	,210	2,742	,007	,839	1,192

a. Dependent Variable: EMPL_SAT

Educational and Diploma effects on Requested Intrinsic Rewards (p.44)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,254 ^a	,065	,015	.79032

a. Predictors: (Constant), EDUCATION, TENURE, GENDER, DIPLOMA, PROMOTION, AGE, JOB_DESCR

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5,687	7	,812	1,301	,255 ^b
	Residual	82,448	132	,625		
	Total	88,135	139			

a. Dependent Variable: DEM_IR

b. Predictors: (Constant), EDUCATION, TENURE, GENDER, DIPLOMA, PROMOTION, AGE, JOB_DESCR

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,449	,634		2,283	,024		
	GENDER	-,060	,142	-,037	-,425	,671	,944	1,059
	TENURE	-,008	,007	-,103	-1,140	,256	,877	1,140
	AGE	-,008	,009	-,103	-,924	,357	,571	1,751
	PROMOTION	-,199	,159	-,117	-1,246	,215	,804	1,243
	JOB_DESCR	,161	,156	,117	1,032	,304	,549	1,822
	DIPLOMA	-,046	,180	-,023	-,255	,799	,881	1,135
	EDUCATION	-,038	,080	-,041	-,474	,636	,963	1,038

a. Dependent Variable: DEM_IR

Financial Crisis Effects on Requested Intrinsic Rewards (p.441)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,319 ^a	,102	,061	.77143

a. Predictors: (Constant), FIN_CR, TENURE, GENDER, PROMOTION, AGE, JOB_DESCR

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8,986	6	1,498	2,517	,024 ^b
	Residual	79,148	133	,595		
	Total	88,135	139			

a. Dependent Variable: DEM_IR

b. Predictors: (Constant), FIN_CR, TENURE, GENDER, PROMOTION, AGE, JOB_DESCR

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,557	,496		3,139	,002		
	GENDER	-,101	,139	-,061	-,725	,470	,939	1,064
	TENURE	-,006	,007	-,078	-,898	,371	,884	1,131
	AGE	-,013	,008	-,168	-1,568	,119	,591	1,691
	PROMOTION	-,252	,155	-,148	-1,626	,106	,812	1,231
	JOB_DESCR	,135	,152	,098	,890	,375	,554	1,806
	FIN_CR	-,230	,095	-,209	-2,416	,017	,901	1,109

a. Dependent Variable: DEM_IR

Internet Effects on Requested Intrinsic Rewards (p.44)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,323 ^a	,104	,057	.77333

a. Predictors: (Constant), INT_EXPO, PROMOTION, GENDER, INT_USE, AGE, TENURE, JOB_DESCR

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9,193	7	1,313	2,196	,038 ^b
	Residual	78,942	132	,598		
	Total	88,135	139			

a. Dependent Variable: DEM_IR

b. Predictors: (Constant), INT_EXPO, PROMOTION, GENDER, INT_USE, AGE, TENURE, JOB_DESCR

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,070	,486		2,203	,029		
	GENDER	-,075	,139	-,046	-,542	,589	,951	1,052
	TENURE	-,011	,007	-,135	-1,524	,130	,869	1,151
	AGE	-,006	,008	-,078	-,738	,462	,615	1,627
	PROMOTION	-,205	,154	-,120	-1,331	,186	,829	1,206
	JOB_DESCR	,174	,152	,126	1,142	,256	,554	1,805
	INT_USE	,142	,083	,143	1,717	,088	,977	1,024
	INT_EXPO	,116	,070	,140	1,666	,098	,963	1,038

a. Dependent Variable: DEM_IR