Engaging Indian IT Employees   A Compensation & Benefits Case Study of a Finnish Multinational IT Company

Organization and Management

Master's thesis

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ENGAGING INDIAN IT EMPLOYEES – A COMPENSATION & BENEFITS CASE STUDY OF A FINNISH MULTINATIONAL IT COMPANY

Research Objectives

The main objectives for this empirical study were to enquire about the type of commitment employees in India generate with the case company, how they perceive their compensation system, and to find a possible connection between total rewarding and employee engagement.

Methodology

The type of research conducted for the empirical part of this thesis is of quantitative nature. The data generated through questionnaire were statistically analyzed. The questionnaire was sent out to over 1,300 Indian IT employees located in Pune. These employees belonged to professional or managerial career paths in the case company. The data gathered was analyzed against literature from previous research reviewed for this study.

Findings

The main findings of this study were to that even though Indian IT employees change their employers easily, monetary compensation was not the primary factor in their work lives. They valued intrinsic motivational factors above extrinsic and those factors were often tightly connected with the work itself. The employer should not try to engage professional and managerial employees through salaries, rather their work tasks should be made interesting and challenging. Through interesting jobs employees are more engaged and motivated toward the job they do and committed to the employer who provides that job.

Keywords

Engagement, compensation, benefits, motivation, IT, retention

INTIALAISTEN IT TYÖNTEKIJÖIDEN SITOUTTAMINEN – PALKKAUS- JA PALKITSEMISTUTKIMUS SUOMALAISESTA MONIKANSALLISESTA IT YRITYKSESTÄ

Tutkimuksen tavoitteet

Tämän empiirisen tutkimuksen tärkeimmät tavoitteet oli löytää millaisen sitoutumisen Intialaiset IT työntekijät tekevät kohdeyritykseen, miten he kokevat palkkausjärjestelmän toimivuuden ja onko mahdollisuutta löytää yhteys kokonaispalkitsemisen ja työntekijän sitouttamisen välille.

Metodologia

Tehty empiirinen tutkimus oli laadultaan määrällinen. Tutkimukseen saatu tieto kerättiin kyselytutkimuksella joka myöhemmin tilastollisesti analysoitiin. Kysely lähetettiin kohdeyrityksessä yli 1 300 Intialaiselle IT työntekijälle Punen kaupungissa. Nämä työntekijät kuuluivat asiantuntija ja esimies urapolkusiin henkilöihin. Tutkimuksessa saatu tieto analysoitiin hyväksikäyttäen aikaisempia tutkimuksia.

Tutkimuksen tulokset

Tutkimuksen päälöydökset nostivat esille sen, että vaikka Intialaiset IT työntekijät vaihtavat helposti työpaikkaansa paremman palkan perässä, se ei ole tärkein muuttuja heidän työelämässään. He arvostavat sisäisiä motivaatiollisia tekijöitä ulkoisten eli palkan edellä. Nämä sisäiset tekijät ovat yleensä hyvin pitkälti sidoksissa työhön jota tehdään. Työntekijöitä ei pidä lähteä yrittämään sitouttaa rahallisin keinoin, sillä se vain tuo hetkellistä motivaatiota vaan heidän työstä pitää tehdä haastavaa ja mielenkiintoista. Tätä kautta heitä pystytään paremmin sitouttamaan ja motivoimaan tekemäänsä työhön.

Avainsanat

Sitouttaminen, palkkaus, palkitseminen, motivaatio, IT

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1. Introduction

1.1 Background

During the last few decades India has emerged into a highly valuable low-cost outsourcing country for many foreign companies. Especially this has been seen within the IT sector. As a result of this trend, every year more and more Western companies land their operations in India or enhance their activities onsite. The competition and need for talented work force is growing constantly. Indian universities are trying to match the employee deficit, through government demands, by educating every year more students than ever before. Today the race for attaining talented employees is tough and highly competitive, which results in costs for the companies. Current literature has shown that the average career lengths, within one company, for Indian IT workers are fairly short, often less than two years. The overall the attrition figures in the sector have been between 20-30%, which is really high compared to Western countries.

The total cost for employment has also gotten higher in India. The government has started to tax many of the benefits, which were earlier tax exempt for the employers. This has resulted in a situation where companies need to decide what kind of total rewarding packages are suitable and efficient for them in trying to retain employees. This study will be investigating what type of commitment Indian IT employees make with their organizations and how to engage them better to the case company. Employee engagement is defined by "employees' willingness and ability to help their company succeed, largely by providing discretionary effort on a sustainable basis" (Perrin, 2003). Engaged employees will stay with the company, normally perform better and be more motivated. Engaged employees form emotional connection with the company and create sense of loyalty in a competitive environment (Swaminathan & Rajasekaran, 2010, p. 55), which is important in Indian context. In this study, the concept of motivation is divided into intrinsic and extrinsic factors, which division is suitable for analyzing rewarding from motivational point of view.

Currently in India, the case company's average attrition figures are slightly above the country's averages within the industry. The study will be taking the compensation and benefits perspective to research on what are the factors the employees' value, how they perceive the current compensation system and how satisfied they are with it and their jobs. As mentioned earlier I am

also keen on finding out what type of motivation works better for Indian employees: intrinsic (e.g. development possibilities or career movements) or extrinsic (e.g. salary or incentives). This is done in order to find out how the case company can be competitive in the area and to gain talented work force. In short, the study will be finding out how to engage current and future employees to the company tighter and avoid the preventable attrition with the means of compensation & benefits.

This thesis is made in co-operation with a Finnish multinational IT Company who allowed empirical data to be gathered from their operations in India. Throughout this thesis they will be referred as the case company to create a level of anonymity. The case company is the leading IT service company in Northern Europe providing IT and product engineering services. Their highly specialized IT solutions and services complemented by a strong technology platform provide their local and global customers tangible business benefits. The company currently employs over 1,500 employees in India divided into two sites, larger in Pune and smaller site in Bangalore. The majority of the employees are between 20 to 34 years old and most of the people have been working for the company less than 3 years.

1.2 Purpose of the study

The literature and real life data have shown that India suffers from fairly high attrition numbers and people easily change their workplaces. The lengths of careers stay short among the Indian IT employees, which results increasing additional costs for the companies operating in India and decrease the amount of engagement among employees. This research takes the view of the Finnish Multinational IT Company, which in size is fairly small player in the Indian markets but aiming toward efficient operations with highly engaged employees. Through engagement and satisfied employees, the possibility to attract future valuable employees gets easier. The broad research question is how a Nordic company can engage and compensate employees effectively and what factors influence it from the compensation & benefits perspective?

The main objectives for this empirical study were to enquire what type of commitment employees in India generate with a company, how they perceive their compensation system and to find a possible connection between total rewarding and employee engagement. Especial focus was given

to the type of employee's motivation. In modern world the real value of the company is shifted from tangible to intellectual assets making employees valuable resource for a company. Highly engaged employees make a considerable contribution to the organization and at the same time disengaged employees can be a serious liability (Swaminathan & Rajasekaran, 2010).

The case study was quantitative in nature, meaning that the results were statistically analyzed from the research data gained through questionnaire executed locally in Pune, India. From this research data, analysis and conclusions were made linking findings to literature. From analysis recommendations were made to the case company on what type of issues to take into account while rewarding employees in India. This research has two complementary significant values to the case company. Firstly, through this research I can gather up information on the type of commitment that Indian IT professionals generate with the case company and what attitudes they have concerning total rewarding (e.g. how they perceive the salary and incentives given and what motivate them). By understanding what motivates the employees in India I can draw notions on where the case company should pay special attention in total rewarding.

The main research question in this thesis is the following:

How to engage Indian IT professionals in the case company?

The secondary question is:

How should Indian IT professionals be rewarded to ensure engagement and motivation?

1.3 Structure of the thesis

In the following chapter, the literature of previous researches will be contextualized. Topics presented to provide context around research questions and objectives are IT industry in India, motivation, employee engagement and commitment and compensation & benefits. The framework built around this chapter through the light of earlier research will be later used in the discussion section to provide validity and comparison for the analysis made.

The third chapter is dedicated to the research methodology used in this study. This chapter will lay out the reasons for choosing single quantitative case study methodology. Also the roadmap on how questionnaire were developed and data collected will be discussed. This chapter will also be

covering the basis on how data will be analyzed in the following chapters. The study's validity and reliability will be also discussed in this chapter allowing me to be self-critical toward the study and the results gained from it.

The empirical results and discussion will be introduced in the fourth chapter. First the result data is laid out for the reader's review and later analyzed in the light of current literature. The results section is divided into two sub chapters: Commitment first, and then total rewarding and motivation as the second group, since the two factors tightly connect to one another. In the analysis section the analyses will be first discussed as the whole sample to make a holistic view of the Indian employees in the organization. Then the sample will be divided into control groups such as gender or tenure length allowing internal comparison.

The final chapter presents the conclusions of the research based on the analysis made in the light of previous literature. Recommendations to the case company will be provided on the most important observations. This chapter also provides suggestions for further research in case someone is looking for ideas to research India, engagement or motivation.

1.4 Definitions

For the purposes of clarity from the outset, the following definitions are used in this study.

Engagement

"Employees' willingness and ability to help their company succeed, largely by providing discretionary effort on a sustainable basis."[1]

Retention

"An organizations ability to keep employees who are valued contributors to organizational success for as long as is mutually beneficial. Desired talent can be kept on-staff by using a dynamic blend of elements from the total rewards package as employees move through their career lifecycles.

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[1] Perrin, Global Workforce Study, 2003

However, not all retention is desirable, which is why a formal retention strategy with appropriate steps is essential" [2]

Compensation

"Pay provided by an employer to an employee for services rendered (i.e. time, effort, skill). Includes both fixed and variable pay tied to levels of performance." [3]

Benefits

"Programs an employer uses to supplement the cash compensation that employees receive. These health, income protection, savings and retirement programs provide security for employees and their families." [4]

Motivation

"The ability to cause employees to behave in a way that achieves the highest performance levels." Motivation is comprised of two types: Intrinsic motivation, which is linked to employee's sense of achievement, respect for the whole person, trust, or appropriate advancement opportunities and extrinsic motivation most frequently associated with tangible rewards such as pay. [5]

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[2] WorldAtWork, 2006
[3] WorldAtWork, 2006
[4] WorldAtWork, 2006
[5] WorldAtWork, 2006

2. Contextualizing the study and research problems

In this chapter I review the literature relevant to my study. I consider what other authors have already published about employee engagement and commitment, motivation, compensation and benefits and the IT industry in India. These provide the context and justification for the research problems addressed in my case study.

2.1 IT industry in India

Globalization arises from the fact that products, services, techniques', funding and knowledge moves around the world (Riski, 2005, p. 34). From the company's perspective it is important to choose where it is beneficial to produce products and services. The fact is that company's main markets often may be outside its home country, driving the production to be in place closer to main markets (Riski, 2005, p. 34). Western companies search for cheaper places to produce their products and India has been on the top of that list for decades.

The Indian IT industry is a key player around the world when it comes to global outsourcing. The pool of large, English speaking, technically qualified manpower, competitive billing, high productivity gains and scalability has helped India to emerge as a key destination to outsource IT services (NASSCOM). The IT sector can be characterized as the key factor in taking India forward and is a major driver for the economy. The total number of IT and IT enabled service professionals in India has been growing steadily from 56,000 in 1990 to over 1 million in 2005 and is still in constant growth. Most new recruits in the industry are fresh graduates directly from universities (NASSCOM).

India has 1.19 billion inhabitants with a population growth rate of 1.344% (Central Intelligence Agency, 2011). Vast part of Indian population is between 15-64 years of age. An estimate of 478 million people are participating work life with 10.8% unemployment rate. Out of the whole work force, 60% are in the unorganized agricultural sector (Corporate Executive Board, n.d.). Religions play a part in Indian's everyday life. 80% of Indian inhabitants share Hinduism as their religion. Second biggest religion in India is Islam (13%) (Central Intelligence Agency, 2011).

As the supply of labor is one of India's greatest advantages it is also a huge challenge (Corporate Executive Board). India has a low median age, rapid population growth and a geographic concentration of one sixth of the world's population. The figures from the year 2008 show that India had a pool of 22 million college graduates. Every year nearly 2.5 million college graduates enter the labor market. The race for talented and motivated work force among companies is fierce and recently this has also been a driver for higher wages and better incentives.

Among all the players in India there is easy equation to find out "employers of choice" argues Hewitt Associates (2005, p. 10). Organizations are run by leaders and managers with their people in mind and the managers believe people to be vital to the organization's success. The Best employers are also strong and effective in making business decisions and they approach challenges contrasting them with the work force they have. These companies have employees who contribute and feel strongly engaged to their organization through their work. The employees understand the direction their company's business is going and also behave in a way that suits the organization's business goals.

The Indian work culture at the organizations are often more structured and hierarchical than in a Western organizations due to the long-standing tradition of the caste system (Corporate Executive Board). Seniority is highly valued and desirable not only for the job title but for the level of decision-making and authority. Most often the final decision making authority rests with the most senior member of the group. It has been a trend for global organizations to create smaller grade steps within their global job grading structure to allow flexibility for job titling in India. This accommodates the social desire to recognize ones seniority. (Corporate Executive Board)

Traditionally India has been seen as a culture that emphasizes personal relationships (Singh, 2000). Therefore it would be too easy to just assume that in India there is value placed on commitment to the organization one is part of (Kwantes, 2009). Sinha (2000, p. 36) states that recent changes in India and to its labor market haves resulted in a situation where both "the employee's obligation to remain loyal to the organization and the employer's responsibility to guarantee them lifetime employment are viewed as outdated values." As more and more foreign corporations move their operations to India, the better employment opportunities locals have (Kwantes, 2009, p. 196). Companies make mistakes by presuming that adopting gendered practices operational elsewhere

will be a road to success in India. Often this has lead into poor results overall (2009, p. 197). There are several reasons for this including cultural differences, work values, reactions to empowerment, work motivation and job satisfaction.

Indians place a high value on group orientation and overall affiliate with others who share their state, city, family, religion, caste, or even career path. This creates a need for greater communal trust in the workplace and leads to conflict avoidance. Conflict avoidance is particularly seen in the fact that Indians do not like to give negative feedback and responses. The culture embodies a strong desire to accommodate others and avoid insults to clients or guests. The need to avoid conflicts and maintain collective work environment has affected pay practices so that there is less differentiation among job level. (Corporate Executive Board)

"For many organizations, offering competitive compensation in India is an increasingly complex challenge" states report by Corporate Executive Board (n.d., p. 3). The fierce competition over limited pool of skilled workers, consumer price inflation and need to keep up with rising cost of living, salaries in India have had the highest increases in Asia for the last 5 years. Indian compensation plan design differs from Western mixes through tax allowances given to companies prior 2005 to attract Western companies in India. Despite the rising cost of labor, India still manages to draw investments from abroad since the cost of outsourcing specific jobs to India remains 30-50% below the cost of outsourcing to China.

The typical compensation package in India is 40% base pay, 35% covers all flexible benefits and the rest 25% is for retirement and performance-based pay (Corporate Executive Board). As the everyday living expenses rises, the salaries are expected to follow this trend. Traditionally allowances, such as housing, food and transportation, have been taking a huge portion of Indian employees' total compensation. In 2005 India passed a Fringe Benefits Tax bill that has made companies reconsider allowances role as a significant component in total compensation (Corporate Executive Board). Approximately 35% of an Indian employee's pay goes into a Flexible Benefit Plan that includes allowances for various common expenses. In most companies they can choose how to allocate these funds toward rent, transportation or perhaps medical services.

Primary form of social security in India is called Provident Fund (Corporate Executive Board). Organizations employing more than 20 employees are required to contribute 12% of an employee's certain type of cost to the fund. This cost includes basic wage, dearness allowance, cash value of food concessions and retaining allowance. In addition to the contribution, employers are also required to pay additional 1.61% of employee wages for administrative expenses for the fund. Employees can freely contribute more than 12% to the fund.

As the salaries for skilled labor have increased over the last decade, so has the cost of living and especially real estate prices (Corporate Executive Board, p. 7). In areas with highly skilled and solvent people, the real estate prices have doubled or tripled, as employed persons have invested large proportions of their income into their place of residence. In order for the employees not to feel that their purchasing power has declined year-by-year, companies have been forced to follow the market and pay a competitive housing allowance, which increases the total compensation to the employee.

The minimum wage in India has been set down by state and central governments. The national minimum has been set to 66 rupees (approx. $1.65 US) per day and addition to this the state governments can set their minimums that overrun the national minimums based on the cost of living, type of job and skill level of the worker (Corporate Executive Board). In a case that employee makes less than 3,500 rupees (approx. $87.57 US) per month and has worked for the organization more than 30 days in a calendar year, Indian Payment Bonus Act requires the company to pay a bonus to the employee. After the 2005 Fringe Benefit Tax Law, employers are required to pay a tax up to 30% on the benefits that were previously exempt from taxes. If an employee works more than 48 hours a week (9 hours a day) he or she is legally entitled to overtime pay, which is the double normal wages. This doesn't apply to manager level employees in an organization.

A part from employee retention in India among IT employees it is important to find out what motivates employees. The next section 2.2 will be drawing a basis for motivational theories suitable to this study.

2.2 Motivation

Motivation has a central role in our work lives (Salmela-Aro & Nurmi, 2005, p. 132). Depending on the type of work, the tasks employees complete may require different types of motivation. In a specific job, two people can be motivated through different factors, such as where an employee might value monetary incentives the employee's colleague may value recognition over ones work. When it comes to compensation problems in a company there aren't simple readymade solutions available that a company could just implement. Every situation involves many stakeholders with different agendas. It has been suggested that extrinsic motivation reduces employees' intrinsic interest in the task on hand. (Salmela-Aro & Nurmi, 2005)

Self-
actualization

Esteem

Love/Belonging

Safety

Physiological
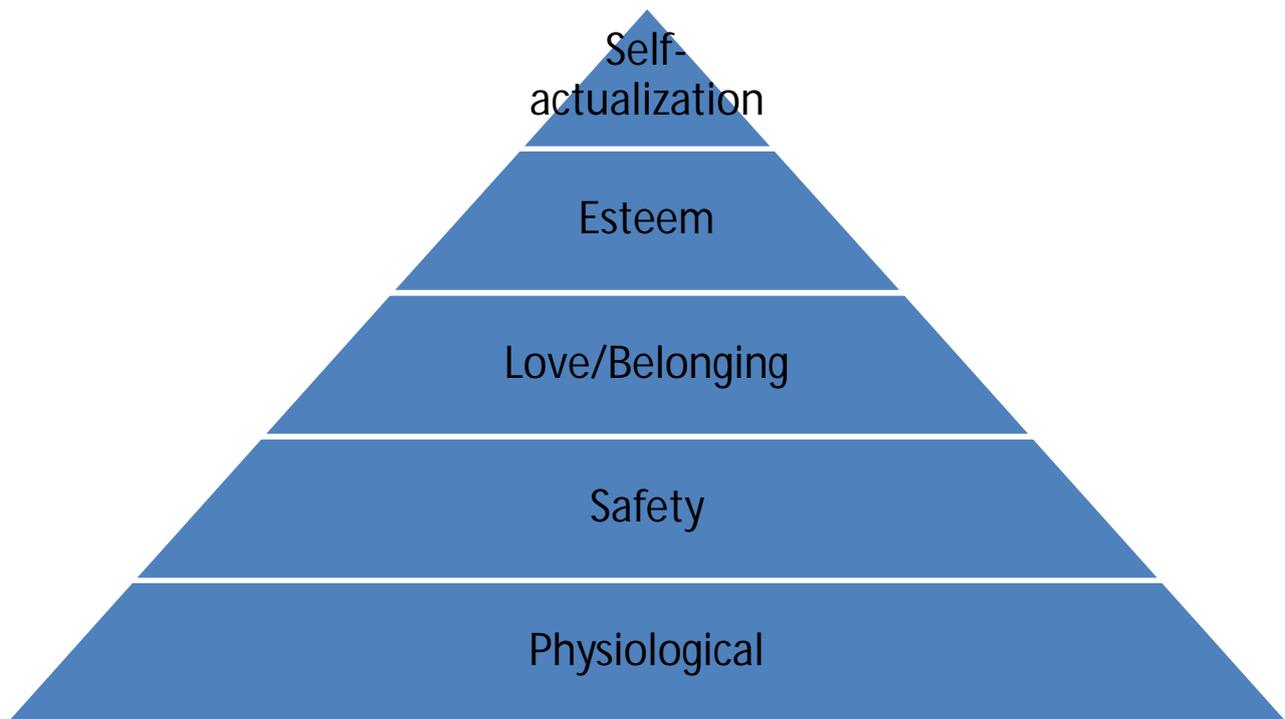
Figure 1: Maslow's Hierarchy of Needs (1954)

From the early days researchers have been interested in motivation (see Maslow, Herzberg, McClelland and Locke). Maslow's articles A Theory of Human Motivation (1943) and Motivation and Personality (1954) introduced five-stepped hierarchy of needs, which symbolizes the different needs that a person has. He argued that human beings are motivated to fulfill the unsatisfied needs they may have. The five-stepped hierarchy (see Figure 1) starts from basic physiological needs to advancing in to the need of self-actualization. When a person has filled the physiological

needs such as hunger or thirst person starts demanding the need of security. People drive themselves toward satisfaction one need at a time. (Maslow, 1954)

The pyramid (Figure 1), with five ladders to climb, starts with the basic physiological needs. These needs include very basic needs such as air, food, water, sleep, etc. (Maslow, Motivation and Personality, 1954). The lack of these needs can create the feel of sickness, irritation, pain or discomfort. During discomfort these primary life ingredients are the only thing we can think of and people are motivated to satisfy these needs in order to be able to do and think other things. Safety needs are about establishing stability and consistency to our own world. These needs are mostly physiological in nature, as we need the security for us and to our families. It is stated that at safety level people might get stuck and aren't able to reach love/belonging. This can be due to their life situation, perhaps there is an abusive spouse or they fear of walking in their own neighborhood, as the person is constantly only concerned for his or her safety. (Maslow, 1954)

Maslow (1954) points out that the hierarchy is dynamic in where the person's dominant need is always shifting. Let's take a musician as an example that lives to play and make music and only then he or she is ultimately at peace with them. A musician can lose oneself in the self-actualization of playing music but at some point one must get hungry and may even get tired (Maslow, 1954). Furthermore one action, music, can satisfy two or more needs such as physiological, love/belonging and maybe even self-actualization. Eating as another example can be beside physiological need a social necessity. The hierarchy is affected by situation and cultures.

Herzberg (1987) created his motivational theory especially to explain motivation in the work life. His two-factor theory argues that there are certain factors in the workplace that cause job satisfaction while others cause job dissatisfaction. This motivation-hygiene theory can be distinguished into motivators (e.g. recognition, responsibility, challenging work), which give positive satisfaction from intrinsic values while hygiene (e.g. job security, salary, fringe benefits) factors don't give positive satisfaction to the employee but their absence creates dissatisfaction. Hygiene factors include a person's basic needs for working and thus receiving salary to be able to live one's everyday life.

"The things that make people motivated and satisfied on the job are different from the things that make them dissatisfied. One should forget praise, forget punishment, and forget cash. You need to make their jobs more interesting." (Herzberg, 1987)

The optimal situation at the workplace would be that managers rather than trying to motivate employees with rewards, the work itself would be motivational enough for them (Herzberg, 1987). The research question in Herzberg's (1987, p. 6) study was keen on answering was who is the one being motivated at work place? The Employee's manager is motivated to make the employee work toward completion of the task while the employee, on the other hand, knows there will be a reward for getting tasks done. Herzberg's ideology proposed that the only way a person is truly motivated is when there is no need for outside stimulation such as a cash reward. In order to instill motivation, positive employee push practices have been introduced including reduced time spent at work, spiraling wages, fringe benefits, human relationship training, sensitivity training, two-way communication, job participation and employee counseling.

Herzberg's (1987, p. 9) research has shown that factors involved in producing job satisfaction (and also motivation) are separate and distinct from factors that lead to job dissatisfaction. It is important to notice that job satisfaction is not the opposite of job dissatisfaction. The opposite of job satisfaction can be better characterized by no job satisfaction. The opposite of job dissatisfaction is then no job dissatisfaction. Herzberg characterizes two different human needs. The basic biological needs to eat, drink and sleep. People need money to eat and drink and a place to stay. As the previous example shows, to some extent Herzberg's (1987) theory has ingredients and ideas from Maslow's (1954) hierarchy of needs. After basic necessities, by Herzberg (1987) framework, come needs related to human characteristics such as ability to achieve and to experience inner growth. The intrinsic motivator factors are achievement, recognition, work itself, responsibility, advancement and growth. Hygiene or dissatisfaction-avoidance factors are company policy and administration, supervision, relationship with supervisor, work conditions, salary, relationship with peers and subordinates, personal life, status and security. Of all the factors contributing to job satisfaction 81% were motivators. 69% of factors contributing to employee dissatisfaction about their jobs involved hygiene elements (Herzberg, 1987, p. 9). In Figure 2 taking a person who is dissatisfied and unmotivated and adding to that hygiene factors

we get an employee who is not dissatisfied but still unmotivated. Adding motivation factors the employee gets satisfied and motivated.

Employees dissatisfied and unmotivated	Hygiene Factors	Employees not dissatisfied but unmotivated	Motivation Factors	Employees satisfied and motivated

Figure 2: Two Factor Theory (Herzberg, 1987)

McClelland, in his research Motivational Trends in Society (1971) cited by Salmela-Aro & Nurmi (2005), argues that his Learned Needs Theory emphasizes three distinct needs: Achievement, Affiliation and Power. People want to succeed and overcome themselves and hence they just essentially want to achieve. They are motivated by doing challenging work and thus the motivation arises not from compensation or fringe benefits but rather completion of a task and feel of achievement. People with high need for affiliation drive themselves toward harmonious relationships with other people. They need to feel accepted by other people and require significant personal interaction in their work. Power seekers emphasize the need to have social power and status over others.

Locke's (1968) Goal Setting Theory cited by Salmela-Aro & Nurmi (2005) emphasizes how objectives effect motivation. Employees aim to achieve their objectives in their work lives. Subsequent research based on Locke's theory has suggested that demanding and punctual goals motivate better than general objectives. The employee is also more involved to their work if he or she can affect the objectives of it.

Van Herpen, Van Praag and Cools (2005) specially wanted to concentrate on the differences between intrinsic and extrinsic motivation. They integrated psychological theories of motivation with economic theory and developed a framework to explain how performance is linked to compensation and motivation (see Figure 3). Extrinsic motivation is gained by for example monetary reward for tasks done as intrinsic motivation arises from the task itself whether it is highly demanding and by completing it the employee feels satisfaction or perhaps the employee is

given more responsibilities at work. As some tasks are performed without monetary payments, which contradicts the standard economic assumptions. Their research concluded that extrinsic motivation has a significant relationship with perceived fairness of the monetary and career concerns of the compensation system.
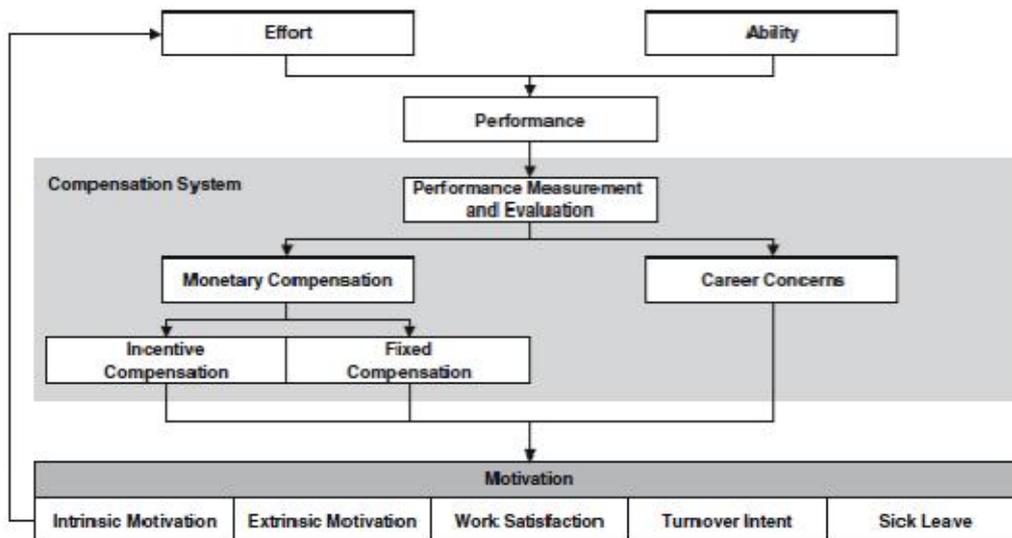
Figure 3: Framework of concepts and relationships (Van Herpen, Van Praag & Cools, 2005)

The Figure 3 adds work satisfaction, turnover intent and sick leave as three other indicators of motivation (Van Herpen, Van Praag, & Cools, 2005). Work satisfaction should be related to the perceived quality of the compensation system, turnover intent is a factor to evaluate the intention to leave a company and which is negatively correlated to the perceived quality of compensation system. Also sick leave or absenteeism is likely to be negatively correlated to the quality of the compensation system.

Motivation is a vital part in ensuring employee effort. The next chapter will cover in more depth on why and how employee engages oneself to an organization and work toward common goals. The chapter also points out three types of commitments that an employee makes with the organization.

2.3 Employee engagement and commitment

There is no single and generally accepted definition for the term employee engagement (Markos and Sridevi (2010, p. 90). Perrin's (2003) Global Workforce study uses the definition "employees' willingness and ability to help their company succeed, largely by providing discretionary effort on a sustainable basis." According to Perrin, engagement is affected by many emotional and rational factors related to day-to-day work. Employee Engagement is the combination of job satisfaction, motivation and effectiveness and it occurs when the three factors intersect argues Swaminathan and Rajasekaran (2010). "The value of the organization is transferred from physical asset to effective work force" they continue. Robinson et al. (2004) on the other hand defines employee engagement as a positive attitude held by the employee towards the organization. An engaged employee is familiar with the organization's business context and works with colleagues to enhance job performance for the benefit of the organization. This two way relationship must be nurtured by both employer and employee Robinson et al. (2004) continues.

Nowadays employers have realized the advantages of focusing more on employee engagement to create more efficient and productive workers (Markos & Sridevi, 2010). Employee engagement is not the same as employee satisfaction the authors continue (2010, p. 90). This is due to fact that managers can't purely rely on the employee satisfaction being the key factor on keeping the brightest and best employees within the company. The authors continue arguing that employee engagement is more superficial and transactional relationship between organization and employee. Engagement is about commitment and passion to invest oneself to be a part of employer's success, which is argued to be beyond simple satisfaction (Markos & Sridevi, 2010). This view opposes Swaminathan and Rajasekaran's (2010) argument satisfaction being the fundamental part of employee engagement. The concept of engagement seeks to make clear that it is not enough for the employee to bring his or her input to the work place but it is very important that he or she brings his or her heart and mind as well. Some other advantages of engaged personnel are identified as follows (Swaminathan & Rajasekaran, 2010, p. 55): engaged employees will stay with the company, in general perform better and are more motivated; engaged employees form emotional connection with the company and create sense of loyalty in a competitive environment.

Employee attrition or more commonly referred employee turnover makes organizations lose money due to the high cost of recruiting and training new employees (Bairi, Manohar, & Goutam, 2011). While a new employee is being evaluated, selected, recruited and trained the division lacking a headcount in the organization runs with too few employees. Others need to take care of the duties of the person who resigned or got laid off resulting in overtime compensation for the remaining workers or the company faces the cost of loss production. The cost of turnover for one employee in IT industry has been calculated to be approximately three times the annual salary of an IT employee (2011, p. 2). The authors divide employee attrition into two categories: functional and preventable attrition. Bairi et al. (2011) argue that functional attrition is caused by circumstances out of the organizations control (external reasons). There are numerous external motives why people quit and change companies. These reasons include retirement, spouse's job transfer, leaving due to health problems, employee moving to a new town or taking up higher studies just to name few. Preventable attrition on the other hand can be controlled and should be avoided if possible. These types of attrition are, to name few, work pressure, conflict with manager or poor job satisfaction. Bairi & et al. (2011) mentions the first step in managing attrition is to understand why employees leave the company. Through understanding companies they can try to prevent, manage and engage employees even further into the organization.

The three components in the conceptualization of organizational commitment suggested by Allen and Meyer (1990) and later revised by Meyer and Allen (1991) are labeled affective, continuance and normative (desire, need & obligation) commitment. Affective commitment takes place when the employee has a desire to be the part of the organization and this desire is based on emotional attachment. Degree of this commitment is the degree of which employee feels belonging to the group and is satisfied with the involvement. Continuance commitment, the second component, is based on an exchange between individual and organization commitment and the strength of it arises from employees personal views on how favorable the commitment toward them is. The rewards and benefits must outweigh the cost of leaving or changing the organization. The third component, normative commitment, is based on a belief that the employee has a responsibility toward organization and people inside it. It reflects an individual's perception of the behaviors acceptable in the organization. (Allen & Meyer 1990, Meyer & Allen 1991 & Kwantes 2009)

A checklist of ten points for organizations to take into account, in order to have and be able to maintain engaged employees, has been written by Markos and Sridevi (2010, pp. 93-94). It includes

1. Start on day one: Many organizations have clear new talent acquisition strategies but lack employee retention strategies. Effective recruitment and orientation for newcomers are the foundation in employment. Managers should ensure correct role-talent fit for employee to retain that talent in the organization.

2. Start from the top: Employee engagement requires leadership commitment through establishing and communicating clear mission, vision and values. Managers also need to believe in what they are selling and pass it down in the organization.

3. Enhance employee engagement through two-way communication: Overall managers need to promote two way communications at the workplace. Employees need to have an opportunity to talk and participate in enhancing the work environment, relationships with managers and overall engaging themselves more into the organization.

4. Give satisfactory opportunities for development and advancement: Managers should encourage employees to think independently though giving more job autonomy. As long as the employee is producing the expected result they are free to choose the best way of doing it. This is more result rather than process management.

5. Ensure that employees have everything they need to do their jobs: Managers need to make sure that employees have all the resources needed to do their jobs like physical or material, financial and informational resources.

6. Give employee's appropriate training: One should help employees to enhance their knowledge and skills through giving them appropriate trainings. Through training their knowledge increases, their confident rises and they are able to work without much supervision from their managers, which in turn builds their self-efficacy and commitment.

7. Have a strong feedback system: Companies should develop a performance management system, which holds managers and employees accountable for the level of engagement they have shown. Regular surveys of employee engagement have shown to help make out the factors to which employees engage into.

8. Incentives play a part: Managers are responsible for working out both financial and non-financial benefits for employees who show them to be more engaged to their work.

9. Build a distinctive corporate culture: Companies should endorse a culture where goals and values are aligned across all work sections. A company builds culture of mutual respect by keeping success stories alive to engage current and future employees.
10. Focus on top-performing employees: High-performing companies attract top-performing employees.

The ten point list takes a holistic view on employee engagement (Markos & Sridevi, 2010). The employee engagement is a process that should start at the first day the employee comes to work. The initiative and actions for engagement should be set and introduced from the top management. Communication, development opportunities as well as giving employees' feedback and incentives will generate more committed and engaged work force for the organization.

Companies compensate employees based on their performance and for the exchange of capital and free time of an employee. Compensation and benefits, or as nowadays referred total compensation, is also used to engage people toward the organization and the job in hand. The next chapter covers different types of compensation and the latest trends around this area.

2.4 Compensation & Benefits

Compensation is a pay provided by an employer for the exchange of time, effort and skills from employees part (Christofferson & King, 2006). Compensation comprises four core elements: Fixed or base pay, variable pay, short-term incentive pay and long-term incentive pay. WorldatWork, a not-for-profit organization, defines fixed pay as a fundamental part of employee compensation, which does not vary according to performance and is usually determined by company's pay structure. Variable pay, or also known as "pay at risk", has direct relationship to the level of performance or results achieved, which for every performance cycle must be re-earned. Short-term incentive pay (STI), a type of variable pay, is designed to focus and reward performance over a period of time (usually year or less). Long-term incentive pay (LTI) focuses on performance recognition longer than year and its typical forms include stock options (WorldatWork).

Benefits programs are used by employers to supplement the base compensation employees receive (Christofferson & King, 2006). In basic form benefits programs protect the employee and their families from financial risks (WorldatWork). They include mandated and obligatory matters

such as unemployment, social security or disability insurance, vacation allowance, sick leave, retirement plans, or medical benefit.

Compensation and benefits are part of a larger total rewards model, which also includes work/life, performance and recognition and development and career opportunities segments (Christofferson & King, 2006). Overall total rewarding includes everything employee values from employment relationship (WorldatWork).

"Total rewards [is] the monetary and nonmonetary return provided to employees in exchange for their time, talents, efforts and results. Total rewards involves the deliberate integration of five key elements that effectively attract, retain and motivate the talent required to achieve desired business results"   (Christofferson & King, 2006)

Figure 4 Total Rewards Model (WorldatWork, 2006)

The Work/life component of total rewarding supports employees to achieve accomplishments both at home and work (Christofferson & King, 2006). These efforts are done through specific sets of practices, policies and programs including workplace flexibility, paid and unpaid time off, financial support, or perhaps through community involvement (WorldatWork). The performance management component can be characterized as key to the organizational success and is the

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alignment of individual and organizational efforts toward organizational success. Employee recognition is a special attention given to employee's actions, behavior, efforts or performance. Recognition can be used to reinforce certain behaviors such as extraordinary accomplishments that have had an effect on the company's success. The Development and career opportunities component is most directly connected with the employee self. Personal development engages employees to perform better, creates them more career opportunities and through these events the organization itself can get the greatest value from the situation.

During the past 50 years the concept of total rewarding has evolved (WorldatWork). Still today terms like "total rewards", "total compensation" or "compensation and benefits" can be used to describe the collective strategies companies adopt to attract, retain and motivate the talented employees in order to succeed within their markets (WorldatWork). As in every workplace, employment is an exchange relationship between the employer, who provides total compensation and employee, who provides time, talent, effort and results. For an organization and their performance management strategy it is vital to identify the top performers and link their performance with rewards. Identify and engage them to drive company's performance (Hewitt Associates, 2005). The goal for total rewards strategy is, as it shows in the Figure 4, to attract, motivate and retain employees and to create engagement and satisfaction. The base for successful total rewards strategy is organizational culture, business strategy and human resource strategy (WorldatWork). The WorldatWork researchers have shown that the company's external brand value could be considered a critical component in employee engagement for example.

Causality has been shown between efforts, compensation systems and motivation (Van Herpen, Van Praag and Cools (2005) see Figure 3 on page 9). Performance measurement and evaluation, monetary compensation and career concerns link employee performance to rewards employees receive in forms of monetary compensation and career advancement. Employee's performance is a combination of personal ability and effort one is willing to put in to certain job or task in hand. Employee's personal effort is directly linked to motivation. The compensation system presented by Van Herpen et al. also features career concerns, part of which is linked to employee's performance and thus leads to motivation.

In effectiveness evaluation of compensation systems Van Herpen et al. (2005) used three distinct measurements: transparency, fairness and controllability. The transparency of a compensation system is evaluated based on the complexity of the system and how well it has been communicated to the employees. A transparent system should inform the employees on rules of the compensation system but also the objectives of the firm. Clear communication will enhance understanding of what is expected of employees. Also open and clear communication enhances the support for a certain compensation system. Fairness is based on honesty and trust between employee and the organization. Motivation is expected to decrease if an employee feels that he or she is being treated unequally compared to others. Controllability, the third characteristic, is used to evaluate the perceived relationship between performance and compensation. Controllability is the extent to which the employee is able to control or influence the outcome of one's work.

Bairi, Manohar and Goutam (2011) argue that to be able to retain people the employer should offer reasonable salaries. Younger generations of talented employees in the IT sector are more eager to make more money at an early age of their careers than in other sectors. In order to have and retain employees in the company the first and most important matter to have is adequate salaries. Stock options and bonuses may be useful in engaging and retaining employees. Having an ownership to the company through stock, the employee feels more committed to the company and its performance. Within the IT sector in India, company stocks are a fairly unknown incentive but merit bonuses, cash awards and skill development allowances are very commonly used.

The creation and implementation of excellent benefit plan has been one of the most important ways of retaining employees (Bairi, Manohar, & Goutam, 2011). The higher amount of benefits, the more likely employee will stay with the company. Benefits from child care, fitness club memberships, or educational programs to flexible working hours, career development, transparency and recognition are factors employees value and expect from the organizations. A strong way to engage employees is to develop a career path with them. They'll have some kind of roadmap for personal development and career building within an organization.

Incentives are called 'extrinsic motivators' by psychologists (Kohn, 1993, p. 55). They do not alter the attitudes that underlie our behavior and thus secure only temporary compliance. Studies have revealed that people who expect to receive a reward for completing a task or for doing that task

successfully do not perform as well as those who expect nothing in reward (1993, p. 55). Higher pay does not produce better performance as return. Kohn (1993, p. 56) states that only few researchers have taken the time to examine the connection between incentive programs and problems with workplace productivity and morale. Rewards buy temporary compliance, making it look like the problems are solved. Spotting the harm incentives cause over the long term is harder.

The true cost of incentive systems can be examined through following a six-point framework presented by Kohn (1993, pp. 58-62).

1. "Pay is not a motivator" – Studies have shown that when asked "what do you care about", money ranks to be fifth or sixth.
2. Rewards punish – Rewards have a punitive effect because they are manipulative. Also not receiving an expected reward is punishment.
3. Rewards rupture relationships – Employees compete for rewards, which can rupture relationships and cooperation.
4. Rewards ignore reasons – Rewards directed to boost productivity do nothing to address possible underlying problems in the organization.
5. Rewards discourage risk-taking – People tend to do what they are asked to do if the reward is significant. Excellence pulls employees one direction whereas rewards pull in another.
6. Rewards undermine interest – No artificial incentive can match the power of intrinsic motivation. People who are exceptional do not work just to get the paycheck but they are glad to be paid well.

Kohn (1993, p. 63) continues by arguing that "Managers who insist that the job won't get done right without rewards have failed to offer a convincing argument for behavioral manipulation. Promising a reward to someone who appears unmotivated is a bit like offering salt water to someone who is thirsty. Bribes in the workplace simply can't work."

2.5 Research problems addressed in this study

This research addresses the common problem Western companies face while having operations in India: employee attrition. The overall problem is to find out how better to engage Indian IT professionals in the case company. First we need to know from what standpoint the employee

feels connected to the company. Through this study I will enquire what type of commitment employees in India generate with a company based on Meyer & Allen (1991) framework of three scales of commitments.

After gaining the insights of whether it is the employee's desire, need or obligation to work for the case company, the study starts addressing how the employees perceive their compensation system and whether there is a connection between total rewarding and employee engagement. Alongside engagement comes employee motivation. As the secondary research question is about rewarding to ensure engagement and motivation it is vital to research what kind of motivation works for the local employees.

The next chapter starts addressing the research methodology used in this study.

3. Research Methodology

The type of research conducted for the empirical part of this thesis is of quantitative nature. The data generated through questionnaire were quantitative and statistically analyzed. This chapter addresses the research methods used for this thesis, the justification for the choice of methodological instrument, the way data was analyzed and the validity of the study. Section 3.1 explains the research methods employed and the data gathered, and section 3.2 assesses the trustworthiness of the study.

3.1 Case study

The case study is the most flexible of all research designs, allowing the researcher to retain the holistic characteristics of real-life events while investigating empirical events. The case study method is used to investigate a contemporary phenomenon within its real-life context where the boundaries between the phenomenon and context are not clearly evident (Yin, 2009). A single case study was chosen due to the nature of research conducted in India for the case company. This also allows investigating one case on a deeper level with more focused research questions. When studying only one organization, all major organizational context factors are same for all the people that are included in the research.

3.1.1 Case company

With more than 17,000[6] experts world-wide, the case company is the leading IT service provider in Northern Europe[7]. They provide IT, R&D and consulting services for global clients. Their main customer segments include telecom & media and financial services with over 75% of their net sales coming from Northern Europe. This publicly listed company had net sales of over 1,700 million[8] euro in year 2010 with operating profit around 70 million euro.

Beside telecom & media and financial service segments, the company also serves customers in automotive, energy, healthcare and welfare, manufacturing, logistics, public and retail sectors.

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[6] Case company internal data end of year 2010
[7] Case company Annual Report 2009
[8] Case company investor information 2010

Currently the case company operates in over 25 countries with presence in all continents excluding South and Central Americas. Their main focus is serving large and medium-sized organizations and they co-operate with many of the world's leading companies[9].

The case company's operating environment is truly challenging. The IT industry is fast growing and fast developing where new players and big players enter the markets daily. The future position of the case company is hard to predict. Their traditional position as contract supplier is being jeopardized. The case company, like its competitors, has started expanding their off-site operations to low-cost countries such as China and India with hopes to gain competitive edge by producing quality products cheaper than before.

Among the case company's international operating sites, India was selected as a target country due to its unique culture status as highly suitable outsourcing location for Western companies. In India, the case company has a growing presence in two sites located in Pune and Bangalore with nearly 1,500 employees. New governmental legislation and rising inflation, the cost of living and organizational operating has been increasing for the past decade. The question that is being asked is how to keep producing products and services with good operating profit while still maintaining professional workforce?

3.1.2   Questionnaire development

The data was gathered through questionnaire had six distinct sections, which will be described here. The detailed list of questions can be found from appendix A.

As a basis and a starting point for questionnaire development, literature was gathered for the framework of this study. Two studies were used as a basis for the development of the questions used in the survey. These were researches by Van Herpen, Van Praag and Cools (The effects of performance measurement and compensation on motivation: An empirical study, 2005) and by Kwantes (Culture, job satisfaction and organizational commitment in India and the United States, 2009). In addition, the case company's total rewarding structure was used as a base structure for certain question sets.

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[9] Case company Annual report 2009

The first part of the questionnaire included basic questions concerning the respondent's gender, age group, career path, career length and the number of companies a respondent has worked for. Most of these answers can be evaluated against average values of original recipients of the survey invitation. This common information can be used to see if there is difference in people groups who have answered the survey and can also be taken as filtering values for future analysis. It is also interesting to see whether a conclusion can be drawn between people who have changed their occupation often compared to newcomers in the company.

The second part of the questionnaire enquired from what psychological state an employee makes the strongest commitment with the company. In 2009 Catherine Kwantes studied India and United States from an organizational commitment viewpoint. She evaluated these two countries using Meyer and Allen's (1991) framework of organizational commitment against job satisfaction, collectivism and individualism. Meyer and Allen's (1991) commitment framework has three separable components reflecting a desire (affective component), a need (continuance commitment) and an obligation (normative commitment) to maintain employment in an organization. Kwantes, in her study, concluded that Meyer & Allen scale can be used in the Indian context. For the purpose of this study Meyer and Allen's set of eight-structured questions were used evaluate the psychological state of employee commitment in India. Using Meyer and Allen's question set on commitment, a conclusion can be drawn on what type of commitment is strongest among the employees.

The third part of the questionnaire used Van Herpen, Van Praag and Cools (2005) questionnaire as a basis. This part evaluates different perceptions that an employee has toward monetary compensation and career concerns. It evaluates the total rewarding from transparencies', fairness', controllability's, extrinsic motivation's, intrinsic motivation's, work satisfaction's and turnover intent's viewpoint. This set had 16 questions with likert-type scaling with range of 5 and one question asking overall satisfaction toward their jobs that had a scale from 1 to 10. This set also clearly points out, from a monetary and non-monetary point of view, how satisfied the respondents are with the current rewarding model.

The fourth part of the questionnaire has a direct linkage to the previous section as it tries to find how satisfied a respondent is to the case company's total rewarding and do they feel they can affect it by their own actions. Through these questions in the fourth part, the case company can get direct information concerning their rewarding structure and how the Indian employees feel they are mastering the area of compensation and benefits. The ten questions are divided into five categories: monetary compensation, benefits, work/life balance, performance & recognition and personal development and career opportunities.

The fifth part was an open-ended question allowing the recipients to choose up to five factors that they value for working for the case company in India. These compensational and benefits factors were chosen from a pool of incentives, benefits and compensation they receive, some of them mandatory and most optional. This part only aims to find what an Indian employee values today about working for the company. The last part of a questionnaire included a question from the local management team, who wanted to take this opportunity to reach out to their employees and listen to what they think about rewarding. The answers from this question weren't used in analysis of this study.

During the design of the questionnaire and preparation to implement the survey online, I consulted multiple people from the case company to make sure they agreed with the questions and that there was no inconsistency with the corporate policies. Few examples include the change of wording from salary to monetary compensation or the phrase career advancements into career movements as nowadays people make both horizontal and vertical movements with their careers. These changes were made to change the wording to be in line with the grammar used when talking about total rewarding in the case company. The Local HR manager had some changes to the fifth section of questionnaire as there were few options that in India are considered as a part of base salary or more commonly referred as cost to company. These options include meal allowance, housing allowance and few others.

3.1.3 Data collection

The main data collection method used in this thesis was a structured online survey. In addition to the survey, some internal documents were provided by the case company and were used mainly

as background material for research objective and question setting. These corporate materials included basic information about the company and their presence in India.

In this study, to determine the level of employee engagement in contrast with the case company's total rewarding, a structured questionnaire (Appendix A) with Likert-type scale was used to collect primary data. Closed-ended questions were used to allow recipients to choose, from their perspective, the most important factors they value in their organization's total rewarding. Additionally, there were to basic questions about gender, age range, career length and number of IT employers during career; plus an open-ended question, which the case company requested to be implemented at the end of the survey as voluntary question. This open-ended question allowed recipients to share their opinions anonymously on total rewarding in India directly to the local management team. This last item was discarded from analysis in this research.

The survey was distributed as an online survey through the case company's email system to 1,343 recipients in Pune, India. The recipients represented a group of employees on professional and managerial career paths ages ranging from 20 to 54 with career lengths varying from new hires to employees with 6 year of career at the company. Around 76% of recipients were between the ages of 25-34 and approximately 75% of the survey recipients were men. The questionnaire, found from Appendix A, was in English language, as English is the lingua franca in India. The case company also uses English as the primary language in Indian offices. The target percentage of respondents was set at 20%.

The research survey sample was made as large as possible to get a holistic view of professional and managerial career path employees. The reason for including both career paths was to see how structures and hierarchies in India affect on the responses. As the case company suffers from high attrition rates, the employee sample was drawn at the last moment, a day before launch of the survey. This data set included information on the people only working at Pune site in India with the above mentioned career paths. The data set gotten from case company's systems included the email addresses needed to send the invitation but also employees' gender, career level (P1-P6, M1-M4), age groups used in the case company and years of service. As respondents were sent a generic link to answer the survey there is no way to directly link person and their responses.

Control information asked in the beginning of the questionnaire allows comparison to be made in analysis.

Survey was hosted on Webropol[10], online survey and analysis software, for which the case company had a license. This way the data gathered from the survey would not leave the case company's possession but allowed analysis to be made. All of the recipients received a generic secured Internet address (URL), through which they could answer the survey online and the system would handle the data collection and storage. The system itself made sure, everyone only had one opportunity to answer the survey. As a general, there was a way to bypass this security measurement and that people would be able to fill more than one response. They are IT professionals, but it would be hard to find a reason why someone would like to tamper the data collected. There is no way of determining this for sure and no sign of repeated answers could be seen from the data. All questions except the last were positioned as mandatory questions and the system wouldn't allow respondents to move forward until all questions on a page had been answered. In spite of these requirements set up to the system, the responses received to the system included some uncompleted data sets, which was then discarded. Webropol online system stores the answers in their system from where the data may be analyzed online through their own system or retrieved in Excel or CSV format for further analysis in Excel or SPSS[11].

Participants were invited to take the survey through an invitation email (see Appendix B) sent through case company's email system with a request and a secured link to take the questionnaire. In the invitation mail, my main highlight was on personal discretion and anonymity of the respondent. I also highlighted the reasons and objectives what I was trying to find through the research. Initially it was planned that a local HR manager would introduce my study in beforehand to give it more credibility but due to scheduling problems this never happened and few difficulties did arise because of it.

The Survey was launched on Tuesday April 5th giving the respondents two weeks time for answering. The first reminder email was sent out on the April 12th and the latter on April 18th just a day before the answering period ended. At 8 p.m., local Indian time on April 19th the questionnaire

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[10] www.webropol.com
[11] Analytical software by IBM

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was set to private and taken away from public reach and thus no more answers were received. During this two-week period, 557 of 1343 recipients answered the survey, which gives a response rate of approximately 42%. From the start people started answering the survey fairly well and quickly after launch during the first half of hour of making the survey public, over 80 answers were received, which indicated fairly strong start with good and rapid responses to the invitation.

After an hour of launching the survey some problems arise. An email was received stating that all case company's employees in India have been sent out a notification not to respond to the survey. The local communications manager was not aware of the study being conducted and thus sent out a message that the survey I was making was not official in any way. After having a discussion with this person, everything was sorted out and new emails were sent out to the employees stating the legitimacy of the study and that local management team supports this study. I was then to re-introduce my study to the employees. It is hard to evaluate the harms these unexpected delays caused to the response rate. The first day overall was a huge success. The amounts of respondents rose close to 300, which again indicated really strong start.

A reminder email was sent out on the April 12th and within the next hour, over hundred new people submitted their answers. Unluckily few hours after this reminder email, Webropol systems went down and the questionnaire form was unreachable from the Internet. The browser gave an error note when trying to reach the survey's web address. No reasons from Webropol's side were shown to the end users. Overall the system was down for approximately an hour. Again one can only wonder if this had an effect on the answer rate. Perhaps people would just give up answering the survey when they felt the web address wasn't working. After few days, on Thursday 14th there was an update in the Webropol systems, which lead to system giving a message: "The Webropol survey application is temporarily out of use due to updating. Logging in to the application or answering surveys is not possible during the update." At least this time the respondents could know why they couldn't answer the survey and knew that they could come back later. The survey's system update didn't go as planned. After getting back online the survey took really long time to load from start and again on Sunday 17th the survey was unreachable for 4 hours due to additional unexpected updates.

On Monday 18th, the last reminder was sent out with a notion of last possibility to answer the survey. A spike in the amount of answers received could be clearly seen every time an email was sent out. Within a day of the initial launch the amount of recipients raised up to 300 respondents. Then almost a week went by with just few new responses a day. During the last day, the number of responses rose to over 500. This must be taken as a good result considering all the difficulties the survey had faced during these two weeks.

3.1.4   Data analysis

The survey system, closed after two weeks from launch, recorded 557 responses (See Table 1). From this sample, 37 needed to be rejected either because the data was incomplete or there was too many answers given in the fifth part of the questionnaire. The amount of rejected answers calculates to 7% of the total sample, but after going through the situation it was seen better to reject them and to only use completed answer sets. This rejection of answers set the response rate to be at 39%, which was more than originally targeted by the researcher and case company. Table 1 compares the characteristics of the respondents with the population of the entire group invited to take the questionnaire. A comparison between sample averages and the population proves the sample to be fairly representative of all the employees in this site. Unfortunately there was no comparable data available for tenure lengths or a number of other employers for the total population.

Table 1 show that the percentage of male employees in the firm is quite large, 76%. The majority of the employees, 76%, are between ages of 25-34 with 94% in the professional career path. The profile of the sample shows consistent patterns. The case company's internal statistics shows the average tenure length is 1.14 years[12], which is consistent with the sample where 68% of employees have been working less than 2 years. The sample data also tells us that most of the employees, 86%, have been working for other organizations before joining the case company thus giving them contrast point of other companies when evaluating their current employer. As the age groups of 40-44 and 45- consists only 9 respondents it will not be taken into account for control group evaluations. The sample is too small and another reason for leaving them out was that out

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[12] Information retrieved from Case company's internal data banks for Pune, India. 2011

of 37 rejected responses, 18 would have been in these groups. Accepted answers are counted in the whole sample analysis, but not in the control group evaluations.

Table 1 – Sample descriptives

		Total population		Sample	
		Absolute	Percentage	Absolute	Percentage
Gender	Female	317	24 %	126	24 %
	Male	1026	76 %	394	76 %
Age group	20-24	144	11 %	50	10 %
	25-29	345	48 %	240	46 %
	30-34	378	28 %	168	32 %
	35-39	138	10 %	53	10 %
	40-44 and 45-	38	3 %	9	2 %
Career path	Professional	1259	94 %	447	86 %
	Managerial	84	6 %	73	14 %
Tenure (years)	Less than 1			217	42 %
	1-2			134	26 %
	2-3			84	16 %
	4 or more			85	16 %
Other	None			58	11 %
Employers	1-2			322	62 %
(companies)	3-5			124	24 %
	6 or more			16	3 %
	Total	1343		520	
	Rejected answers (not counted above)			37	

The sample data was analyzed using Excel with the basic formulas included in the software such as means, medians, modes and standard deviations. From time to time SPSS, a high caliber data analysis tool, was used to calculate for example Cronbach's Alpha[13] value to test the internal consistency of certain questions. Pivot table[14] method was used to calculate difference in values when one control variable was changed. The data originally retrieved from Webropol system was

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[13] Cronbach's alpha estimates the proportion of the variance that is systematic. The alpha varies on a scale between 0 and 1 with a score of 0.70 or above is by convention an acceptable score that points toward internal consistency.
[14] Data summarization tool found in major of spreadsheet tools.

in format of rows representing the answers one respondent had given and columns representing a question. Questions were then coded, as seen in appendix A, with index numbers from Q1 to Q16. These question numbers mostly represent the main themes in the survey and as an example Q6 had 8 questions inside of it. Some questions, reverse in nature were flipped around in order to be able to calculate factors correctly. These questions are marked with R for reverse in the appendix A.

3.2 Research validity and reliability

In general, research quality and trustworthiness are determined by the reliability and validity of the research. Reliability consists of three parts: stability, internal reliability and inter-observer reliability (Bryman & Bell, 2003). Stability refers to whether a measure is stable over time, internal reliability refers to whether each respondent's answers may be correlated and inter-observer reliability refers to whether there is inconsistency of decision when more observers are present. This study is not affected by inter-observer reliability as the research data was gathered through internet survey system without an observer taking part in this event.

External validity can be achieved by using a theory base in research design (Yin, 2009). In this study, the survey questions were composed partly based on themes used in recent research (Kwantes, 2009; Van Herpen, Van Praag & Cools, 2005). Some theories and studies were used on an 'as is' basis allowing comparison and ability to contrast against previously conducted studies whereas others were modified to some extent using corporate culture as a filter. To allow data triangulation in order for this research to address potential problems of constructs validity (Yin, 2009); multiple measures of the same phenomena were conducted.

4. Results and discussion

This chapter addresses the research results analyzed statistically from survey data. First, in chapter 4.1 I'll be introducing the data in tables and pointing out the trends and distinguished findings for all sections of the survey. Results will be introduced for whole sample with means, standard deviations and Cronbach's alpha values when applicable. The data was also analyzed separately for each control group. Where needed mode values were introduced to support data differentiation from neutral states. Chapter 4.2 starts a discussion based on the results linking them with the existing literature and frameworks.

4.1 Results

4.1.1 Commitment to the case company

Organizational commitment was measured using Meyer and Allen's (1991) eight-item scales assessing affective, normative and continuance commitments. The questions and results used to evaluate the strength of commitments are found from Table 8, Table 9 and Table 10 in Appendix A. The whole sample analysis with means, modes, standard deviations and alphas for each scale can be found in Table 2. The most frequent response's mode numbers are to be used to guide through evaluating mean values because in multiple cases they are close to 3 corresponding with neutrality in respondents' opinions.

Table 2 – Commitment sample

Scale	Mean	Mode	Standard deviation	Alpha
Affective commitment (Desire)	3.27	4	1.05	0.831
Continuance commitment (Need)	2.94	3	1.09	0.429
Normative commitment (Obligation)	3.21	4	1.01	0.610

See Appendix A for questions Q6-Q8

Looking at the whole survey sample for commitment scales at Table 2, the means and standard deviations for normative and affective scales seem to be fairly in line with each other. As the scale for answering the questions was from one and five, the mean values presented are close to middle value 3, which represented the option of not agreeing or disagreeing with the statements. The

mode (most frequent) values for desire and obligation scales are 4, which results averages being above 3. The internal consistency for affective commitment is really high (above 0.7) whereas normative commitment is slightly below the desirable value making the scale less internally consistent than affective commitment but still allowing validity for discussion. The need factor for Indian employees had the lowest mean value from the three scales with value slightly below the scale average 3. The internal consistency of continuance commitment was low with value only 0.429, which lowers the trustworthiness of the dataset for specific scale. When making a reliability analysis for this scale it was seen that the fourth question in this set, "4. It would be too costly for me to leave my organization now", was responsible for this inconsistency. Without this question the consistency would have been almost 0.68. If taking the fourth question out from the mean calculation, the average value for this scale would decrease to 2.9.

Table 3 – Commitment – Descriptive statistics for control variables

		Affective	Continuance	Normative
Gender	Female	3.37	3.00	3.29
	Male	3.24	2.92	3.18
Age group	20-24	3.49	3.13	3.37
	25-29	3.21	2.98	3.17
	30-34	3.32	2.87	3.23
	35-39	3.16	2.88	3.18
Career path	Professional	3.25	2.96	3.20
	Managerial	3.42	*2.84*	3.24
Tenure (years)	Less than 1	3.35	3.00	3.26
	1-2	3.24	2.91	3.16
	2-3	*3.06*	2.91	*3.08*
	4 or more	3.35	2.88	3.26
Other	None	3.41	3.06	3.39
Employers	1-2	3.26	2.94	3.19
(companies)	3-5	3.22	2.87	3.16
	6 or more	3.32	3.15	3.38

Bolded items represent highest value in commitment scales whereas bold-italic style represents the lowest values.

The Table 3 shows the descriptive statistics divided into control variables, which can be compared to Table 2 against mean values for the three scales. When taking a look at the values in Table 3 and other tables with control groups, it should be always remembered that the control groups are different in sizes and should be evaluated against sample statistics data and in this case to Table 1. For example the male group represents 76% of the whole sample and thus differs less from average means than the female group because their weight for the overall mean is larger. Let's take the example of affective commitment where the mean for whole sample is 3.27 and mean value for female respondents is 3.37. As the female group differs heavily from the mean for whole sample it indicates that they have very different opinion on the scale in question. Other dominant groups are professional career path recipients, people who have been working for the case company less than a year and people who have had 1-2 other employees before joining the case company.

Female respondents rated all three scales above the mean for the whole sample. As the respondent's age group and tenure length got larger, the amount of continuance commitment decreased. The data shows that affective commitment is strongest among employees between ages 20-24 whereas employees who have been working for the case company 2-3 years recorded lowest results. People on the managerial paths rated high commitments with desire and obligation scales but when it came to the scale of need, the value was lowest among all the control groups. The highest continuance commitment can be found from the group representing people who have worked for 6 or more companies within IT sector. Managers had the lowest need commitment to the case company. People who have been working for the case company for 2-3 years had the lowest value for normative commitment and, on the other hand, people who have just started their career at the case company felt that they obligated toward organization as seen from Table 3.

4.1.2 Total rewarding and motivation

Table 4 represents the results from evaluating the current compensation system and motivation (Q9 in Table 11, Appendix A). This section in the questionnaire was used to measure the perceptions of the compensation system in the case company. These perceptions include transparency, fairness, controllability, extrinsic and intrinsic motivation, work satisfaction,

turnover intent, monetary compensation and career concerns. Table 4 shows the different perceptions of working for the case company along with the whole samples mean scores, standard deviations and alpha values. Tables with more detailed information on this section can be found at Appendix D with the overall question-level statistics and descriptive statistics of control variables (Table 15).

Table 4 – Compensation system and motivation

Scale	Mean	Mode	Standard deviation	Alpha
Transparency	3.13	4	1.10	0.654
Fairness	2.77	4	1.12	0.842
Controllability	3.28	4	1.01	0.707
Extrinsic motivation	3.10	4	1.05	0.742
Intrinsic motivation	3.61	4	1.01	0.527
Work Satisfaction	3.71	4	0.96	0.557
Turnover Intent	2.63	2	1.08	-*

* Alpha cannot be calculated for single item scale

As can be seen from Table 4, work satisfaction has the highest mean with smallest deviation. On the other hand the alpha value for this scale is fairly low resulting lower reliability and internal consistency of the question set. Turnover intent for the Indian employees is 2.63, which is below the scale average indicating people not having strong turnover intentions. Also the mode value for this scale suggests the same. The fairness scale's mean 2.77 also needs to be pointed out because it seems that the respondents felt that their compensation system is unfair. The standard deviation for responses are around one quite closely gathered and alpha values for most of the scales are near or above the 0.7, showing consistency of the scales.

The reason why intrinsic motivation has such a low internal consistency is found from the statement "I often have to force myself to go to work". The results for this scale resulted low correlation between scale items (Appendix A, Table 11). Table 15, in Appendix D, shows the descriptive data for survey's control variables for this section. From this table it can be seen that when it comes to tenure length groups, there is a falling trend in transparency and fairness scales. Both scales decrease by more than half of number as the tenure length increases. The highest

values for transparency, controllability and fairness are among people who have just started working for the case company. People between 30 and 34 years of age evaluated all the scales mentioned above below whole sample's averages. Lowest motivation numbers could be found from among the people who have been working for the case company 2-3 years. People between 35 and 39 were least satisfied and had the largest value in turnover intent.

Table 5 shows the results on a scale 1-10 for the respondents overall satisfaction with employees current job (question 10 in Appendix A, Table 12). The average satisfaction for whole survey sample was 6.16 with mode of 7. Female employees ranked their satisfaction lower where men were more overall satisfied. In the age group comparison the notable drop can be found among group 35-39 where the grade of satisfaction drops below 6 into 5.98. Career path wise, managerial position employees were more satisfied to their current situation than professionals with the highest grade of 6.60. Tenure length wise, the new recruits were most satisfied with their situation with a grade of 6.49.

Table 5 - Overall satisfaction of an employee

		Overall grade
All		6.16
Gender	Female	5.95
	Male	6.23
Age group	20-24	6.14
	25-29	6.16
	30-34	6.23
	35-39	5.98
Career path	Professional	6.09
	Managerial	6.60
Tenure (years)	Less than 1	6.49
	1-2	6.12
	2-3	5.60
	4 or more	5.96
Other Employers (companies)	None	6.10
	1-2	6.19
	3-5	6.16
	6 or more	5.81

In Table 6, the survey asked the respondents to give their opinion regarding ten questions directly built around the case company's total rewarding structure. The questions (Appendix A, Table 13) were asking about satisfaction with the specific categories, listed in Table 6, and whether the respondents feel they can control the rewards they receive through their own actions at the company. Overall the standard deviation is around one meaning most of the answers were between 2 and 4 and alpha values were mostly over 0.7, which is desirable.

Table 6 - Case company Total Rewarding structure

Scale	Mean	Mode	Standard deviation	Alpha
Monetary compensation	2.99	4	1.07	0.692
Benefits	3.00	3	0.99	0.808
Work/life balance	3.85	4	0.85	0.760
Performance & recognition	3.00	4	1.08	0.921
Personal development & career opportunities	3.25	4	1.06	0.771
Overall satisfaction	3.12	4	1.09	0.846
Overall controllability	3.35	4	1.01	0.653

Questions Q11-Q15 in Appendix A

As the Table 6 shows, the work/life balance scale had the highest score with lowest standard deviation. Monetary compensation and benefits had means close to each other but the answers for benefits scale were less scattered. The satisfaction toward monetary compensation was low with mean of 2.74 and mode value 2 whereas the respondent rated the controllability of this scale higher with mean of 3.00 and mode of 4 (Appendix A, Table 13). Overall satisfaction towards the current system is above average and Indian employees feel that they have control over their compensation through their own actions. Most of the scales had strong internal consistencies that can be seen from alpha column.

Averages for this question are divided into a table of control variables found at Table 7. From this table it can be seen that females are not as satisfied with their monetary compensation and benefits as men but go above scale average when they evaluated work/life balance, performance and recognition and personal development and career opportunities at the case company. Recipients between ages 40 and 44 ranked their total rewarding system the least satisfied in terms of lowest grades in monetary compensation, benefits and performance and recognition. Managers seemed to feel to be evaluated and recognized better than professionals in the case company. Respondents in age group 20-24 seemed to value work/life balance and personal development & career opportunities with highest ranks from all of the groups. One notable group is persons who have been working for 2-3 years in the case company. They have ranked all scales below the sample averages across the border.

Table 7 – Total Rewarding in "case company" – Descriptive data

		Monetary compensation	Benefits	Work/life balance	Performance & recognition	Personal development & career opportunities
All		2.99	3.00	3.85	3.00	3.25
Gender	Female	2.91	2.98	3.97	3.01	3.38
	Male	3.02	3.00	3.81	2.99	3.19
Age group	20-24	2.93	3.22	4.01	3.09	3.46
	25-29	3.04	3.04	3.87	2.99	3.23
	30-34	2.96	2.99	3.86	3.05	3.24
	35-39	2.96	2.74	3.59	2.79	3.04
Career path	Professional	2.99	3.01	3.83	2.98	3.20
	Managerial	2.97	2.89	3.98	3.12	3.42
Tenure (years)	Less than 1	3.41	3.04	3.54	3.39	3.59
	1-2	2.95	3.07	3.82	2.93	3.15
	2-3	2.71	2.55	3.73	2.80	2.99
	4 or more	2.66	2.57	3.85	2.79	3.09
Other Employers (companies)	None	2.89	3.15	3.81	2.87	3.35
	1-2	3.01	2.98	3.84	3.03	3.25
	3-5	2.99	2.97	3.85	2.99	3.17
	6 or more	2.91	3.06	4.00	2.72	3.13

The last section of survey asked the respondents to evaluate what factors they value most working for the case company, found at Table 16 (Appendix E). The top four factors includes work/life balance, with 84% of all respondents choosing this option, personal development, clear goals and responsibilities and good managers. The table also reveals that work/life balance is not as valued by young newcomers as it's to employees with 2-3 years of tenure behind them. Right after good manager's factor come equal opportunities for the whole sample. Salary is ranked to be sixth valued of the factors in the list. There is no large difference between the genders except male employees rank the salary factor higher than female employees. Equal opportunities and good managers were most valued among young employees as where salary was not as highly valued by the young respondents as when the respondent age was 25 or higher.

4.2 Discussion

In this section I'll discuss the findings based on the results from section 4.1. As some of the findings overlap they are discussed side-by-side, first as a whole sample and then in control groups. This division is made to create overall image of the employees' views and attitudes toward engagement, motivation and compensation system and how the control groups differ from each other and the whole sample.

4.2.1   Whole survey sample

It seemed, that overall the respondents avoided using extreme values from the five possibilities they were usually offered. I infer that this was based on cultural phenomena or perhaps conflict avoidance by an employee not wanting to be too strongly against the organization as the literature suggests can occur. The reason for not getting the strongest grades from questions is probably a result of employees not being totally happy with their employment, as they often aren't. This created a minor difficulty when data was analyzed to estimate the degree of agreement toward factors between two or more groups. Another reason for this avoidance of extreme values might be found from the fact that the respondents felt filling the survey to be a compulsory action. The survey completion was done after it was initiated from management. This sense of obligation could have resulted people filling in neutral answers just to get it done. A fairly large portion of responses, 28%, given to questions Q6-Q9 and Q11-Q15 were 'neither agree nor disagree'. I can

only speculate that maybe 'neither agree nor disagree' was just too easy option to choose to get the questionnaire done and go on with their daily routines.

The results from empirical study have shown that Indian IT employees form affective and normative commitments with the case company. From data I infer that for an employee, it is first a desire to be working for the organization e.g. one works in the area of which he or she is educated and that one knows well and then comes the feeling of obligation perhaps toward their families to get the bread to the table. As mentioned earlier, overall the respondent didn't feel strongly toward strong or weak commitment, but it was still possible to draw conclusions from the data. The most common answers for these two scales were agreement, which supports the validity for the analysis.

Affective commitment is more connected with individualism than collectivism (Kwantes, 2009) and thus one could imagine that in Indian culture, which emphasizes group, affective commitment would not as much valued that it seemed to be. Gupta cited by Kwantes (2009) points out that Indians generally have little identification with an organization because their meaningful relationships are with family rather than work. This can be extended to the work environment where friendships can be made. Meaningful relationships can be found from the work place if people for example have the same group orientation and share the same religion, caste or perhaps career path (Corporate Executive Board n.d.). The same could also be stated for normative commitment and the degree to which the respondents felt obligation toward organization. Sinha (2000) stated, the obligation to stay loyal to the organization is becoming an outdated value in today's India and it can also be seen in the case company.

The literature argued that Indians change works fairly easily from employer to another and that might be the reason for the results of low normative commitment. The employees don't feel the obligation to be working for an organization and while there are plenty alternative options around they might never create the sense of need toward the company. The respondents stated that it wouldn't be stressful to change from work to another even though the rate for turnover intent was below mid-value meaning that overall the turnover intention was really low. The data suggested that the normative commitment scale somewhat lacked internal consistency and thus the validity of this scale might be low. The similar results for the three scales were found from

Kwantes' (2009) study, which to some extend increase the validity and credibility of these findings in Indian context. It is then safe to assume that the findings reasonably represent the employee group at the case company.

From the respondents' opinions about how compensation system works in the case company, as reported in this study, a broad generic view can be constructed: "I can control it and to some extend it is transparent but I can't agree with the statement that it is fair". When going deeper into the fairness scale, the most common statement was toward agreement of fairness in the case company; but the question asking whether one's salary is good compared what they could earn in another company doing the same job lowered the averages for the scale to be below neutral into toward disagreement. The answers for this question reflect the belief that in India one can easily get better pay from another company. The culture is also straightforward and open in matters of what compensation other people get and how much it differs from their own compensation. Knowing what their co-workers doing the same task make will have a result toward their attitudes.

It was interesting to find out that turnover intent wasn't strong and it seems that people are somewhat happy where they are, as the work satisfaction scale suggests. When looking at turnover intent in the case company, one needs to be careful in drawing any conclusions. This scale only had one question about how often employees consider quitting and finding a job elsewhere. This statement, by Van Herpen et al., is fairly harsh in a way that if one takes it word for word the real turnover intention might not arise. Therefore I do not think this result alone can be relied upon very heavily regarding turnover intent. It will be used in co-operation with work satisfaction and to support other analyses.

Indian employees in the case company the data shows can be motivated better through intrinsic motivators, such as education and recognition. As McClelland argued, they want to overcome themselves and find challenges from the work they do. They, as seen also from the last part of the research, often value non-monetary elements of their work like work/life balance, personal development, equal opportunities or good managers. Extrinsic motivation factors such as salary and other incentives weren't as highly valued and anyway they do not alter the attitudes of an employee and thus only secures temporary compliance with the company (Kohn, 1993). Perhaps the employees know that in order to advance in their careers and get better salaries they need to

do personal development. Some benefits, such as retirement plan or other soft benefits aren't seen as valuable for them at the end of the day as by nature these benefits are received no matter what. From extrinsic motivators, Indian employees are interested in how much money they receive and how much it is after taxes on a certain job. As Kohn suggested, in the results of this study, money was ranked the sixth from the factors given.

From the research data I infer that Indian employees in the case company are fairly satisfied with their current jobs. This conclusion can be drawn from multiple parts of the study. Work satisfaction and overall satisfaction toward their jobs were above the neutral middle point. The most common grade given in a question asking for overall satisfaction was 7, which is fairly good. Of course a company would like to see the grade being higher but as this research mostly focuses on compensational elements, in a low cost country where competition for competent work force is tense, this is a good result.

As studies and real life data from the case company show, attrition is a problem in India. This isn't necessarily correlated either with work satisfaction or turnover intent. It might be that they get better offer from elsewhere and don't see any problems with the case company. If companies start too much rivalry on pay levels, the future of Western companies will be costly. The cost to operate would rise and the employees would know to get a higher pay by just declaring turnover intentions. A part of the turnover is functional attrition where the employee is anyway going to leave (Bairi, Manohar, & Goutam, 2011). Preventable attrition can be managed to a certain point where it is reasonable for the company. Where an employee is no longer motivated, or is too costly to keep, the employer has to consider the value in trying to retain them.

With regard to the case company's total rewarding structure, there are more findings worth mentioning. First of all, the employees were unsatisfied with their monetary compensation, which was unsurprising based on the literature review. It is hard to compensate in a way that satisfied, while the employees believe that they can almost always walk to another company request and receive a better salary for the same work. This ideology can be seen from other parts of the survey where the results showed that employees feel able to control the compensation they receive through own actions. Work/life balance is a category and scale that was highly valued throughout the questionnaire. It generated the highest agreement of all five scales and it was also the most

valued factor in a question where respondents were asked to state five most important factors on working for the case company. As well as work/life balance and performance and recognition, which both were valued, are intrinsic motivators. Herzberg's (1987) motivational theory suggests that these kinds of factors enhance the motivation when improved as a part of total rewarding and thus should be valued. Extrinsic motivators such as monetary compensation and benefits, ranked lower than work/life balance for example, are hygiene factors. If not on the level employees expect, they get easily dissatisfied, which might lead to toward no motivation. The overall satisfaction, calculated from the question set on total rewarding in case company, was barely on the positive side, meaning that the employees aren't that satisfied with their current total rewarding.

The top five factors that employees value working for the case company can all be characterized under intrinsic motivation. This coincides with the findings presented earlier where the respondents valued intrinsic above extrinsic motivational factors. The top five answers in this segment were work/life balance, personal development, clear goals and responsibilities, good managers and equal opportunities. These all are factors that are part of their job that they do and the employing organization, but not directly connected with their compensation. Even though salary could be found on the 6th place of this list it doesn't mean that it is not important to the recipient. It just means that the five factors were more valued and seen more important as Kohn suggests. An interesting notion from this list is that respondents valued the tax friendly structure of salary almost as much as the salary itself. Indian employees are apparently keen on knowing how much they receive after taxes rather than what is their total monetary compensation. Short term incentives (STI) were highly unvalued and this is probably due to the fact that currently in India, the STI part of total compensation is low in the case company.

4.2.2   Control groups

In order to achieve internal comparison of the differences inside certain groups I will discuss the control groups one at a time. As some groups are heavily linked together, they will be evaluated together or at least pointed out with clear link between the two groups. A good example could be that most of 20-25 years old employees are also under another group of 'new employees' with tenure length of less than 1 year.

Men vs. female

Women seemed to generate stronger commitments with the company than men for all three scales. As the sample of female employees is considerably smaller in number, the difference contrasted strongly from the results. In India, the societal differences are big when it comes to class hierarchy but also to gender. As India has implemented fairly strong gender equality laws (which I am not going to cover in this research) the reason for this difference isn't necessarily in the inequality in the work place. One factor that could explain this is found from how the Indian culture works. The family decides what is good for you or can a women work at all: should one be home taking care of the children, elderly parents perhaps and house for example. Another reason for high commitment levels could be due to the fact that 70% of women have been working for the case company less than two years. The data suggested that employees with shorter career lengths are more committed toward the organization than others who have been in the same company for longer period of time.

Even though the commitment scales were stronger among female employees and the turnover intent was lower compared to men, the overall satisfaction toward their job was considerably weaker. Overall men felt more in control with their compensation than women. I infer that this also links to culture in few ways. Men, as it is expected for males, want to argue to be in charge of their own performance and compensation. Women might be more modest in demanding assignments or educational opportunities than men. Female employees also rated their monetary compensation and benefits factors to be in a worse situation than their men co-workers, which indicates either they are more poorly compensated than men or they expect bigger salaries and benefits for the work they do. Men respondents as a group felt that their performance and recognition and personal development and career opportunities are worse than what women rated these scales. Men also argued that the salary and the tax friendly structure of salaries in the case company are valued well, whereas the women tended to state that personal development, internal job rotation and good managers are the valued factors for them in working for the case company.

Age groups

Near 75% of employees are between the ages of 20 to 24 and have been working for the case company less than a year. From this same age segment, 64% have never had another job before joining the organization. They do not have that strong experience and contrast point from elsewhere. Also the next age group 25-29 consists of almost 80% of employees who have been working less than two years for the case company and over 80% have been working for 2 or less companies before joining them. These two groups cover over 50% of respondents. In plain words this means that these two groups are the majority of respondents and their responses have weight on other control groups.

From the data I infer that at the early age of their careers people feel good about their employment and are committed to their organization. They are enthusiastic about their first jobs, are receiving adequate salary and being able to interact with other professionals in the case company. From all control groups the youngest group of employees between "20-24" had the highest affective commitment. Also the need and obligation factors are strong and this is probably due to some kind of emotional attachment they generated with the organization. This coincides with Maslow's theory. The young and new employees are going to work to fulfill their basic physiological and safety needs in order to have a house and food on the table. As overall the cost of living and housing is high in India, young employees feel the need to be working to cover the expenses. The organization also gives them the feel of belonging to a group outside a family, which is nowadays a bit more valued than before. As India is fairly poor country and the societal differences are big, the work gives a young employee feel of self-esteem that they have made something out of themselves. It was also eminent that they are highly motivated toward their work and both extrinsic and intrinsic motivations were strong.

Bairi et al. (2011) argue that in today's world, young employees are keener on getting big money on the early ages of their careers. It was seen that young employees were more unsatisfied with their monetary compensation but had a feeling that benefits they received were good. When they were to choose factors they value working for the case company, non-monetary factors were chosen over salary indicating that they currently feel that there are possibilities to grow in the company but salary they receive seemed not to be valued.

As the age got higher the need toward organization decreased. Also as the employee got older, the lengths of tenures are starting to be longer and the employees are aware of their own value in the work markets and organization they work for. Overall the lowest commitments from the age groups could be found from respondents between ages "35-39". They also recorded lowest work satisfaction and highest turnover intent. Their motivational aspects were also record low, which in my opinion means that they do not feel the need to belong to the organization because they are perhaps compensated in a way that doesn't necessarily motivate them. It might be that there aren't any more career advancement possibilities for them and thus the salary only increases annually by certain amount. Corporate Executive Board (year) stated that in India seniority is valued and thus they might have fairly strong position inside the company. From Maslow's perspective it might be that the job fulfills the basic needs but does not rise to the level of self-actualization anymore.

The youngest employee group rated personal development and career opportunities and work/life balance to be in good shape at the case company. Contrary to what one would expect, the work/life balance wasn't seen as important to them as it was to other groups when asking what factors they valued in working for the case company. The group of oldest employees rated all of the case company's total rewarding areas below averages and work/life balance was rated as the weakest of them all. Perhaps at a later age an employee starts feeling that things aren't that good and work/life balance, as a concept is not overall valued. Here I have talked about some of the contrasts between youngest and oldest employee groups but there is one more factor strongly connected with the age that is important to discuss. That is the value for clear goals and responsibilities lowers, as the employee gets older. I infer that this is due to the less need of supervision and guidance in the beginning of career. As one matures their knowledge enhances and they also enjoy working on their own between given boundaries from supervisors. Also some of the older employees are in the managerial position where they are the ones to set goals and responsibilities to others and their work is less controlled by their superiors.

To conclude this control group I would still like to point out one anomaly found from the data. The group of people between "30-34" gave the highest grade of the overall satisfaction toward their job and they valued company paid medical insurance above other groups. Perhaps in that age, they have started to pay more attention to their health or they have might have young children

and they want to be there to take care of them when sick. Somehow it seemed that people changed to be more cynical in a way as they got older. They have seen more employers and know what their value is. It is harder for the company to match these needs while trying to keep costs low.

Managers versus professionals

Professionals seem to have stronger need commitment with the organization than managers. The apparent uncertainly among professionals seems to dissolve when one changes to a managerial position. Managerial position probably gives an employee more salary, higher rank and more possibilities at the job markets. Comparing these two groups, professional career path employees are keener on extrinsic motivators, thus money and other monetary benefits, whereas managerial employees had high turnover intent and low work satisfaction toward the compensation system. Perhaps managerial position employees feel that they are so much valuable toward the company that wouldn't get fired and could easily get a new job in another company. Managers overall satisfaction toward the job they do was higher than any other group within other control groups. Overall they are highly satisfied but when it comes to compensation system the satisfaction declines. Beside satisfaction the managers felt that the compensation system is transparent and they can control it. Probably due to the fact that they are experts in understanding how the compensation system works, as they should be the ones to explain it in the organization to their subordinates.

When it came to total rewarding structure at the case company, managers rated higher than professionals' work/life balance, performance and recognition and personal development and career opportunities. I infer that the managers get better opportunities to advance with their career and develop themselves even further. The factors managers valued can be characterized under intrinsic motivation. Salary and the flexibility of salary options were items rated lower by managers than by professional employee group. Professional respondents rated higher clear goals and responsibilities, which are clearly connected with their work and how to get it done.

Overall the comparison between manager and professional career path employees is hard since professionals cover 86% of the responses received. Their effect toward the whole sample averages is very large. Professional career path employees are more concerned about issues related to their

work but have a fairly strong side to extrinsic factors such as salary. Managers seem to be more confident about their employment and enjoy the intrinsic opportunities gotten through personal development and career advancements.

Tenure length

To some extent this control group follows the progress and changes that aging had for the scales investigated earlier. When taking a broad perspective, people with less than a year of tenure in the case company are more committed and satisfied with the organization, just like young employees. We can imagine that for these people "everything is new" and they are hyped about our new job situation. This group also saw the compensation system to be highly fair, transparent and something they can control though their own actions. A sudden change in view was when tenure length increased from one to two years. The level of commitment decreased same as the perceived factors of compensation system.

The grade for overall satisfaction toward their jobs is in decline when tenures got longer. This satisfaction decreased to all the way up till to the group of people working 4 or more years. Suddenly the satisfaction started to rise back up. I infer that when an employee starts their employment with the case company they are put to a job where they are satisfied with the situation. From one to 3 years they believe they should be put to other jobs that would enhance their professional development and thus they could advance in their careers. Perhaps the daily reality wasn't what they expected. The people who have been working more than 4 years are again in a situation where they have flexibility when it comes to their own work, which was indicated by this group ranking higher the factors which measured what employees' value in the case company.

Previous companies within the industry

As mentioned earlier, the group consisting of employees with no previous experience from the IT industry is mostly of people with age of 20-29 and their tenure length is less than a year. Their commitment to the company is stronger than with people who have had multiple previous employers. They are less likely to change their companies and feel that they can control their compensation. People with no other companies before joining the case company, feel that the monetary compensation they receive is low, which is odd since they don't really have anything

with which to compare. Perhaps they feel that they should be getting lot more from the start, which would then go along with Bairi et al. (2011) statement of young and new talent wants money and fast. They grade their job satisfaction lower than people with 1-2 other previous employers. This can be due to the fact that after gaining experience from other employers, the employee knows where one wants to move when the time to change a company comes. This way they can have some influence on the job where they are specially recruited.

People with 3-5 previous companies felt that their intrinsic and extrinsic motivation is low. They felt the job in hand wasn't motivating them but an interesting fact could be found from the group of 6 or more previous companies who felt that their motivation was high, above average. This same group also felt that the work/life balance in the case company works well but their performance was badly evaluated and recognized and they weren't developed, as they would see fit.

Now I have discussed the results first as whole survey sample, setting a start point for analysis, and then splitting it into smaller control groups and linking with literature. There have been many interesting indications that have arisen from the research data. During the next section I'll make conclusions on what has been studied and recommendations to the case company and lay out some suggestions for further research.

5. Conclusions

In this final chapter, the main conclusions of this study are presented. The second part will be highlighting my recommendations for the case company based on findings that I feel are important for the case company in rewarding employees in India. In the last part I'll have a short discussion on what type of future research could be made.

5.1 Key findings

This study researched Indian employees of Finnish multinational IT Company and their perceptions toward compensation systems, motivation and the type of commitment they have toward the organization. The findings were evaluated against previous studies when applicable. The sample of 520 responses gave a good insight to the employee attitudes and feelings in the case company India. The responses were also divided into control groups for further analysis. The analysis highlighted the current situation in the case company and from that analysis the recommendations to the case company are drawn.

The base for this research was to find the type of motivation that motivates an employee and how they can be engaged better to their organization. To achieve this goal a survey was sent out to get an insight on the type of commitment people create with the case company, how they see their compensation system working from multiple different angles, type of motivation present, how satisfied employees are with their work and what factors they value working for the case company.

The Indian IT employees feel the desire to be part of the organization and thus can be seen to value more intrinsic motivational factors. It was evident in the research that Indian employees were overall unhappy with their monetary compensation, but as monetary compensation only generates temporary compliance the engagement is and should be created through intrinsic motivational factors. Among others, these non-monetary benefits include work/life balance and personal development and career opportunities. It still doesn't mean that salary compensation wouldn't be important for them. Since the markets highly favor employees, they are aware that fairly easily they could leave the company to another and perhaps get better pay. A company needs to pay employees adequate salaries so that salary won't become a too strong push force

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away from the company. The employees have a feel of control over their compensation and believe that they can affect it through their own actions, which should be taken into account when developing a suitable total rewarding model in India.

From a gender perspective, female employees were more contexts oriented in their work lives. They were committed but not satisfied. They felt that monetary compensation wasn't what they expected from their job and currently in their work they valued more personal development possibilities. Male employees on the other hand were keener on having better personal development and career advancement possibilities. This being said and the fact that male employees were less committed to the organization, there is a feeling that they want to enhance their knowledge and employee value at the work place and perhaps then being eligible to pursue new career opportunities within or outside the organization.

Young people valued non-monetary benefits in the case company. They felt that the compensation wasn't at the level where it should have been, which suggests the fact that they aim for fast advancement in their careers toward bigger salaries. From non-monetary ingredients work related factors, such as equal opportunities, good managers and personal development, were highly appreciated. I infer that as they give their best effort to the company they also want more back from the company. The work satisfaction decreased as age or tenure length got bigger. This is an indication of that as the employees get older and has been longer in the organization they would expect something more from it. The degree of need toward the organization also decreased while age and tenure got bigger indicating that they are more independent from the case company than young people. They can choose where to work and the work is not something one is dependent on.

The group of people between ages 35-39 seemed to be most unhappy with their situation at the case company. First of all, they had really low desire, need and obligation commitments to the organization and they were most unsatisfied with their jobs and had largest turnover intentions. Both intrinsic and extrinsic motivation was low and they thought the compensation system wasn't really doing it for them as it should be. They were unhappy, unmotivated and unengaged employee group.

Managers were sure about their jobs and their position in the case company. They felt to be in control of their careers and felt that they had possibilities within it. Still they recorded low work satisfaction and high turnover intent factors. They don't worry about their jobs, but are more likely to quit and change to another organization in the future. They have usually been working for the case company longer than others since they have advanced into a managerial level. Professionals felt that their advancement and development possibilities were limited and were concerned with issues related to the work itself.

To conclude, it is right to say that the case company operates and tackles the same kind of issues as other Western companies in India described by Riski (2005). The employees are engaged to their jobs similarly and are interested in similar issues that Kwantes (2009) suggests. The salary isn't something that a company should use to compete for employees, rather they should offer interesting jobs and emphasize the benefits in total rewarding. The study created a good window to see what different employee groups think about the current situation. In the next section I'll be making recommendations to the case company based on these conclusions.

5.2 Recommendations to the case company

Based on the findings from the empirical study and earlier research, recommendations to the case company are presented here. More precisely I'll be making recommendations on how to compensate employees to create more motivated and engaged work force in the case company.

As Indian IT employees have a tendency to change jobs fairly easily based on larger salaries, I won't suggest for the case company to competing with salaries. Monetary compensation and salaries especially create only temporary compliance and engagement. The salaries should be at adequate levels based on the job an employee does and aligned with the country average from salary vendors. It must be remembered that Herzberg (1987) observed that salary increases don't have a reciprocal relationship to motivation and thus do not lead to motivation. Instead, Herzberg (ibid) observed poor salaries tend to increase dissatisfaction.

The case company should focus their total rewarding specially to non-monetary, work and personally related benefits. These benefits include for example work/life balance, personal

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development, career possibilities, clear goals and responsibilities, equal opportunities and good managers. From the listed factors, work/life balance seemed to be working very well in the case company, but others should be developed even further to match the needs of the employees. This should be done in emphasis of the desire commitment that an employee generates with the organization.

Female employees, as a group compared to men, felt that the pay they received wasn't satisfactory. This should be checked against the salary data since female employees were a lot less satisfied with their employment than men. As the tenure or age increased, for both males and females the unhappiness with salary got bigger among case company employees. Perhaps this should be checked against salary and benefits data whether the case company lacks the appropriate levels of these two factors or is this more related to the work itself.

5.3 Suggestions for further research

This study could be easily implemented as a study of multiple case companies. This study only represented one Western IT company and the perceptions their employees had toward total rewarding, motivation and what type of commitment they create with the organization. By taking more case companies, the research could be able to create more holistic view on the topics and see how wide generalizations can be made of "Indian IT Employees".

This study came to the same conclusion as Kwantes' (2009) on her study of the type of commitment Indian IT employees make with the organization. It can be safely confirmed that the framework by Meyer and Allen (1991) can be used in Indian context to measure the three commitment factors. It would be interesting to research whether the corporate culture creates a difference in employee commitment. This could mean making a study on multiple companies both Indian and Western in the IT sector. One could study their commitments alongside with overall engagement to the company in hand. Another factor in this would be having multiple samples from different cities around India.

Another standpoint could be taken to study motivation on a larger scale and researching it from an employee's viewpoint of the factors related to the work itself. Some of the factors could be for

example organization, management, job classification and demands or total rewarding. This way the research could create a framework of employee motivation from what one could calculate the weighted averages for how much a certain factor covers from total motivation.

Appendices

Appendix A. Survey questions and results

Questions include an index number Q1-Q16 that was added afterwards for easier referring throughout the research.

Likert 5 scale used for questions Q7-Q15: Totally disagree (1), disagree (2), neither agree nor disagree (3), agree (4), totally agree (5). Questions marked with R are reversely evaluated in the tables.

Company name used in the questionnaire is changed to "case company" for company anonymity.

Introduction:

This survey is a part of a Master's thesis research from Finnish Aalto University School of Economics on employee engagement in India among IT employees.

This study aims to find out what motivates and engages employees into a company from the view of total rewarding (Compensation & Benefits). The survey is totally anonymous and there is no way to link your answers with you.

I would appreciate and value you taking the time to fill this survey and help me out with my research. Filling out the survey will take less than 10 minutes. All questions except the last one are mandatory.

Thank you!

Mikael Ahlfors
Master Student
Aalto University School of Economics

Page 1:

[Select] Q1 Please select your gender
Male
Female

[Select] Q2 Please select your age group
20-24
25-29
30-34
35-39
40-44
45-

[Select] Q3 Please select your career path
Professional
Manager

[Select] Q4 I have worked for *"case company"*
Less than 1 year
1-2 years
2-3 years
4 years or more

[Select] Q5 Beside *"case company"*, how many employers you have had within IT sector
None
1-2 companies
3-5 companies
6 or more companies

Data collected from the control questions can be found from Table 1 on page 27.

Page 2:

[Scale 1-5] Q6 Affective commitment

Table 8 - Affective commitment - Question data

	Totally Disagree	Disagree	Neither Agree nor Disagree	Agree	Totally Agree	Mean	Mode	Standard deviation
1. I would be very happy to spend the rest of my career with this organization	48	90	190	158	34	3,08	3	1,05
2. I enjoy discussing my organization with people outside it	16	55	112	268	69	3,61	4	0,95
3. I really feel as if this organization's problems are my own	14	60	160	241	45	3,47	4	0,90
4. I think that I could easily become as attached to another organization as I am to this one R	59	175	188	86	12	2,65	3	0,96
5. I do not feel like 'part of the family' at my organization R	26	86	109	231	68	3,44	4	1,07
6. I do not feel 'emotionally attached' to this organization R	34	124	129	177	56	3,19	4	1,11
7. This organization has a great deal of personal meaning for me	29	71	158	223	39	3,33	4	0,99
8. I do not feel strong sense of belonging to my organization	22	78	147	211	62	3,41	4	1,02
Total	*248*	*739*	*1193*	*1595*	*385*	*3,27*	*4*	*1,05*

Alpha: 0.831 (Strong internal consistency)

Page 3:

[Scale 1-5] Q7 Continuance commitment:

Table 9 - Continuance commitment - Question data

	Totally Disagree	Disagree	Neither Agree nor Disagree	Agree	Totally Agree	Mean	Mode	Standard deviation
1.I am not afraid of what might happen if I quit my job without having another one lined up R	42	93	117	187	81	3,33	4	1,17
2. It would be very hard for me to leave my organization right now, even if I wanted to	40	118	147	172	43	3,12	4	1,09
3. Too much in my life would be disrupted if I decided I wanted to leave my organization now	49	159	154	132	26	2,86	2	1,06
4. It would be too costly for me to leave my organization now R	25	113	172	156	54	3,19	3	1,04
5. Right now, staying with my organization is a matter of necessity as much as desire	40	124	158	171	27	3,04	4	1,04
6. I feel that I have too few options to consider leaving this organization	68	193	147	101	11	2,60	2	1,01
7. One of the few serious consequences of leaving this organization would be the scarcity of available alternatives	73	221	168	52	6	2,42	2	0,89
8. One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice – another organization may not match the overall benefits I have here	48	130	155	155	32	2,99	3	1,08
Total	*385*	*1151*	*1218*	*1126*	*280*	*2,94*	*3*	*1,09*

Alpha: 0.429 (Weak internal consistency)

Page 4:

[Scale 1-5] Q8 Normative commitment:

Table 10 - Normative commitment - Question data

	Totally Disagree	Disagree	Neither Agree nor Disagree	Agree	Totally Agree	Mean	Mode	Standard deviation
1. I think that people these days move from company to company too often	3	46	80	307	84	3,81	4	0,83
2. I do not believe that a person must always be loyal to his or her organization R	28	114	134	181	63	3,26	4	1,09
3. Jumping from organization to organization does not seem at all unethical to me R	32	153	161	146	28	2,97	3	1,02
4. One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain	19	82	157	226	36	3,34	4	0,95
5. If I got another offer for a better job elsewhere I would not feel it was right to leave my organization	39	166	175	118	22	2,84	3	1,00
6. I was taught to believe in the value of remaining loyal to one organization	20	91	161	223	25	3,27	4	0,94
7. Things were better in the days when people stayed with one organization for most of their careers	26	100	157	195	42	3,24	4	1,02
8. I do not think that wanting to be a 'company man' or 'company woman' is sensible anymore R	28	120	258	97	17	2,91	3	0,87
Total	*195*	*872*	*1283*	*1493*	*317*	*3,21*	*4*	*1,01*

Alpha: 0.610 (Below desirable internal consistency 0.7)

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Table 11 - Compensation system and motivation - Question data

Page 5: [Scale 1-5] Q9 Working for *"case company"* India	Totally Disagree	Disagree	Neither Agree nor Disagree	Agree	Totally Agree	Mean	Mode	Standard deviation
1. The way in which my monetary compensation is determined is fully clear to me	53	103	124	214	26	3,11	4	1,10
2. It's clear to me what kind of career movement possibilities there are for me in "case company"	48	105	116	218	33	3,16	4	1,11
3. I get fair compensation for the work I do	67	110	147	175	21	2,95	4	1,11
4. My compensation is aligned with my performance	67	106	152	176	19	2,95	4	1,10
5. My salary is good when compared to what I could earn in another company doing the same job	112	184	129	83	12	2,42	2	1,07
6. I can influence my total compensation through my performance	35	78	142	231	34	3,29	4	1,02
7. I have full control over my ability to make career movements in "case company"	30	91	145	221	33	3,26	4	1,01
8. The manner in which I am compensated ensures that I am motivated to give the fullest effort possible	51	116	153	180	20	3,00	4	1,06
9. There are enough career movement possibilities to stimulate me to work hard	38	95	164	194	29	3,16	4	1,02
10. I am enthusiastic about my salary level	48	89	152	204	27	3,14	4	1,06
11. I get much satisfaction from the work I do	36	71	121	235	57	3,40	4	1,07
12. I make a considerable contribution towards my organization	4	14	63	331	108	4,01	4	0,71
13. I often have to force myself to go to work R	26	89	117	215	73	3,42	4	1,08
14. I have often seriously considered quitting and finding a job elsewhere	69	202	134	85	30	2,63	2	1,08
15. I share my great experiences of working in the office with others	6	47	110	286	71	3,71	4	0,86
16. I could recommend #case company" as an employer for my friends	25	46	102	230	117	3,71	4	1,06
Total	*715*	*1546*	*2071*	*3278*	*710*	*3,15*	*4*	*1,11*

Questions evaluate following factors: Transparency (1-2) – Fairness (3-5) – Controllability (6-7) – Extrinsic motivation (8-10) – Intrinsic motivation (11-13) – Work satisfaction (15-16) – Turnover intent (14). (Factors not shown in the study)

[Scale 1-10] Q10 Considering all the aspects of my present job, my overall satisfaction can be expressed with the following grade (on a scale to 1 to 10)

Table 12 - Overall satisfaction - Grade data

Grade	Frequency	Percent
1	9	2 %
2	11	2 %
3	27	5 %
4	44	8 %
5	67	13 %
6	113	22 %
7	125	24 %
8	94	18 %
9	23	4 %
10	7	1 %

Overall sample

Mean	6,16
Mode	7
Standard deviation	1,80

Page 6:

[Scale 1-5] Total rewarding in *"case company"* India

Note in survey: The following questions follow the overall structure of *"case company's"* total rewarding.

Table 13 - Total rewarding in "case company" - Question data

	Totally Disagree	Disagree	Neither Agree nor Disagree	Agree	Totally Agree	Mean	Mode	Standard deviation
1. I am satisfied with my monetary compensation	69	157	147	135	12	2,74	2	1,06
2. I can affect my monetary compensation by performance	36	81	154	219	30	3,00	4	1,01
3. I am satisfied with the "case company" India benefit programs	48	108	176	172	16	3,00	3	1,02
4. I can influence on what benefits I receive	41	101	221	135	22	2,99	3	0,97
5. I am satisfied with the way I am able to distinct my work and my personal time	13	12	63	336	96	3,94	4	0,79
6. I can flexibly arrange my work schedule and tasks	15	36	83	315	71	3,75	4	0,88
7. I am satisfied with the way my performance is evaluated	61	95	158	181	25	3,03	4	1,09
8. I am satisfied with the way my achievements are recognized	60	103	172	165	20	2,97	3	1,06
9. I am satisfied with my personal development and career opportunities	54	105	145	190	26	3,06	4	1,09
10. I feel that my personal development has a role in getting new career opportunities	32	59	133	253	43	3,42	4	1,00

Q11 Monetary compensation (1-2), Q12 Benefits (3-4), Q13 Work/life balance (5-6), Q14 Performance & recognition (7-8) & Q15 Personal development and career opportunities (9-10)

Page 7:

[Multi-select question] Q16 Choose five most important factors that you value in working for *"case company"* India (Select max 5 items)

Table 14 - Value working for "case company" - Question data

	Frequency	Percentage of respondents
Clear goals and responsibilities	222	43 %
Equal opportunities	203	39 %
Good managers	210	40 %
Internal job rotation	146	28 %
Medical insurance	99	19 %
Other soft benefits	17	3 %
Personal development	246	47 %
Possible to influence on one's own work	92	18 %
Retirement plan	5	1 %
Salary (Overall CTC)	154	30 %
Salary flexibility	84	16 %
Short term incentives	40	8 %
Tax friendly structure of salary	144	28 %
Telephone/Broadband allowance	35	7 %
Vacation benefit	89	17 %
Work/life balance	437	84 %

Percentages are calculated against sample of 520 respondents. For example 84% of all respondents choose work/life balance as important factor.

Page 8:

[Open question] Any comments, recommendations or ideas that you have concerning Total rewarding at *"Case company"* India can be expressed here. (Voluntary questions)

This open question was added to the survey by the request of country manager and is not part of the study.

Page 9:

Thank you very much for taking the time and answering the survey.

As soon as the survey data has been analyzed, I'll send a link where you can take a closer look at my findings.

Sincerely
Mikael Ahlfors

Appendix B. Email invitation to participate survey

SENT: April 5th, 2011 to 1343 case company employees in Pune, India
TOPIC: [SURVEY] Employee Engagement in India: A Master's Thesis Research
BODY:Hi!

My name is Mikael Ahlfors and I am doing my Master's Thesis from Finnish Aalto University School of Economics on *Employee Engagement in India among IT Employees.*

"Case company" has agreed to be part of my research by allowing me to collect material by executing a questionnaire to employees at *"the case company"* India. That is why you have received this invitation email.

This study aims to find out what motivates and engages employees in India into a company from the view of total rewarding (Compensation & Benefits). I am also interested on what you, as an employee of Case company India, feel about your total rewarding. This email invitation has been sent to employees in Pune belonging to Professional and Managerial career paths.

I would appreciate and value you taking the time to fill this survey and help me out with my research. The survey is totally anonymous and there is no way to link you with your answers.

Filling out the survey will take less than 10 minutes. The deadline for answers is Tuesday April 19th.

CLICK HERE TO ANSWER THE SURVEY

Or copy paste the link below to your browser
https://www.webropol.com/P.aspx?id=533222&cid=125889423

After the data has been analyzed I will be making a summary of the findings available to you.

In case of any questions feel free to contact me via information listed below or through Communicator.

Thank you for participating!

Sincerely
Mikael Ahlfors
Master Student
Aalto University School of Economics
ext.mikael.ahlfors@company.com / mikael.p.ahlfors@aalto.fi
Mobile: +358 40 350 7808

Appendix C. Reminder invitation to participate survey

SENT: April 12th, 2011 to 1343 case company employees in Pune, India
TOPIC: [SURVEY] Reminder: Employee Engagement in India
BODY: Hi!

To begin with, I want to thank everyone, who has already answered the survey! Thank you very much! I was overwhelmed to find out that so many of you had already given responses to it.

Your answers are valuable and the more answers I can get, the better and more accurate my analysis can be. Thus more is needed!

If you haven't had time to answer the survey yet, don't worry. The deadline for answers is Tuesday April 19th. The survey will take *less than 10 minutes to fill.*

CLICK HERE TO ANSWER THE SURVEY

Or copy paste the link below to your browser
https://www.webropol.com/P.aspx?id=533222&cid=125889423

As mentioned in the earlier emails, after the data has been analyzed I will be making summary of the findings available to you.

Remember: the survey is totally anonymous and there is no way to link you with your answers.

Thank you for participating!

Sincerely
Mikael Ahlfors
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Mobile: +358 40 350 7808

Appendix D.

Table 15 - Compensation system and motivation - Descriptive data

		Transparency	Fairness	Controllability	Extrinsic motivation	Intrinsic motivation	Work satisfaction	Turnover intent
All		3.13	2.77	3.28	3.10	3.61	3.71	2.63
Gender	Female	3.17	2.76	3.21	3.11	3.65	3.70	2.52
	Male	3.12	2.78	3.30	3.10	3.60	3.71	2.66
Age group	20-24	3.14	2.64	3.49	3.25	3.65	3.87	2.36
	25-29	3.18	2.85	3.27	3.16	3.54	3.72	2.63
	30-34	3.11	2.70	3.27	3.03	3.70	3.73	2.58
	35-39	2.99	2.86	3.08	2.86	3.57	3.44	3.04
Career path	Professional	3.12	2.78	3.26	3.11	3.58	3.72	2.62
	Managerial	3.23	2.76	3.36	3.03	3.79	3.66	2.66
Tenure (years)	Less than 1	3.41	3.04	3.54	3.39	3.59	3.82	2.38
	1-2	3.03	2.68	3.25	3.00	3.61	3.72	2.70
	2-3	2.84	2.58	2.86	2.77	3.50	3.48	2.92
	4 or more	2.89	2.43	3.06	2.86	3.77	3.63	2.84
Other Employers (companies)	None	3.13	2.57	3.36	3.10	3.60	3.92	2.59
	1-2	3.15	2.80	3.28	3.11	3.61	3.68	2.57
	3-5	3.08	2.81	3.23	3.06	3.60	3.67	2.78
	6 or more	3.19	2.77	3.31	3.27	3.73	3.78	2.75

Appendix E.

Table 16 - Five most important factors that an employee value working for "case company"

	Average of all	Gender		Age group				Career path		Career length			
		Male	Female	20-24	25-29	30-34	35-39	Manager	Professional	Less than 1	1-2 years	2-3 years	4 or more
Clear goals and responsibilities	43 %	43 %	43 %	46 %	44 %	42 %	36 %	41 %	43 %	50 %	39 %	31 %	41 %
Equal opportunities	39 %	39 %	38 %	56 %	38 %	38 %	34 %	41 %	39 %	42 %	40 %	32 %	36 %
Good managers	40 %	40 %	43 %	54 %	40 %	41 %	30 %	47 %	39 %	44 %	46 %	31 %	31 %
Internal job rotation	28 %	27 %	30 %	32 %	24 %	31 %	36 %	34 %	27 %	30 %	24 %	30 %	28 %
Medical insurance	19 %	19 %	19 %	18 %	18 %	21 %	17 %	15 %	20 %	18 %	19 %	20 %	22 %
Other soft benefits	3 %	4 %	2 %	6 %	2 %	5 %	2 %	0 %	4 %	3 %	2 %	6 %	2 %
Personal development	47 %	47 %	49 %	54 %	47 %	43 %	53 %	53 %	46 %	48 %	47 %	44 %	49 %
Possible to influence on one's own work	18 %	16 %	23 %	10 %	16 %	21 %	21 %	29 %	16 %	16 %	19 %	13 %	25 %
Retirement plan	1 %	1 %	0 %	2 %	0 %	1 %	2 %	1 %	1 %	1 %	0 %	2 %	1 %
Salary (Overall CTC)	30 %	33 %	18 %	10 %	31 %	31 %	38 %	33 %	29 %	30 %	31 %	27 %	28 %
Salary flexibility	16 %	19 %	9 %	8 %	19 %	15 %	15 %	7 %	18 %	19 %	15 %	17 %	9 %
Short term incentives	8 %	7 %	10 %	6 %	10 %	6 %	4 %	1 %	9 %	6 %	7 %	10 %	11 %
Tax friendly structure of salary	28 %	30 %	21 %	10 %	26 %	31 %	40 %	27 %	28 %	24 %	26 %	40 %	28 %
Telephone/Broadband allowance	7 %	8 %	4 %	6 %	6 %	7 %	9 %	4 %	7 %	6 %	7 %	10 %	6 %
Vacation benefit	17 %	16 %	21 %	24 %	20 %	13 %	11 %	12 %	18 %	19 %	19 %	12 %	13 %
Work/life balance	84 %	84 %	84 %	74 %	85 %	86 %	81 %	86 %	84 %	79 %	86 %	90 %	87 %

* Question 16

	Number of other companies			
	None	1-2	3-5	6 or more
Clear goals and responsibilities	55 %	39 %	43 %	69 %
Equal opportunities	52 %	37 %	38 %	44 %
Good managers	47 %	38 %	44 %	44 %
Internal job rotation	29 %	28 %	27 %	38 %
Medical insurance	24 %	18 %	19 %	25 %
Other soft benefits	5 %	3 %	3 %	6 %
Personal development	59 %	45 %	50 %	31 %
Possible to influence on one's own work	12 %	19 %	19 %	6 %
Retirement plan	0 %	1 %	2 %	0 %
Salary (Overall CTC)	21 %	29 %	39 %	13 %
Salary flexibility	7 %	17 %	19 %	19 %
Short term incentives	7 %	8 %	8 %	0 %
Tax friendly structure of salary	14 %	26 %	40 %	19 %
Telephone/Broadband allowance	7 %	6 %	10 %	6 %
Vacation benefit	21 %	20 %	9 %	6 %
Work/life balance	76 %	85 %	85 %	75 %

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