Is it possible to hinder the development of cynicism through a selection of compensation factors? 
A study of personnel in three Teboil service stations in Finland.

2009-05-20

Anne-Maria Juhala
850411-T041
Acknowledgements

I want to thank my supervisor Joakim Wincent for being understanding with my schedule, also for always having time to answer quickly and give teaching comments on the paper.

Big thanks to Ilpo Kuusimaa from Teboil who made it possible to distribute the surveys effortlessly in all the service stations. I want to thank also Nina Kuusela and Terhi Koljonen for taking time to take part in the interviews and giving valuable answers and opinions.
Abstract

The purpose is to study and test a selection of compensation variables and examine whether these factors can influence on employee cynicism. The study focuses on the personnel in three service stations in Finland that are part of Teboil’s organisation. These three stations were chosen to represent all the service station within Teboil. These stations are considered to be an appropriate pick for this study since their recent organisational changes.

This subject was considered to be interesting to study when taking into consideration the current situation in the economy. The economical recession forces many organisations to act meaning changes in the organisational structure and among the employees. Teboil improved the income effectiveness by making changes that resulted in reduction in salaries and working hours etc. In order to maintain the motivation among the employees in spite of these unfortunate changes this study examines non-monetary means to compensate people and hinder the development of cynicism, since these cases, reduction in employees’ pay checks and working hours can be assumed to be factors that affect on the cynicism level.

This particular organisation was chosen for this study because the researcher has been a part of this organisation on and off for several years and also there was a need for this kind of study in the service station area, since it was evident for the managers that some issues will raise when the cut backs will be introduced. This survey also showed the managing department’s concern about the well being of the employees in the stations. It showed that the consequences of these changes were taking into consideration and the satisfaction of the employees was very important to maintain.

The conclusion of this study is that internal as well as individual equity are the compensation factors that affect the most on cynicism. These factors comprehend the equality among all the employees, among employee and his/her co-workers (internal equity) and the equality between the input and output (individual equity). In order to maintain these important aspects equal, non-monetary compensation means are suggested. Propositions are mainly to give positive feedback regularly in order to show the appreciation and also monitor the employees and more eagerly and consistently recognize the good performance.
Table of Content

1. Introduction  
   1.1 Background of the Study and the Choice of Study. ......................................................... 1  
   1.2 Problem Discussion ............................................................................................................. 3  
   1.3 Problem ............................................................................................................................. 5  
   1.4 Purpose ............................................................................................................................. 6  
   1.5 Delimitations ..................................................................................................................... 6

2. Method  
   2.1 Philosophy of Science .................................................................................................... 7  
   2.2 Literature Review .......................................................................................................... 8  
   2.3 Research Approach ........................................................................................................ 8

3. Related Studies  
   3.1 Organisational Cynicism ................................................................................................. 10  
   3.2 Factors Influencing Cynicism in the Work Place .............................................................. 10  
   3.3 Compensation Planning and its Importance .................................................................... 11  
   3.4 Interlinking Theories and Studies .................................................................................. 11

4. Theory  
   4.1 Introducing the Theories ............................................................................................... 13  
   4.2 Equity Theory: Hypothesized Relationships Between Compensation and Cynicism .... 13  
   4.3 Herzberg’s Theory: Hypotheses about Moderating Effects ............................................. 16

5. Practical Method  
   5.1 Choice of Method .......................................................................................................... 18  
   5.2 Sampling ......................................................................................................................... 19  
   5.3 Questionnaire ............................................................................................................... 19  
   5.4 Evaluation of the Questionnaire ..................................................................................... 20  
   5.5 Data Collection .............................................................................................................. 21  
   5.6 Data Processing ............................................................................................................. 21

6. Results and Analysis  
   6.1 Comments on Data Analysis ......................................................................................... 23  
   6.2 Overview of the Cynicism Level among the Personnel in the Service Stations .................. 23  
   6.3 Control Variables’ Relationship with Cynicism ............................................................... 24  
   6.4 The Affect of Compensation Variables on Cynicism ....................................................... 26  
   6.5 Interaction between Compensation and Relationship Variables .................................... 28  
   6.6 Interaction between Compensation and Age Variables .................................................. 29  
   6.7 Interaction between Compensation and gender Variables ............................................. 29

7. Conclusion  
   7.1 General Conclusions ...................................................................................................... 31  
   7.2 Reflection on Quality Criteria ....................................................................................... 33  
   7.3 Suggestions for Further Research .................................................................................. 33
8. Appendix

8.1 Questionnaire (Original) ................................................................. 34
8.2 Questionnaire (Finnish translation) ............................................... 37
8.3 Interviews ......................................................................................... 40

9. References
Figures and Tables

Figure 1: The Process of Deduction.................................................................9

Figure 2: Herzberg’s Theory: Hygiene and Motivator Factors.............................16

Table 1: Regression Analysis............................................................................26
1 Introduction
In this chapter the subject of this thesis will be introduced; the goal is to identify and test a selection of compensation variables and find out whether these factors strengthen or weaken the development of cynicism. At first, background information will be given about cynicism and compensation, secondly the problem and possible negative aspects are discussed and finally the purpose will be introduced.

1.1 Background of the Study and the Choice of Subject

Cynicism originated in Greece as a school of thought and a way of life (Dean, Brandes & Dharwadkar, 1998). In the early days cynics considered men’s conventions to be unnatural and they should be avoided while praising independence and self-sufficiency that characterize a good life (Dean, Brandes & Dharwadkar, 1998). A definition for a word cynic according to Oxford English Dictionary is “one who shows disposition to disbelieve in the sincerity or goodness of human motives and actions, and is wont to express this by sneers and sarcasms; a sneering fault-finder.”

Studies have been made about cynicism towards business and work: organisational cynicism, cynicism at work place and employee cynicism among other topics. This thesis emphasizes cynicism towards work, more accurately negative work attitude (Guastello, Rieke, Guastello & Billings, 1992) instead of life in general. Recent studies have shown that organisational cynicism is an “attitude of pessimism and hopelessness towards future organisational change induced by repeated exposure to mismanaged change attempts” (Wanous et al., 1994). Cynicism at workplace has also been defined as a “specific attitude conveying work as oppressive, unrewarding, and unworthy of effort” (Stern et al., 1990). These studies have conceptualized and defined different aspects of cynicism; it has been proven that there are concepts as organisational cynicism and employee cynicism. It has been also proven that there is a link between cynicism and behaviour, logically if you feel negative about something it affects on your behaviour and while it happens in the workplace the results effect on the whole organisation (Byars & Rue, 2008). These earlier studies tend to focus on the atmosphere at the work place (Andersson & Bateman, 1997), the co-workers (Wilkerson et al., 2008) and for example organisational citizenship behaviour, as in the study made about cynicism by Wilkerson, Evans and Davis (2008) in the Journal of Applied Social Psychology. This study concluded that co-worker’s badmouthing increases the cynical attitude.

Many studies have been done by different authors about compensation to mention few Baker, Jensen, Murphy and Deci. Their studies are mainly focused on the behaviour of an employee when encountered different compensation methods. These studies, Deci’s for example compares different kinds of methods in compensation: contingent and non-contingent rewards. This study is aiming to find ways to avoid or hinder the development of cynicism at work place. This study goes beyond the efforts made in prior research furthermore by identifying if and how compensation factors can be used to hinder the development of cynicism. That is what makes this thesis unique from the earlier researches.

Compensation is a method for an organisation to influence on the productivity of their employees. As such, the compensation system in organisations covers important aspects of rewarding employees. Compensation is defined as the salary and wages an organisation pays to its employees for the work they do. It can be both financial and nonfinancial, nonfinancial compensation is offered to attract and retain staff and can also be a mean to reduce cynicism. (Byars & Rue, 2008) The compensation plan offers incentives, bonuses for (en laittasi “a” vai onko suora lainaus?) good performance in the organisation and that way encourages employees to perform well and better (Byars & Rue, 2008). A good and carefully thought through compensation plan can work as a
motivator but implemented poorly can also result in competition among the employees (Byars & Rue, 2008). Compensation based on merit system is considered to outweigh the limited organisational benefits they offer. It has been argued that financial incentive schemes improve productivity, in principle they induce adverse side effects that are costly to employee morale and productivity (Beer et al., 1984). Additionally Hamner (1975) mentions in his article named “How to Ruin Motivation with Pay” that merit systems decrease motivation because of mismanaged pay-performance in addition to poor compensation plan. For example a problem such as over monitoring can occur in these merit pay compensation systems; employees start monitoring their co-workers instead of paying attention to their own performance and that can lead to a bad atmosphere in the work place (Baker, Jensen & Murphy, 1988).

In relation between compensation and cynicism, I developed an interest to examine the problems in structuring a compensation plan and the negative aspects that some means to compensate might have. Since the research that is presented in this report is based on this relationship and finding a way to reduce it through compensation measures, I considered compensation factors that are not involved with monetary rewards. As it will be later discussed more accurately, monetary rewards may cause competition and tighten the atmosphere among the employees in the work place.

This study is based on the personnel’s opinions in three different service stations in Finland. The reason why specifically these three were chosen is because of the recent changes in these stations. Due to the current economic situation big changes have been made. These changes include reduction for example in working hours and salaries are therefore very influential to the personnel’s attitudes. Changes like these easily cause cynicism and lack of motivation which is studied in this research. In order to specifically clarify the current state of each of these stations and the changes that have been made in the past, Teboil’s Chain Manager Ilpo Kuusimaa was interviewed. Kuusimaa explains the reasons for these changes to be the economical recession, growing competition among service stations and maximizing work effectiveness. One of the stations that are covered in this study was forced to cut back hours from their employees in order to maintain the effectiveness in productivity, in other words the costs were adjusted to the income level. The biggest changes were made in another station that is covered in this study where the licence to sell alcohol was removed because it was considered to be unprofitable. This decision to eliminate alcohol selling reduced the monthly salary for the employees by an amount of € 250. In addition to this they were forced to cut back hours of employees due to the economic recession to maintain the efficiency.

The reason why especially personnel in the service stations, excluding managers, were chosen to be studied is that this particular context could be considered typical for the development of occupational cynicism. A study made by Neiderhoffer in 1967 noted that a concept called “police cynicism” exists meaning “a by-product of anomie in solid structure of policing stemming from the integration of role ambiguities and conflicting pressures regarding professionalism of police work”. The study suggests further on that officers who had less complex work details rotating shifts and also non-preferred details in their job had higher work cynicism (Neiderhoffer, 1967). The context in that particular study is similar to this research about employees in service stations. These employees work in rotating shifts, they most likely have non-preferred work details and quite likely have also less complex working details considering that they work behind the counter day in and day out basically only cashing customers. Considering all these aspects in this particular occupation it can be assumed that cynicism might be a serious problem in this occupation. Adding the potential problems of the companies described above, it seemed very interesting to pursue a study about whether or not compensation could cure the development of cynicism.
This study aims to explain whether it is possible to affect the development of cynicism in this particular occupational field with the use of compensation factors. This study is relevant considering the fact that many studies have been made about cynicism but all the studies are focused on different aspects than this. Besides enclosing a sample that could potentially suffer from cynicism problems this study represents a unique approach since cynicism is connected with compensation. This study is representing the customer service employees within three of Teboil’s service stations. These three stations are representing the different stages all the Teboil’s stations are due to the economical situation, either facing minor or radical changes. In order to further motivate and illustrate the phenomenon that is studied, I interviewed two former employees from Teboil Pirkanhovi, Terhi Koljonen and Nina Kuusela, in addition to the Chain Manager Ilpo Kuusimaa, to share their thoughts about their perceptions of cynicism in service stations and cynicism as a problem in this occupational field. I integrate these insights in the next section. I also use the interviews to validate the statistical findings.

1.2 Problem Discussion

Constructing a compensation plan is not an easy task. In one organisation there might be hundreds of employees and Human Resource department is expected to construct one plan that is beneficial and motivating for everyone (Nieto, 2006). While studying the literature for this research, many problems and negative aspects concerning constructing a compensation plan were found. In this part the major problems are further examined because it is important to realize the aspects and the negative issues that come across while thinking about compensation. In order to be able to find out the means that most effectively reduce the level of cynicism, it is vital to understand the compensation means and their possible effects on employees’ actions and satisfaction.

Main problems in constructing compensation plans and finding the best means are identifying people’s needs and get an overall satisfaction with one mutual solution, since people have different needs depending, among others, on their culture and life’s current situation (Nieto, 2006). Another big issue is determining the rewards and motivating compensations, since some rewards may have also negative effects (Baker, Jensen & Murphy, 1988). Final issue is evaluation, how that is done unbiased and accurately in order to avoid negative outcomes (Baker, Jensen & Murphy, 1988).

It is said that there is no one-size compensation plans (Nieto, 2006). It means that one organisation can have people from different nationalities and cultures, people with different career plans and different situations in life. Some people might value organized childcare more than a monetary bonus and some might want promotion instead of a paid vacation. Trying to combine all these and still gain high level of motivation from most of the employees, careful investigation and constant updating of the plan is demanded. Many of the firms do not have the needed resources for this and often the compensation plans are out-dated and employees are not getting enough recognition (Byars & Rue, 2008). This study is concentrated on cynicism which is considered to be a serious problem in customer service occupations, at least in the service stations that are examined in this study. In order to make it easier for the management in Teboil, the intention is to find several important compensation factors that are effective in reducing cynicism. These factors are the ones that employees consider important and factors that strongly affect on their work atmosphere and satisfaction.

This problem with people’s different needs can never be totally solved, there is no one optimal solution or plan, only updating and evaluating the system regularly and finding out the possible needs for improvement (Nieto, 2006). This will maintain the satisfaction among the employees,
they will feel more appreciated while they understand that their well-being is constantly monitored and the organisation is willing to improve their conditions all the time (Veenhoven, 1996). This is one of the missions also when conducting this study specifically for these three chosen service stations. The motivation behind the decision to choose specifically these three stations was the organisational changes, since these changes have affected negatively on the personnel’s attitudes toward work and organisation. The mission is to show that the organisation is willing to find out ways to increase the overall working atmosphere and that it cares about the employees’ well-being.

Second problem introduced is concerned about proper rewards. The most often used compensation is monetary bonus, mostly because people are willing to substitute nonmonetary rewards for monetary, and it represents “a generalized claim on resources and is therefore in general preferred over an equal dollar-value payment in kind” (Baker, Jensen & Murphy, 1988). Even though monetary rewards are most often used, it is not always the best solution. One reason for not using pay-for-performance plans is that monetary rewards tend to be counter-productive (Baker, Jensen & Murphy, 1988). It has been claimed that money lowers employee’s motivation because it reduces intrinsic rewards received from the job (Deci, 1972). Even though these studies mentioned above suggest avoiding monetary rewards, it is impossible to leave them completely out of a compensation plan, since money as a reward, received in reasonable amounts, is highly valued among employees as it was also stated in the beginning. But after having stated that, it has to be also taken into consideration that during this period of economical recession and specifically in this situation when the organisation has already been forced to make changes in order to reduce costs, monetary rewards is probably not the best solution for the organisation. While looking at the compensation factors that are measured in the questionnaire, there are internal and individual equity that possibly are the most effective ones concerning cynicism. These factors comprehend the recognition among the colleagues as well as the employee self and also the recognition an individual is receiving from the job. These kinds of compensation factors are the ones that most often are money-related but in this situation other alternatives should be found.

There has been also a discussion about promotion, whether or not it is a good way of recognizing employee’s good performance and rewarding it through a better position in a firm. In the article written by Baker, Jensen & Murphy (1988), it is said that “promoting a young employee with a long expected horizon in the job commonly diminishes the incentives of the employee’s co-workers who now expect to wait a long time until their next promotion opportunity”. Meaning that people who do not consider themselves as possible candidates for promotion will easily lack motivation and show it in their performance. Another problem considering promotion-based reward systems is that the organisation is expected to grow in order to maintain the possibility of using promotion as a compensation method (Baker, Jensen & Murphy, 1988). But as it was concluded in the problem of using monetary rewards, it might not either be a good idea to totally disregard promotion in the rewarding system. Promotion can be considered as one possibility among others. This study focuses on the personnel in service stations that do not have that huge employee capability hence the opportunity to promote people is small. In these stations there are possibly only few managers and there are no reasons to make any changes concerning the management. But this might be an option in other stations within the same organisation.

The final issue is the evaluation of performance and how it can be conducted unbiased and accurately. When evaluating employees it is important to have clear system in order to get trustworthy outcomes and furthermore reward the people that deserve to be rewarded. Having biased and inaccurate evaluation system productivity will be reduced through the reduction of the effectiveness of incentives in an organisation (Baker, Jensen & Murphy, 1988). One problem that might often occur in evaluation is over-monitoring. Sometimes workers might start monitoring
others instead of paying attention on their own performance (Baker, Jensen & Murphy, 1988). This usually results in tense atmosphere in workplace and that way highly affect on the productivity of the employees. When focusing on the compensation factors that are possibly the most effective considering the cynicism level, internal and individual equity are studied. These factors are the ones that usually face the over monitoring problem since these measures comprehend the comparison between the employee itself and the co-worker. In order to gain equal atmosphere the organisation should be able to monitor the employees equally so that the employees do not feel the need to start comparing themselves with others. This is a difficult issue and often increases cynicism while conducted poorly. That is why organisation should have enough resources to focus on the rewarding system and the performance that is considered to be worth rewarding.

Considering the previous discussion about the possible problems in conducting a beneficial compensation plan, it should be taken into account once again that there is no one-size compensation plan that fits for everyone, even though that is most commonly used (Nieto, 2006). All these problems and negative aspects should be taken into consideration while constructing a compensation plan. An optimal way to approach compensation planning is to use an application called “cafeteria systems”, it refers to flexible choice of employee benefits. This is preferable since people as individuals have differing needs and requirements. (Nieto, 2006) In addition to different needs and requirements, it is important to take into consideration employees backgrounds; cultural factors for example are a strong factor while defining the rewards that satisfy people (Veenhoven, 1996; Rehu et al., 2005). Unfortunately only a few organisations have the resources to come even a little bit closer to this cafeteria system but combining the traditional thinking that one plan should be good for all with diversified and modern thinking about differing options for people with different needs, better outcomes will be surely found. To emphasize again the real purpose of this study, it is not to structure a compensation plan, rather find means through compensation to hinder the cynicism that is considered to be a problem in these stations examined. Having this as a purpose, the cafeteria system serves the idea the best. Since the aim is to find several things to hinder the development of cynicism, this study can focus on the separate and specific things which help the personnel to feel more valued hence become less cynical.

1.3 Problem

There are a lot of research made about employees’ motivation, which are the factors influencing it and how to increase motivation among employees, Maslow and Herzberg can be mentioned as the most well-known authors about motivation. One of the factors, also influencing on motivation is cynicism. Cynicism is not that widely studied as motivation even though they have many similarities in the outcomes of their related attitudes. Cynical attitude affects on motivation and the performance as well as motivating attitude, one negatively and the other positively. While studying motivation, compensation can be one of the means in increasing employee motivation. It has been shown in earlier studies that compensation factors have an impact on motivation therefore there might be an influence on cynicism as well. However this has not been explicitly addressed or studied. The known factors influencing cynicism are less complex and not preferred working details and rotating shifts as it was mentioned in the study of Neiderhoffer (1967) as well as the relationships with co-workers (Wilkerson, Evans & Davis, 2008). These factors are commonly examined that is why the compensation factors were chosen to be studied in the light of cynicism hence the first problem question was found.

The respondents for this study represented Teboil’s service stations’ personnel. These stations have faced radical changes, changes that can easily affect on the overall attitude toward work an also
cynicism. Initial interviews aiming to grasp the problems of cynicism indicated that it was a true problem. For example Nina Kuusela stated after working in Teboil Pirkanhovi first in the customer service and then as a restaurant manager that the unsatisfaction toward the working hours for example and the simple tasks could be seen as their absence and unwillingness to perform additional tasks. Kuusela concluded that all this could be a result of an overall cynicism toward the profession and the work that they do. Additionally she mentioned that external factors thus changes in the organisation put into force by the management, for example additional rules, caused reduction in motivation and could also increase cynicism. In order to examine the affect of so called external influence, the changes, the work environmental factors were included in the study. Another aspect to look at, especially in this occupation that is mainly dominated by women, is the affect of gender; does that play a big role in affecting cynicism with the compensation factors? These moderating effects could potentially show additional insights to this particular study problem. These ideas motivated the second problem question.

1.4 Purpose

The purpose of this study is (i) to identify and test if a selection of compensation variables can influence on employee cynicism and (ii) examine whether the possible influence is strengthened or weakened by the age or gender of employees and furthermore if work relationships can strengthen or weaken any influence of compensation factors on employee cynicism.

1.5 Delimitations

A survey is conducted on employees’ current attitudes towards their work, organisation and the recognition of their performance. The location for this study will be Teboil Rantahovi in Närpiö, Teboil Pirkanhovi in Lempäälä and Teboil Sveitsinhovi in Hyvinkää. The survey is restricted to only these three stations since these stations represent the stages that all of the service stations in this organisation are. The respondents will be the personnel in these stations, employees working behind the counter excluding managers. The survey consists of demographic questions about their background, job satisfaction, recognition of their performance and questions about their level of cynicism towards their job. The reason why only the employees in customer service (behind the counter) were chosen is based on the study of Neiderhoffer (1967) that characterised the people that might face a problem of occupational cynicism. Niederhoffer illustrated work features that could influence on cynicism and these features can be seen among the customer service employees and their tasks at work.
2 Method

The method chapter begins with the philosophical perspective that the researcher has chosen to support the findings. The literature is also reviewed in this section and finally the research approach will be introduced.

2.1 The Philosophy of Science

The personal criterion of a researcher is an important part of the study when conducting a scientific study. To be able to better understand the grounds on which the data has been gathered analyzed and interpreted, the researcher’s beliefs on the philosophy of social science will be introduced. The research topic is approached through the view of knowledge and reality thus epistemology and ontology.

This study is about recognizing “the reality of the natural order and the events and discourses of the social world” (Bryman & Bell, 2007). “The reality of the natural order” could be explained in this study as the factors and attitudes that affect on people’s level of cynicism, the compensation factors that is and the attitudes toward them. Furthermore “the events and discourses of the social world” could be seen as the images organisations have about the equality in the division of recognition, how do the organisations perceive the importance of it. In order to be able to find out how the organisations could enhance their proceedings in dividing recognition, it has to be studied what it is that affects on the level of cynicism. In other words what is the reality, what do people appreciate and seek in the work place that might affect positively when considering cynicism?

To deepen the understanding of the researcher’s approach towards the topic, a positivistic view is introduced. Positivism suggests that social phenomena should be studied according to the same principles as natural sciences, thus consider social phenomena as rational systems. Thinking in a positive way a theory’s purpose is to create hypothesis which will eventually be verified or rejected. The positivistic view emphasizes numbers and amounts hence it is closely related to quantitative methods. (Buttery, E. & Buttery, A., 1991) The positivistic approach supports the purpose of this study; in this study hypotheses are introduced and are verified or rejected. Furthermore positivistic approach focuses on explanation instead of interpretation of researched material. Since this study is an explanatory one, positivism is a suitable approach to explore and explain the findings. Another principle concerning positivism is that it states that knowledge is value free (Bryman & Bell, 2007). This principle is supported by the researcher in this study, since it is important for this study to remain objective and do not get emotionally involved. It has to be clearly defined that how things are and how things should be (Rosengren & Arvidson, 1992).

In a scientific study another important aspect in addition to epistemology is to be considered, and that is ontology; the view of reality. Ontology can be roughly divided into two ways of thinking: one way to think is that social phenomenon is socially constructed by social actors and another way of thinking is objectivism which suggests that social entities are objective entities with reality external to social actors (Bryman & Bell, 2007). The latter position, objectivism, is closely related to positivism, since they both support the idea of being objective, therefore objectivism as an ontological approach is the position taken in this study. The objectivist view of reality and positivistic view of knowledge are consistent with the beliefs and goals of the researcher considering this study.
The approach chosen by the researcher support positivism as an epistemological position and objectivism as an ontological position. These positions closely represent the beliefs of the researcher and in that way will be consistent with the upcoming results and the goal of this thesis.

2.2 Literature Review

In order to have accurate support and information for this study, relevant and recent literature has to be found. The research is based on existing literature and studies mainly about cynicism and some about compensation. To be exact and have relevant information for this study, careful selection has to be done. It is influential to find the right theories to back up the topic and the outcomes while examining the old studies. In order to be able to avoid repetition it is crucial to make a thorough search. In this case the study concerns Teboil’s service stations and more specifically the personnel in these gas stations. Since the study concerns cynicism in a particular occupational field and is focused on finding solution to reduce employee cynicism through compensation, this study is considered to be unique and this type of study has never been done before, thus there is no risk of repetition.

The literature used in this study was mainly scientific articles in addition to several books about Human Resource Management, Research Methodology and psychology. Human Resource Management literature supported the assumptions about the benefits of compensation and provided deeper definition of the whole compensation system and its purpose. Human Resource literature worked as a basis when effects of compensation were studied, it also gave suggestions about non-monetary rewards and how they affect on employees. Research Methodology literature was a guide in planning and constructing the research design. Literature about psychology on the other hand guided the understanding of cynicism and its causes. Scientific articles were found through several databases, Business Source Premier and EBSCO being the most used. Articles were found by typing search words: compensation plan, equity theory, motivation, job satisfaction, cynicism, organisational cynicism and combinations of these words.

Many articles were found about this subject but no identical study has been done. Studies in this field that made biggest contributions were written by authors named Dean, Brandes and Dharwadkar in addition to Andersson and Bateman. These authors have been studying organisational cynicism as well as causes and effects of cynicism in the workplace.

The theory part in this study consists of Herzberg’s theory about job satisfaction and Adam’s Equity Theory.

The literature used in this study is very relevant but especially the studies about cynicism were done in the 1990’s thus are nearly over 20 years old.

2.3 Research Approach

The research approach chosen is deduction. Since the researcher’s approach to the thesis supports epistemological and ontological understanding, meaning theory and research, the deductive approach was a logical choice, since the purpose of the deductive approach is to proof and test already existing theories. This thesis is seeking solutions to hinder the development of employee cynicism through a relevant compensation by using existing theories as a helping tool hence deduction is the best approach choice for this study. The main steps in deduction will be illustrated in the graph below:
The figure represents the process of deduction and the principle which is testing a theory. The theories examined in this study are Herzberg’s theory about job satisfaction, Equity Theory and a concept called Organisational Cynicism. These theories support the findings of this study and help the researcher to find improvements and possible solutions for Teboil to reduce the possible employee cynicism and its development. The aim of this study is either verify or reject hypothesis but not to make revision of theory, that is why the last step in the process of deduction is irrelevant. The mission of the theories is simply to support the outcomes.

As it has been stated several times earlier, the aim is to examine how the development of employee satisfaction could be hindered through compensation. It has been also stated earlier that a good compensation plan results in high motivation level of employees and that can, on its behalf, result in reduction on employee cynicism.
3 Related Studies

This part will discuss the earlier studies that help to explain the variance in cynicism and support the results of this study. This section is to clarify and separate the concepts and studies from actual theories that are used to support the final outcomes.

The studies examined in this chapter are studies that can be used to help to explain the variance in cynicism. The first study is based on a concept called organisational cynicism studied by Dean, Banker and Dharwadkar (1998) which suggests that cynicism in the work place can be a serious problem in certain occupations and furthermore it can be reduced. Another study concerning cynicism that is considered to be relevant for this thesis is a study by Andersson and Bateman (1997) that discusses the negative effects cynicism has, as well as the possible positive effects, and brings out the importance of equality in the work place. The final study chosen for this chapter is the study by Banker, Lee, Potter and Srinivasan (2000). This on the other hand examines the motivation and its maintenance through compensation.

3.1 Organisational Cynicism

A study about Organisational Cynicism by Dean, Brandes and Dharwadkar (1998) divided cynicism into five different approaches: personality approach, societal/institutional focus, occupational cynicism focus, employee cynicism and organisational change focus. Considering this study the occupational and employee cynicism focuses are the most important aspects. Occupational cynicism focus (work cynicism) is defined as “disparaging mistrust toward the service of the people and enforcement of the law: lost respect/pride for the job” (O’Connell, Holzman & Armandi, 1986). According to O’Connell et al. (1986) higher work cynicism occurred for those employees that had for example less complex work details and rotating shifts. This would imply that organisations should diversify jobs in order to maintain low cynicism toward work. Additionally employee cynicism is described by Dean, Brandes and Dharwadkar (1998) as a “general and specific attitude characterized by frustration, hopelessness, and disillusionment, as well as contempt and distrust of business organizations, executives and/or other workplace objects”. Andersson (1996) and Andersson and Bateman (1997) studied employee cynicism and found that cynicism is a result of violations of psychological contracts. Furthermore Andersson and Bateman (1997) argue that cynicism toward “a hypothetical organisation was related to high levels of executive compensation, poor organisational performance, and harsh organisational layoffs”. This implies that organisations should be consistent with their promises and actions and furthermore define and justify the compensation the organisation is giving for its executives in order to be able to reduce employee cynicism.

This theory helps in the process where the overall level of cynicism is examined. With this theory it is easily discovered if there even exists cynicism that is worth to mention. This theory either verifies or rejects the assumption of this study that suggests that people working in the counter of gas/service stations are likely to be victims of occupational cynicism.

3.2 Factors Influencing Cynicism in the Work Place

Relevant studies for this research made about cynicism are mainly from the late 1990’s such as the study: “Cynicism in the workplace: some causes and effects” conducted by Andersson and Bateman in 1997. This study supports the idea that injustices in the workplace cause strong reactions and result in cynicism towards the organisation. Although this study strongly brings out the negative aspects that cynicism creates, it also suggests that cynicism might have a positive impact on
people’s intention to behave unethically. A relation between cynicism towards human nature and intention to comply with unethical requests was found; cynicism towards company and its management can reduce compliance with unethical requests. This study is closely related to this thesis, since it is examining the possible solutions to how employee cynicism can be reduced. This study introduces some causes thus gives an idea what to look at when eliminating issues that enhance employee cynicism. Another study by Eaton and Struthers (2002) introduces factors that influence cynicism; these factors are downsizing, deviant behaviour and negative attitudes among employees. The one that is the most interesting considering this study is downsizing since this is one of the changes that occurred in a station that is covered in this study. Eaton’s and Struther’s study supported the idea that cynicism might be a serious problem at least in one of the stations due to downsizing. Third study that deals with factors influencing cynicism is a study called “The Interactive Effects of Job Insecurity and Organisational Cynicism on Work Effort Following a Layoff” (Brandes et al., 2008). This study brings out the issue of work environment, suggesting that by having an insecure work environment, employees tend to get cynical; this particular finding supports the questions put into the questionnaire along with Herzberg’s Job Satisfaction theory which is introduced later on in this paper. In addition to insecure work environment this study emphasizes also the affect of downsizing as well as the study by Eaton and Struther (2002) did.

### 3.3 Compensation Planning and its Importance

Another study examines the implementation of a performance-based compensation plan conducted by Banker, Lee, Potter and Srinivasan (2000). This study suggests that attracting, retaining and motivating frontline employees are one of the biggest challenges that organisations face. It is mentioned that economic theories support the idea that performance-based incentives increase the overall productivity through attracting or retaining productive employees. The results gained from this study revealed that pay-for-performance plan is a good motivator to remain in the firm and continually improve their performance. Furthermore a theory called “Attraction-Selection-Attrition” by Schneider (1987) predicts that people are attracted to those organisations where they consider that their values and personalities fit with the organisation. Taking this into account in compensation systems and planning, this implies that people that consider having the same values with the organisation also considers getting proper recognition. Another study emphasizing the importance of compensation plans and overall compensation is from the same authors who were already earlier mentioned Banker, Lee, Potter and Srinivasan (1996). In their study the importance of compensation plans was motivated by the fact that especially in service industries the major reason for constructing a compensation plan is the intensifying competition. This study emphasized customer-focused services and their importance for them to gain strategic advantage by using compensation plans. As this paper and research is based on customer-focused stations, the study by Banker et al. (1996) supports the idea that it is important to construct a proper compensation plan.

### 3.4 Interlinking Theories and Studies

The main idea of this study is to hinder the development of employee cynicism. The three main aspects are examined through relevant studies and theories, which are introduced in the next chapter, and studies supporting and helping the further investigation of the results.

- the satisfaction of the rewarding system
- employee’s job satisfaction
- the level of employee cynicism
The two first aspects will be more carefully explained when the theories used in this study (Equity Theory and Herzberg’s Theory) are introduced, the purpose for this section is to show the relevance and the connection that these theories and studies have. The first criterion will be explained by Equity Theory where equality is measured among the co-workers. Another criterion concerns Herzberg’s Theory about job satisfaction. Finally the level of employee cynicism/occupational cynicism is examined through the concept of organisational cynicism. These theories go hand in hand in this study. First supporting the results about job satisfaction; revealing the current situation about general satisfaction among the employees. Secondly giving explanations for the responses concerning the rewarding system helping the researcher to understand what the dissatisfaction/cynicism is focused on. The final part is to find out if employees are cynical or not and if they are, in what way. With the support of these theories the results are easily discovered and discussed.
4 Theory

In this chapter the main theories used to support the study will be introduced. These theories, Equity Theory and Herzberg’s theory, are the basis of this study and gives guidelines for analysing the results and achieving conclusions. In this section the hypotheses of this study will be examined.

4.1 Introducing the theories

In order to be able to find reasonable solutions different and relevant theories should be examined. These theories and the results that are gained from the research will together help the final outcomes and solutions. In this study two theories are further studied: Equity Theory and Herzberg’s Theory. Equity Theory focuses on how employees consider themselves being recognized from their work. This is important theory to look at when making compensation plans because this theory emphasizes equality which in turn results in harmony in work place among the employees. Another theory studied is Herzberg’s Theory which concerns job satisfaction, a theory that reveals the issues what makes people satisfied and dissatisfied on the job.

4.2 Equity Theory: Hypothesized Relationships Between Compensation and Cynicism

In order to maintain employees satisfied the output should respond to the input employees are putting on the job. John Stacey Adams’ Equity Theory explains in detail the importance of having carefully planned and balanced rewarding system, the relationship between employee’s inputs and outputs, and its influence on employee’s motivation. According to the theory human beings believe that rewards and punishments should be distributed in accordance with recipients’ inputs or contributions. (Adams, 1963, 1965; Homans, 1974) With thoroughly made pay system balance can be achieved and employees reach a high motivation level. Furthermore if employees consider putting more effort than they are paid, in other words they find inequities in their rewarding system; it will result in absenteeism and tardiness. (Byars & Rue, 2008)

This Equity Theory by J. S. Adams (1963) is examining employee’s job motivation and how inequities affect on it. Equity Theory suggests that positive outcomes and good performance can be achieved and expected only when employees consider themselves being treated fairly. This suggestion is supported by Herzberg and Maslow in their theories. Employees try to maintain a balance between their inputs and outputs, they demand to receive a reward that equals to their perceived amount of effort they have put to their jobs. There should be balance in inputs and outputs so that they weigh reasonably the same. According to this theory, employees that find inequities will take actions to reduce them. If for example the balance lies too much in favour of the employer employees will work to bring balance on their own through demanding more compensation or recognition. One option is to seek other job opportunities thus alternative employment. In case of pay dissatisfaction employees will lose their motivation resulting in absence and lower productivity. Similarly, if an employee considers being overpaid, he or she is most likely to perform better and have high motivation. (Adams, 1963; 1965) The theory is based on a belief that employees become de-motivated both toward their job and their employer in case they feel that their inputs are greater than their outputs. Few can be mentioned as examples of inputs: loyalty, skills, tolerance, flexibility and enthusiasm and for outputs: recognition, reputation, praise and responsibility. It can be seen that these outputs are in fact, even though they are compensation factors, are mainly non-monetary ones. (Adams, 1963; 1965) It seems that according to this theory employees are more affected by compensation through words and actions than through pay.
There are four types of equities to compare: internal, external, individual and organisational. Internal equity is what an employee is being paid compared to what other employees in the same organisation are being paid. External equity consists of what employees in an organisation are getting paid compared to employees in other organisations performing similar jobs. Individual equity is the balance between individual’s contributions and the rewards gained from it. Individual equity is very closely related to the pay-for-performance question. Organisational equity determines how profits are divided within the organisation. (Byars & Rue, 2008) In order to have a balance with these equities it is important to have a good base wage structure, in other words evaluate jobs carefully and determine pay grades and ranges equally and accurately. The equity theory provides the means to evaluate and refine the current compensation system and make it more employee-friendly. With cooperation with employees, compensation system can reach very beneficial goals.

This theory will help the researcher to understand the current climate in the workplace furthermore see whether people consider being unequal with their co-workers. It can also be seen that which the factors are affecting the most on their current attitude. In addition to which are the means that could reduce cynicism and increase the job satisfaction as well as motivation. With a right compensation plan this problem could be solved, in case improvement is needed. Equity theory provides answers about the rewarding system, about compensation among the studied personnel. This part will reveal the employees’ comprehension about the current rewarding system and the opinions about it. Equity theory concerns four aspects that are examined in the questionnaire given for all the employees. These results received from the surveys will help understand, with the support of this particular theory, if the employee considers the organisation being unfair in their rewarding system compared to other organisations, or if the organisation tends to reward employees in the same work environment unequally. This is interesting while thinking about the assumption of the existence of the occupational cynicism in this particular profession. In case of occupational cynicism employees might not think that they are under rewarded in that particular organisation, instead they might consider their occupation in general being undervalued and under recognized. And in contrast having a negative attitude toward the specific organisation they work in, they might consider themselves being unequally rewarded by the organisation compared to their co-workers and other organisations. These questions will be examined with the help of Adam’s Equity Theory, since this theory has generated several distinct lines of research and supports the assumptions of this thesis (Adams & Friedman, 1976; Goodman & Friedman, 1971; Pritchard, 1969; Leventhal, 1976; Walster, Berscheid & Walster, 1973; Leventhal, 1977).

Numerous studies have been done about equity theory and its position, about the idea that individuals review the inputs and outcomes of themselves and others, and in situations of inequity they experience greater cognitive dissonance than individuals in equitable situations (Carrell & Dittrich, 1978). Many experiments have resulted in strong support of this “equity norm” (Austin & Walster, 1974; Messé, Dawson & Lane, 1973; Radinsky, 1969; Wicker & Bushweiler, 1970). These studies support this thesis by confirming the influence of this theory and supporting the construction of the following hypotheses.

The first aspect to look at in Equity theory is internal equity which as mentioned concerns the equality between co-workers and the employee self. In other words it examines whether the employee considers getting less rewards or recognition than his/her colleagues. It is assumed that getting less recognition than co-workers one becomes more cynical. This assumption can be supported by the research made by Austin and Walster (1974) where it was found that equitably-treated subjects (whose actual reward reflected their expected reward) were more content and less
distressed than inequitably treated subjects. According to this explanation a hypothesis can be made:

**Hypothesis 1. Inequality in the internal equity division is negatively related to employee cynicism.**

Another aspect is external equity measuring the equality in recognition between the organisation employees are working in and another organisation performing in the similar field. The result will reveal whether an employee considers getting more recognition from another organisation than the one that he/she is working for. A study about equity proposition, that “individuals may cognitively distort inputs to achieve equity where necessary” has been made (Adams, 1963; 1965), this assumption has been supported by Leventhal, Allen and Kemelgor (1969). Relating this to the following hypothesis, it can be stated that it is likely that people tend to seek other opportunities in other organisations, since they are pursuing the equality. It has also been stated in a study that “persons find it more difficult to alter cognitions about their own behaviour than about the behaviour of others” (Leventhal, Michaels, 1969). This could support the assumption that people tend to seek opportunities elsewhere rather than start altering their own behaviour. Considering this, it is predicted that if an employee considers employees in other organisations getting more recognition from similar job, it will increase cynicism.

**Hypothesis 2. Employee being in unbalance in external equity, thus is considering getting more recognition in other organisations, is positively related to cynicism.**

Important issue is to examine individual equity, whether an employee considers being in balance between the input he/she put in the job and the output he/she receives from it, meaning if the salary reflects the job and skills the employee has. There is also a study supporting this assumption about individual equity. Wicker and Bushweiler (1970) have concluded that perceived fairness of the social exchange situation corresponded closely to the predictions of equity norm thus people preferred the situations where all inputs/outcomes ratios were equal. With the support of this study, it is assumed that unbalance between these two increases also cynicism.

**Hypothesis 3. Employee being in unbalance between the input and output, thus considers putting more effort in the job than he/she is recognized for, is positively related to employee cynicism.**

The final issue is organisational equity. This examines how rewards are divided within an organisation whether the rewards are received by managers only or if there is an equal system concerning also other employees. There are a lot of studies supporting this hypothesis, studies that have found the importance of intraorganisational pay comparisons (Finn & Lee, 1972; Goodman,1974; Homans, 1961; Klein, 1973; Patchen, 1961; Telly, French & Scott, 1971). With the support of this statement given in several studies it can be assumed that in case of equal rewarding system it is predicted that it reduces cynicism overall.

**Hypothesis 4. Unequal rewarding system among employees within an organisation is positively related to employee cynicism.**

This theory is the main theory for this study providing the measures to look at while aiming to find ways to hinder the development of cynicism through compensation. This theory will be the supporting tool in analysing the outcomes. The aspects in compensation that are needed to stress will be revealed through this theory. With those results, it will be easier for the researcher to find suggestions for solutions for future handlings, after the main factors or aspects are found.
4.3 Herzberg’s Theory: Hypotheses about Moderating Effects

A theory by Frederick Herzberg is based on interviews conducted in the late 1950’s that focused on a group of employees; the idea was to find out what made people satisfied and dissatisfied on the job. He rejected the assumption of having a one-dimensional concept of satisfaction. That comprehends a continuum where there’s satisfaction in one end and dissatisfaction in the other, the opposite end. This would have meant that by removing a factor that causes satisfaction it would result in dissatisfaction and vice versa. Herzberg is arguing that satisfaction is a two-dimensional concept, meaning that by removing satisfaction factors it does not cause dissatisfaction but a neutral state of neither being satisfied nor dissatisfied. (Gibson, 1991) This state is known to be called a zero midpoint (Kreitner & Kinicki, 1998). Herzberg developed a new theory and discovered that there are two dimensions to job satisfaction: motivation and “hygiene” (Greenberg & Baron, 2000). Hygiene issues are the ones that cannot motivate employees but can minimize dissatisfaction; these issues are company policies, salary, interpersonal relations and working conditions etc. Motivators on the other hand fulfil individual’s needs for meaningful and personal growth; issues as recognition, the work itself and responsibility etc. According to the theory; after the hygiene factors are in order the motivators will encourage production and job satisfaction. (Syptak, Marsland & Ulmer, 1999) The key point in Herzberg’s theory is to create an environment that promotes job satisfaction for employees, and that way gain results showing that employees are more motivated and productive.

The figure above illustrates well the whole theory, it can be seen how the factors affect on person’s motivation. As it was stated earlier the hygiene factors that are considered as maintenance factors, meaning the factors that construct the basis such as the salary and supervision, do not create motivation among employees but will decrease dissatisfaction. These factors will raise employees to the zero midpoint level that was introduced earlier. The zero midpoint can be seen in the graph logically in the middle. As oppose to the hygiene factors, motivators are the ones that increase the motivation among employees. These factors; achievement, responsibility and recognition among others provide the means to gain higher motivation. This is illustrated in the graph on the right side.

This study examines the satisfaction among the employees in these chosen service stations in order to get an overall view of their current attitudes toward their work itself. The reason why this is
important, is to discover whether the employees’ “hygiene” factors are in order, in other words if their basic needs are fulfilled. To be able to hinder the development of the cynicism especially through compensation, it is vital to know that the base is in balance, meaning the salary and relationships with co-workers, among others. It is unnecessary to start to find solutions through rewards and other compensation means if there is unbalance and dissatisfaction in the background.

The theory is closely related to Maslow’s theory about Hierarchy of Needs (1943) which is one of the oldest of the modern theories in motivation (Oh, 1972). This theory suggests that the basic needs have to be fulfilled before one can rise to another level and reach out for more (Gibson, 1991). Without completing all the steps in the bottom, the so called pyramid that represents the whole hierarchy of needs will not stand stable and it is difficult to achieve any goals without so called solid ground (Gibson, 1991).

This theory is closely related to Adam’s Equity Theory, since in Herzberg’s Theory the satisfaction is measured through job motivation which is measured by Equity Theory. These both concepts are relevant for this study, one giving the measures to examine job satisfaction and the other measuring the means which can increase job motivation. Adam’s theory focuses on examining motivating factors through employees’ inputs and outputs, the theory stresses the importance of equality. These factors that are considered motivating are factors as recognition, responsibility, praise etc. in other words the compensation factors. While researching cynicism the same factors have an assumed influence, since motivation can be assumed to be the opposite of cynicism. When these factors that have the greatest effect are found, Herzberg’s theory helps to find out which of these factors are really considered to be motivator factors that actually can higher the motivation level, hence reduce cynicism. Since the purpose of this study is to seek the opportunities to hinder the development of employee cynicism through compensation factors, these theories will provide the grounds for this study; one providing the compensation measures (Equity Theory) and the other giving guidelines in choosing the effective means in hindering the development of cynicism through these compensation factors (Herzberg’s theory). Both of these theories are greatly emphasized in the questionnaire.

Measures to illustrate job satisfaction were gained with the help of Herzberg’s theory. These measures were studied combined with the control variables chosen for the questionnaire. Three variables were considered to be the most effective and they were further studied. These variables are gender, age and work relationships. Even though a lot of moderation is not expected from these variables, following hypotheses were made. The hypotheses were made about the interaction between compensation and each of these variables, and their affect on cynicism. These hypotheses are based on the interviews as well as the assumptions and opinions of the former employees Terhi Koljonen and Nina Kuusela.

Hypothesis 5. The state of work relationships moderates the affect of compensation on cynicism in such a way that poor work relationships with co-workers increase the level of cynicism.

Hypothesis 6. The age of an employee moderates the affect of compensation on cynicism in such a way that the higher age increases cynicism level.

Hypothesis 7. The gender of an employee moderates the affect of compensation on cynicism in such a way that the majority gender in an organisation increases level of cynicism.
5 Practical Method

In this chapter the choice of method for this study is introduced as well as the methods used for data collection and the data analysis. The evaluation of the questionnaire is also included in this chapter.

5.1 Choice of Method

The study is focused on finding ways to reduce employee cynicism, examine whether it is possible through compensation. This study is aiming to answer the question that is there a way to influence on cynicism through certain compensation factors, in other words answer the question how the development of cynicism could be hindered.

The research method that answers the question how is quantitative and is the method used in this study. Another option is to choose from is qualitative which focuses on deeper understanding and answers the question why. (Bryman and Bell, 2007) Quantitative method will result in more generalizable outcomes, since it focuses on collecting a lot of data, which is one of the main reasons this method was chosen for this study.

As it was mentioned in the beginning of this thesis the researcher’s approach towards the topic supports positivism and objectivism. This explains the selection of quantitative method, since quantitative research is closely related to objectivity of the social world and furthermore to the idea that relationships between different things can be measured by numbers (David & Sutton, 2004). This research examines personnel’s attitudes towards their organisation and job in general. The purpose is to examine if a compensation plan can be a tool in hindering the development of employee cynicism.

As stated earlier, quantitative method focuses on amounts and numbers, its data represents issues and things that can be put into a numerical scale. This study has formed questions about attitudes in such way that they can be numerically measured. Each number in a chosen scale represent certain levels of attitude.

The study concerns three service stations managed by Oy Teboil Ab. Three stations were picked in order to have enough respondents hence give the research more credibility. These three stations (Teboil Rantahovi, Närpiö, Teboil Pirkanhovi, Lempäälä and Teboil Sveitsinhovi, Hyvinkää) were specifically chosen because of their spread locations around Mid- and Southern Finland. These stations’ personnel might give a variety of answers because of the different locations. The target group is the personnel in these stations since the idea is to examine employee cynicism.

Since the study is conducted at a single point in time for defined population the design for this research is cross-sectional. The cross-sectional study approach was chosen, since it is an observational study where the researcher takes a piece of the target group and bases the findings on the responses of the targeted people, with an assumption that these opinions and views are typical for the whole group. While this study is made for a specific population, the results can be generalized only to the sample. (Bryman & Bell, 2007)
5.2 Sampling

In order to gain reliable data, sampling has to be conducted carefully. The technique chosen for this study is mainly based on convenience sampling which is defined by Bryman and Bell (2007) as a technique where an opportunity to be chosen is for the people available at a certain point in time and at a certain place. As a whole these three chosen stations have 70 employees and from them 35 were chosen to represent the stations. The response rate did not meet the goal set for it. The goal was to get at least 50 responses but due to the timing of the survey distribution, the goal was not met. The surveys were distributed during a weekend while several employees in all of these stations were on their spring break. That was one of the reasons why the response rate was lower than expected. Few other reasons that might explain the lower response rate are discussed in the evaluation of the questionnaire. Gathering the data was performed with the help of the management in Teboil. Surveys were mailed to the managers responsible in each station and managers were asked to gather and encourage personnel to answer the surveys. Employees had all in all 3 days time to complete the surveys before they were collected from their stations.

5.3 Questionnaire

To collect data, questionnaires were used in order to receive responses easily from a relatively large group of people. The use of questionnaires is chosen also because they tend to gather more people to respond, mainly because completing a questionnaire requires less effort from the respondent than an actual interview. Also it is more likely to receive truthful and fair responses through questionnaires, since the respondent has the opportunity to remain unidentified (Walliman, 2005). And since this study concerns personal views and attitudes that might be negative, it is easier to get responses through a questionnaire allowing people answer individually and anonymously (Heikkilä, 1999). Another reason for choosing questionnaires as a mean to gather data, is that questionnaires are good in investigating satisfaction and straight forward to analyze.

The questionnaire (see Appendix) is structured into four parts of which three are related to theories introduced in this thesis. First part consists of demographic questions, questions about person’s background, another part measures job satisfaction. Further on next part will include questions about person’s comprehension of the current rewarding system and its balance and the final part covers the level of cynicism.

The questionnaire consists of only closed questions because the answers are easy to process and these questions also enhance the comparability of answers, showing the relationships between variables and the differences among the respondents (Bryman & Bell, 2007). One reason for choosing only closed questions for the questionnaire is that they are easy to complete and are not that time consuming compared to interviews for example, and this way the response rate can be increased. In addition to above mentioned advantages one important factor in closed questions is that they can be pre-coded referring to the use of scales. The scale chosen for this questionnaire is 5 point scale that is commonly used. The same scale follows throughout the whole questionnaire to make the it less complicated for the respondents. (Bryman & Bell, 2007)

The questions used in the questionnaire were adapted from the theories discussed in this thesis. The theories provided measures that are used in the questionnaire to reflect the attitudes. These questions are constructed in a way that they all include a certain measure in order to be able easily examine the results with the support of the theories. In order to get as reliable response as possible for each measure, several questions were put to represent only one measure. That pattern is
followed throughout the whole questionnaire, every measure is examined through multiple questions, for example three questions measure the level of employee cynicism and so forth.

The questionnaire begins with identifying background information. This part will consist of questions about gender and age in addition to education, experience and work contract. These questions are asked in order to be able find out the possible effects that for example education and gender have for cynicism.

The second part concerns the current work situation. This part is based on Herzberg’s Job Satisfaction theory this part will reveal the current stage of satisfaction among employees by measuring the balance of “hygiene” factors and motivators that were introduced in the theory of Herzberg. The questions in this part consist of relevant measures considering Herzberg’s theory including expectations/responsibility (II:1-3), work environment (II:4-7), relationships with co-workers (II:8-9), supervision (II:12-13) and supporting colleagues (II:14-15).

The third part of the questionnaire is about the rewarding system in the organisation, the balance between the input and output and the satisfaction of the recognition the employees receive. The questions in this part are adapted from the Equity Theory that measures four types of equity. These types concern the recognition both inside and outside the organisation and the questions compare and measure the attitudes toward them. In the questionnaire questions (in the third section) 1-3 measure individual equity, 4-6 measure internal equity, 7-9 external equity and 10-12 organisational equity.

The final part examines cynicism as a whole. This part is based on the theory of Organisational Cynicism that implies that there are different types of cynicism. With the help of the theory the questions in the questionnaire are divided into two parts in this section to represent organisational and employee cynicism.

5.4 Evaluation of the Questionnaire

A pilot study was conducted to ensure that the questionnaire is easy to complete and the questions are understandable, because when the actual answering happens, there is no one to answer questions and give guidelines for filling it. The pilot study was successful hence the questionnaire seemed to be understandable. The questions in the study are laid out clearly helping respondents to understand them and the main thing that made the questionnaire easy to fill in, was the consistency with the scale throughout the whole questionnaire.

After receiving the results from the questionnaires some minor lacks were found. The concern was the background questions. In the questionnaire the respondent is asked to fill in the exact age and give out information about their work experience. While going through the questionnaires it was found that people found it too revealing to give out the exact age which they then refused to give and while examining the answers concerning the work experience part, some respondents misunderstood the question and the question did not give usable answers from everyone. These errors in responses might have been prevented in case completing the questionnaire had been supervised and guided.

Filling the questionnaire could have been easier in the service station in Närpiö, if the questionnaire had been in Finnish and in Swedish, since the majority in Närpiö’s station’s employees has Swedish as their mother tongue. The surveys were completed despite this fact but feedback was given that it might have helped to have the questions also in Swedish. The language can be considered as
delimitation also because the original questionnaire was made in English while all the completed ones are in Finnish. These questionnaires were translated by the researcher herself and it must be taken into consideration that some of the phrases could not be exactly translated, meaning that there is a possibility that some of the sentences used in the Finnish questionnaire are not exactly word by word the same as in the English version.

Overall the issue that needed improving the most is the response rate. The participation of the respondents did not reach the set goal. Employees clearly considered a survey to be a time consuming task assigned from the management, instead of an opportunity to share their thoughts and views about the current situation in their work place, and furthermore give suggestions for the future to enhance their working conditions and job satisfaction.

5.5 Data Collection

This survey is made of a sample size of 35 respondents. The respondents consist of employees within customer service in these three chosen service stations in Teboil. The study is targeted only for people in customer service excluding managers and employees with different job description. During the data collecting process some difficulties were encountered. As it was stated earlier in this paper a lot of radical changes have been done in at least one of the stations. Employees felt a bit hesitant to take part in this kind of survey that consisted of questions about job satisfaction, since by then the current situation was very hectic and confusing. Another issue was the current holiday time, a lot of employees were on vacation and that affected on the total amount of responses. With a different time frame the response rate could have been better.

The sample was drawn from the personnel in three service stations in Lempäälä, Hyvinkää and Närpiö during one weekend at the end of February (28.2.-2.3.2009). The employees were asked to answer the questionnaire during the weekend giving them enough time and the possibility to choose when they do it and how much time they will use in it. Due to the length of the questionnaire and the nature of the questions, several days were given to respond.

The questionnaire was made under the perception of ethical principles, thus it did not try in any ways to harm the respondent or cause stress. The respondents had also the opportunity to choose not to take part in the survey and also following the rules of the principle of informed consent, the respondents were fully informed in a cover letter about the aim and the purpose of the survey. These principles followed in the data collection were implemented from the ethical principles stated by Diener and Crandall (1978). Also an envelope was attached to the questionnaire in order to make sure the anonymity. After completing the survey, respondents were asked to put the questionnaire in an envelope and close it to make sure that no other than the researcher has the possibility to look at the answers.

5.6 Data Processing

When the completed questionnaires were received, some of them were not fully completed thus all of them could not be used. In order to have proper results the researcher decided to reduce the number of samples into 35 to have fully completed questionnaires. This was a mean to handle missing data, replace the improperly filled ones with complete.

The data was processed with SPSS program since the nature of the study is quantitative. The received data was first put into excel program, naming each measure of every part of the questionnaire and then moving the results from the questionnaires to the excel sheet. After all the
surveys were put into excel, the data was moved to SPSS where all the measures transferred to individual variables. The data was processed by using regression analysis in order to see the effects of each variable on the dependent variable which in this case is cynicism.

Regression analysis was chosen for this study because in regression analysis the causal effect of one variable upon another is studied (Sykes, 1993) in this case compensation factors’ effect on cynicism. To be more specific single and multiple regression as techniques were used. In single regression one explanatory variable is analysed (Sykes, 1993) as in this study the compensation factors were analyzed through single regression in such way that the direct effects on cynicism of each of the compensation factors were separately examined (the first four hypotheses). In multiple regression, factors’ effects can be studied separately each at a time. Furthermore with multiple regression, it is possible to quantify the impact of various simultaneous influences upon a single dependent variable (Sykes, 1993). In this study multiple regression is used in examining the interaction effects (the last three hypotheses).

In regression analysis a statistic that is emphasized a lot in this is R square (R2). R2 measures the goodness of fit, “the sum of squared deviations about its mean is a measure of the total variation of the dependent variable” (Sykes, 1993). Furthermore “the sum of squared deviations about the regression line is a measure of the extent to which the total variation of the dependent variable is explained by the regression” (Sykes, 1993). In every analysis in this study the R2 is analyzed and based on that statistic the goodness of the fit of the model is measured, and furthermore with the analysis of the other statistics the conclusions are made.
6 Results and Analysis

The following chapter provides the results of the survey proceeding from the variables having direct effects to indirect effects. Results will be analyzed and supported by the opinions and comments of the former customer service employees in Teboil, Nina Kuusela and Terhi Koljonen. Also future suggestions are made for compensation planning.

6.1 Comments on Data Analysis

The analysis part consists of overall view of the level of cynicism, interpretation of four different models of regression analysis and a final part integrating all the received results. In the overview the stations are divided to represent themselves individually whereas in the further analysis they will be examined all together. The models interpreted are illustrated in the table attached and the results are discussed individually in every part. The analysis follows the order of the regression analysis. The first model examines the effects on only the control variables, further on the second model includes also the compensation variables which naturally increases the model’s explanation ability for the dependent variable (cynicism). In these models the direct effects are illustrated. In the third model interaction effects are examined, what happens when the compensation variables are interacted with one of the control variables which in this case is the variable relationships, measuring the level of employee’s relationships with the co-workers. Another interaction effect is also studied in the fourth model, the interaction between the compensation factors and age. The final model examines the interaction between compensation factors and gender.

The data analysis follows a logical order in representing the results. First the analysis starts by studying the control variables, the variables that are kept constant throughout the experiment. These variables are not the ones that are the most important in this study, since the purpose is to find ways to hinder cynicism through compensation variables. These control variables play an important role though, considering the whole research. By examining the affect of the control variables, the researcher finds out the most important aspects that influence on cynicism at work place excluding the compensation factors, which most often are considered to be the ones that have high influence on employee’s cynicism. The second model includes the compensation variables that are the significant ones considering this study. Through this second model the researcher finds out the most important compensation variables, the variables that affect on cynicism the most. By finding out the most effective ones, the researcher can conclude which of the compensation factors should be emphasized within the organisation in order to keep the employees satisfied thus reduce the level of cynicism. The last models show the interaction effects that compensation factors have with chosen control variables.

The questionnaire is based fully on the five point scale where 1 reflects the positive point of view and 5 demonstrates total disagreement. All the measures are marked with the same scale making it easy to compare the results with a regression analysis.

6.2 Overview of the Level of Cynicism among the Personnel in the Service Stations

The stations were separately examined to gain results individually for each of the stations. It was stated earlier that in these stations some organisational changes have been made, in some of these stations the changes have been slightly radical and in some of them the changes have been small. In
this part it will be found out which of the stations examined in this research have the most cynical personnel hence which of these stations is the one that needs more attention, when hindering the development of cynicism is considered.

The questionnaire is constructed totally on the five point scale where 1 stands for totally agree and 5 totally disagree. In the cynicism part in the questionnaire respondents were asked to answer to cynical and negative sentences using the five point scale as their answering measure. Therefore the lowest mean value, in the examination of cynicism, which in this case is Rantahovi’s (3,099) represents higher level of cynicism than in the other two stations. These results imply that the focus should be put on Rantahovi while starting to implement the measures in hindering the development of cynicism.

When combining the mean values of all of these stations we gain the average cynicism level in these organisations which is 3,229. This number is not at all bad, considering all the changes in the organisation and the cut backs in working hours and wages. Since the highest value thus the best result would have been 5, 3,229 is way over the average meaning that the overall cynicism is not that high, even though it exists among the personnel.

The next step in the analysis is to examine the regression analysis, a table is attached in the next page to support the results.

6.3 Control Variables’ relationship with Cynicism

In the first model in the Table 1 the effects of the control variables are examined, how they affect on the dependent variable thus cynicism. The control variables were chosen of all of the measures that were studied in the questionnaire; the variables chosen are the ones that showed highest effect on the dependent variable. These chosen variables are gender, age, education, expectations (meaning satisfaction) and the relationships an employee has with the colleagues. Two last of these chosen variables (expectations, relationship with co-workers) represent variables that were stated among others in Herzberg’s theory (Gibson, 1991). These variables are considered to have an influence on employee’s overall satisfaction (Gibson, 1991).

After standardizing all the variables, a regression analysis was made. The results of this analysis shows that 41.5% (R2= 0.415) of the variation of the dependent variable (cynicism) can be explained by this first model. Even though the R2 is rather high considering the moderate levels, these control variables alone do not explain well alone the increase or reduction of cynicism, thus variation of the dependent.

Looking at the coefficients, the individual effect that a variable has on the dependent, it can be seen that all of these variables relate negatively on cynicism. Meaning that when the level of cynicism raises it will affect negatively on the variables and cause a reduction in these variables examined. The satisfaction level (variable=expectations) seems to have the highest impact on cynicism with statistically significant estimate of -0,512 (p< 0.01). The model shows that when the level of cynicism rises it will affect negatively and strongest on the employees job satisfaction. This can be explained also by stating that low job satisfaction increases cynicism within the job. Another two variables that have stronger effects are gender and relationships with the colleagues.

When looking at the results within gender, with the same scale than it was done before, it can bee seen that men are slightly more cynical than women when it comes to ‘behind the counter’ –jobs. Comparing the mean values, men had a mean value of 2,714 when women had 3,364. This result
created discussion among the former employees interviewed in this study, as it was expected to be the other way around, it was predicted by these former employees that women would be more cynical. As a conclusion Nina Kuusela stated that her comprehension of this result is, as it was seen in the respondent’s gender division that men consider to be working in an occupation that is dominated by women and they are considering their role to weaken. To support Kuusela’s statement it can be notified that in this particular study the respondents were divided between men and women with the percentages of 20% and 80%, backing up the assumption that this occupation is seen as women dominated. Kuusela assumes also that men consider their job more undervalued than women.

Looking at the variable relationships the same idea follows in this as it was in the satisfaction variable. There is a negative relationship between cynicism and the variable that examines the relationships between the employee and his/her co-workers. Relationships with colleagues relate negatively on cynicism with an estimate of -0.272 ($p<0.1$). Therefore it can be concluded that while an employee has bad relationships with his/her colleagues it affects negatively on cynicism, thus increases it. This assumption along the assumption about the affect of variable ‘expectation’ is also supported by Herzberg’s theory since this theory represented these variables as ones that have a great influence on overall job satisfaction (Gibson, 1991). While these variables have an influence on employees job satisfaction it can be concluded that having negative attitude toward these variables it increases cynicism.
### Regression Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>-0.334**</td>
<td>-0.289**</td>
<td>-0.208*</td>
<td>-0.327***</td>
<td>-0.28*</td>
</tr>
<tr>
<td>Age</td>
<td>-0.215</td>
<td>-0.196*</td>
<td>-0.188</td>
<td>-0.211*</td>
<td>-0.198</td>
</tr>
<tr>
<td>Education</td>
<td>-0.201</td>
<td>-0.055</td>
<td>-0.076</td>
<td>-0.055</td>
<td>-0.058</td>
</tr>
<tr>
<td>Expectations</td>
<td>-0.512***</td>
<td>-0.299**</td>
<td>-0.328**</td>
<td>-0.227*</td>
<td>-0.292*</td>
</tr>
<tr>
<td>Relationships</td>
<td>-0.272*</td>
<td>-0.154</td>
<td>-0.73</td>
<td>-0.186</td>
<td>-0.165</td>
</tr>
<tr>
<td>Compensation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Equity</td>
<td>-0.271*</td>
<td>-0.343**</td>
<td>-0.297**</td>
<td>-0.274*</td>
<td></td>
</tr>
<tr>
<td>External Equity</td>
<td>0.21</td>
<td>0.248</td>
<td>0.372**</td>
<td>0.219</td>
<td></td>
</tr>
<tr>
<td>Individual Equity</td>
<td>0.332**</td>
<td>0.31*</td>
<td>0.239</td>
<td>0.333*</td>
<td></td>
</tr>
<tr>
<td>Organisational Equity</td>
<td>0.021</td>
<td>0.052</td>
<td>0.087</td>
<td>0.014</td>
<td></td>
</tr>
<tr>
<td>Interaction effects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Equity x Age</td>
<td></td>
<td>-0.069</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Equity x Age</td>
<td></td>
<td>0.336*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual Equity x Age</td>
<td></td>
<td>-0.287*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisational Equity x Age</td>
<td></td>
<td>0.174</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Equity x Gender</td>
<td></td>
<td></td>
<td>-0.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Equity x Gender</td>
<td></td>
<td></td>
<td>0.025</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual Equity x Gender</td>
<td></td>
<td></td>
<td>-0.007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisational Equity x Gender</td>
<td></td>
<td></td>
<td>0.015</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| R2                      | 0.415            | 0.753            | 0.79             | 0.817            | 0.755            |
| Adj. R2                 | 0.314            | 0.665            | 0.66             | 0.704            | 0.603            |

* *p < 0.1  
** *p < 0.05  
*** **p < 0.01

**Table 1.: Regression Analysis**

6.4 The Affect of the Compensation Variables on Cynicism

The second model takes into consideration also the compensation variables studied in the questionnaire. These variables are internal equity, external equity, individual equity and organisational equity. By taking these variables into account it can be seen how much higher the percentage is which shows this model’s capability of explaining the variation in the dependent variable (R2=0.753). Having this number relatively high it means that these compensation variables affect on cynicism strongly and this model is good in explaining the reductions and increases in cynicism. This determination coefficient rises automatically when the model includes more variables the number that explains whether the added variables actually help in explaining the
variation of the dependent is adjusted $R^2$, which in this model is also relatively high 0.665 concluding that these added variables are important for this model.

This second model gives the results for the hypotheses that are examined in this thesis. All these hypotheses concern the compensation variables and their affect on cynicism. Firstly, taking into consideration several variables in addition to the control variables that were examined in the first model, it is shown that the impact of these control variables have altered because of the additional variables taken in this model. Despite of the fact that these variables have come across some reduction in their effects on the dependent, the same variables that were seen as having strongest effects, variables expectations (satisfaction), gender and relationships, have still remained the same.

The first hypothesis based on the Equity theory by Adams (1963, 1965) suggests that an employee being satisfied with the internal equity division will reduce cynicism. According to the theory, employees that consider getting same recognition as their co-workers are more motivated and satisfied (Adams, 1963, 1965). The hypothesis assumes that when cynicism increases, the satisfaction toward internal equity division decreases. This is supported by the estimate of -0.271 ($p< 0.1$) in the regression analysis. This will lead to the conclusion that the better internal equity division an organisation has the less cynicism will occur among the employees.

The second hypothesis is about external equity and examines the effect of having unbalance with the recognition the employee is receiving and the recognition the employee is considering to have in other organisations. Adams’ study about equity proposition (1963, 1965) suggests that individuals pursue equity where necessary, it is therefore likely that employees seek equity from other organisations. In this hypothesis it is assumed that this unbalance will increase while the level of cynicism increases. This hypothesis is supported by an estimate of 0.210 with a significance level of $p= 0.136$. This means that the more cynicism increases the more increases also the unbalance and employees are more and more considering getting less recognition from their job than they are considering to get in other similar organisations. Taking into account the significance level of this variable it can be seen that this variable does not have that strong direct effect on the dependent since the significance level is over 0.1.

The third hypothesis takes into account the concept of individual equity. Individual equity concerns the comprehension of employees’ input and output. In a study made by Wicker and Bushweiler (1970), it was stated people to prefer situations where input/output ratios are equal. According to this if an employee considers putting more effort on his/her job than he/she is getting recognition from, it is assumed to increase the level of cynicism. This hypothesis is also supported by this regression analysis, with a statistically significant estimate of 0.332 ($p< 0.05$). This means that when cynicism increases, the unbalance in individual equity increases. The more an employee considers getting less recognition that he/she is supposed to, the more it will affect on cynicism.

The last hypothesis is about organisational equity, about the rewarding system within the organisation. Several studies emphasize the importance of intraorganizational pay comparison (Fihnn & Lee, 1972; Goodman, 1974 et. al.). If the organisation is dividing its’ recognition unequally it will also affect on cynicism by increasing its level. This is shown to be the less important aspect while comparing to the other compensation variables with an estimate of 0.021. This variable has shown to be insignificant for this model by having such a high $p$-value, resulting in conclusion that this variable could be eliminated from this model without significantly affecting on the accuracy of the regression. This results in conclusion that employees are more affected by the division of recognition that happens around them and are easily noticeable, recognition that
concerns their co-workers and their own input instead of the recognition that is divided within the whole organisation.

After examining all the hypotheses and giving out the results of their effects on cynicism, a closer look can be taken into these compensation variables' effects individually. As it was stated earlier, the affect of the balance in organisational equity on cynicism is not huge, only 0,021 also showing no statistical significance, meaning that while the means to hinder the development of cynicism through compensation factors are considered, this will not be a relevant issue to grasp. Since this has not significant influence on cynicism in the work place, it is more important to focus on other things that have bigger effects.

All the other compensation variables play a bigger role in the development of cynicism with individual equity having the strongest effect. Balancing the individual equity is the first issue to look at, when starting to figure out the ways to help the organisation to reduce the level of cynicism in their service stations. Individual equity tells about the balance between the effort an employee puts in the job and the recognition the employee receives from it. Most often this recognition is considered to be salary but in many cases it is impossible to increase the balance of individual equity through a raise in pay, especially during this economical recession period. Recognition can be showed by other means as well instead of monetary rewards; furthermore it was stated in the early parts in this thesis that monetary rewards may not be the best solution even if the organisation was able to provide it. For example in the study made by Deci in 1972 it was mentioned that “money lowers employee’s motivation”. Other means to increase the employee motivation hence decrease cynicism among employees, is to provide an atmosphere that emphasizes the importance of the employees. That can be done by showing flexibility in working hours, additional vacations for a job well done and plain instant feedback.

Another variable with statistically significant affect on the dependent is internal equity. That can be quite logically figured out that if an employee considers receiving lower recognition than co-workers, it affects negatively on the cynicism level. Balancing internal equity requires equal rewarding system among the employees. An organisation should emphasize equality, show that all the employees have the same possibility to earn recognition and the recognition will be equal thus the same for all of the employees in spite of the fact that how long they have been working or how old they are.

Having a discussion about these results with the former employees resulted in same conclusions. These interviewed ex-workers consider it to be more relevant to the overall working attitude to create equal and supporting atmosphere in the work place. Nina Kuusela, who worked in Pirkanhovi for over 7 years, verifies the results by saying that the equality among colleagues is more important and more visible than that in other organisations. It is true that one might compare salaries between own and other organisation but that is not considered to be so important while thinking about factors that affect on overall attitude towards work.

6.5 Interaction between Compensation and Relationship Variables

In the third model interaction effects between compensation variables and relationship with the co-workers were examined. This model shows to have R2 of 79% that can be reasoned by the fact that this model simply has more variables than the last one. But when looking at the adjusted R2, it can be seen that it is slightly lower than in the last model, meaning that this model does not explain the variation of the dependent as well as it was explained in the second model.
This model shows also that these interaction variables have no statistically significant influence on the dependent. The significance level for these variables exceeds the limit where the variable’s affect is considered to be important. Also when looking at the coefficients the impacts are considerably low, showing that these variables, compensation variables combined with satisfaction (expectations), do not have a strong influence on cynicism. The hypothesis (5.) assumed that having poor work relationships with colleagues the level of cynicism should increase. To conclude these results, this hypothesis cannot be supported in this study.

6.6 Interaction between Compensation and Age Variables

The fourth model computed in the regression analysis tests the possible effects interacting compensation variables with a variable age. This model gained R2 of 0,817 meaning 81,7% explanation rate, which is the best so far. Statistically significant interaction variables in this model are external equity and individual equity. These are the most effective compensation factors combined with age when it comes to explaining the variation in the dependent.

External equity interacted with age shows positive affect on cynicism. With statistically significant estimate of 0,336 ($p < 0.1$) external equity interacted with age is positively related on cynicism. This significant interaction effect shows that when employees’ age raises the external equity of the compensation variables becomes a strong factor in the development of cynicism. Another statistically significant compensation variable interacted with age is individual equity ($-0.287, p < 0.1$). This interaction effect on the other hand comprehends the reduction in ages meaning that among the younger employees, individual equity has stronger influence on the development of cynicism.

The hypothesis (6.) predicted that when employees are getting older they tend to get more cynical. This hypothesis was not supported. Mainly the results that were gained from this experiment were that younger employees have different priorities. These results from the interaction effects can be summarized to a conclusion that younger employees compare more their own input with the recognition they are getting whereas the older employees start comparing the recognition received in other organisations. It seems that younger employees focus on the current situation and perceive it more important to in some ways monitor the recognition, whether it reflects the skills and the effort put in the job. Older employees seem to be more interested in the other organisations and what they have to offer. It might be that older employees seek for new opportunities if they do not feel completely satisfied with their current situation.

6.7 Interaction between Compensation and Gender Variables

The final model examines the interaction between gender and compensation variables. This model has lower explanation rate than the previous model with variable age. The R2 for this model is 0,755. The same problem occurs in this model as in the third model examining the relationships with the colleagues, even though the R2 is relatively high the adjusted R2 shows the real explanation rate which is in this case greatly lower (0,603) and gives an idea of the overall explaining ability of this model.

When looking at the interaction between the compensation variables there is no statistically significant effect on cynicism. The significance level is greatly over 0.1 therefore no statistically significant conclusions can be drawn hence, in this case the gender do not strongly strengthen or weaken the influence of compensation factors to the development of cynicism. The hypothesis (7.) for this interaction was to assume women being more cynical than men, since in this particular
occupation women are the dominating gender. This hypothesis did not get support either from the experiment. The statistical values are not significant enough that this hypothesis could be either rejected or verified.
7 Conclusion

In this chapter the conclusion of the results in the analysis will be introduced, the future suggestions for Teboil’s organisation will be discussed supporting the conclusions with the statements of the former Teboil employees. Secondly the quality criteria will be examined and lastly suggestions for further research are given.

The research objectives for this study were to identify and test a selection of compensation variables and research whether these factors strengthen or weaken the level of cynicism in the work place. The study was conducted with a quantitative method in order to be able to easily measure and compare the results. The conclusion chapter can be divided in three main parts. Firstly the results will be introduced with the suggestions for future changes in two parts; first examining the results given from the individual compensation factors and their direct effects then following with the explanation of the results from the interaction effects. Secondly the quality criteria will be defined and discussed and lastly suggestions for further research are given.

7.1 General Conclusions

The general conclusions of this study can be explained with two significant findings. As the compensation factors were identified and tested two factors came across to have the strongest affect on the development of cynicism, those are internal equity and individual equity. Internal equity measuring the balance in the recognition an employee gets in relation to the recognition the colleagues receive. The results show that in order to maintain low level of cynicism, equality in the recognition among employees in the same organisation should be perceived. Another aspect that had strong affect on cynicism is individual equity that measures the balance in input and output. Therefore the recognition received should reflect the effort put in the job in order to hinder the development in cynicism. Another finding concerned the interaction between compensation variables and age. It can be concluded that younger workers are more focused on the individual equity whereas the older workers seem to explore new opportunities in this occupational field by comparing the recognition they could gain in other organisations from the same job (external equity).

The suggestions for future handlings in compensation area for Teboil’s organisation concerning service stations are based on equality and monitoring the performance. Since it was found to be important to have equal recognition among colleagues in addition to the balance in input and output, the division of recognition should be well explained and reasoned. While interviewing the former employees Nina Kuusela mentioned the importance of equal recognition but also emphasized the fact that some employees might have more knowledge and some employees might take more responsibility than colleagues in the same position and therefore are entitled to get better or higher recognition in some cases. She stated that when higher recognition is earned, it is understandable that it is also received. In these cases however these individual situations should be brought into everyone’s attention and should be well reasoned in order to show the equality and the performance based recognition. This brings out the fact of monitoring the performance, it should be recognized which ones are the ones that are entitled to receive more recognition and that might be in the same way a factor in motivating employees. When employees know that they are monitored in a positive way, in other words good performance will be appraised, employees might push harder and individually try to increase their input thus productivity. As it was shown in the results that internal equity plays a big role in hindering the development of cynicism, it can be concluded that
monitoring the performance and pursuing the equal recognition is a mean to reduce cynicism, since it is up to personal performance the recognition the employees are receiving.

Another main finding concerns the interaction between age and the compensation factors. It was shown in the study that individual equity, the balance in output and input is considered the main factor in affecting cynicism among younger employees and external equity, the balance in recognition within own and other organisations among older employees. This was also discussed with the former employees, Nina Kuusela representing the older staff and Terhi Koljonen the younger personnel. Kuusela admitted comparing the recognition among different organisations. She motivated this by saying that while an employee has been working for the same organisation already a while, it is clear that the knowledge level as well as the responsibility rises and it is expected to affect on the recognition. One might start thinking that with this amount of knowledge it might be possible to receive more recognition in other organisations. This brings out again the importance of monitoring and the importance of recognition to follow the level of skills and responsibility an employee has. This statement by Kuusela supports the suggestion for Teboil to start monitoring the performance in order to maintain a reasonable level of recognition for employees. Terhi Koljonen, representing the younger generation in Teboil’s personnel, verifies also the results gained from this study by saying that the most important thing affecting on cynicism and overall attitude toward work, while working for Teboil, was that the recognition reflected the input, as it can be concluded from Kuusela’s statement also. But as a difference to Kuusela’s thoughts Koljonen did not really compare her recognition with other organisations and therefore did not consider getting more attention thus recognition from other similar company.

As a conclusion for this study it can be stated that there is a difference in factors that affect on cynicism for employees of different ages, however it was a general result among all the employees that individual and internal equity play a big role in hindering the development of cynicism. The main suggestion as a result of this study is to monitor the employees and start recognising good performance; however these recognitions must be well reasoned and put into everyone’s knowledge in order to maintain the equality. Plain performance based appraisal is not the answer when considering the fact that it might create competition among the colleagues, it is also important to pay attention to the means of recognition as it was already explained in the result chapter. But by explaining the differences between the recognitions and giving good and reasonable grounds and using the right tools in compensation, not try to motivate employees with monetary bonuses, this might be beneficial for the organisation.

How these things could be then implemented in this particular situation in these service stations? What comes to monitoring people and making sure that they are rewarded, the managers in these stations could have employees regularly giving feedback on their co-workers, and managers should encourage employees to give good feedback and also constructive criticism about their co-workers. Every feedback should include positive remarks and those remarks could be then said to the person in question. This given feedback would be confidential of course; it could be a good way for managers to get deeper insight of personnel’s thoughts and the employees get an opportunity to give own reflections of the equality. One disadvantage could be though that employees start to monitor their co-workers and forget to monitor their own behaviour. What comes to rewarding, as simple as feedback often has a tremendous influence on the motivation of employees. When considering the non-monetary compensation means, flexibility in working hours and additional vacations in addition to plain feedback are good ways to reward people.
7.2 Reflection on Quality Criteria

The questions in quantitative research that are important to answer are that if the measuring instrument measures what it is supposed to measure and whether this study is replicable and repeatable (Golafshani, 2003). These questions will be answered through reliability and validity. “Reliability and validity are tools of an essentially positivist epistemology” (Watling, as cited in Winter, 2000, p. 7). As this research is approached through the view of epistemology, it is important to examine these two aspects.

To examine quality criteria for this study reliability, validity and generalizability were examined. Reliability in other words the extent to which an experiment, test or any measuring procedure yields the same results in repeated trials” (Carmines & Zeller, 1979). One of the most important types of reliability is replicability, whether it is possible to conduct the same study to another sample (Krippendorf, 2004). In this thesis the methods are described in detail in order to be able to repeat this study in other organisations working in the same field as Teboil. However it has to be taken into consideration that the sample has to represent exactly the same type of personnel thus people working behind the counter in customer service, and of course in stations providing restaurant services in addition to services provided by gas stations in general.

Another issue in quality criteria is validity. That is whether the study measures what it is supposed to measure (Rosengren & Arvidson, 2002). This study as well as the questionnaire are based on different theories and concepts. The questions in other words measures used to illustrate certain attitudes and thoughts were implemented carefully from these three theories: Equity Theory, Herzberg’s Theory and a concept of Organisational Cynicism. The measures were clearly defined in these theories and that made it easy to implement them to the questionnaire. This supports the idea that the measures used in this study reflect the issues that are examined in this thesis. Validity was also examined by looking at researches made by others authors and through examining those studies, it can be concluded that this study fulfils the requirements of validity.

Finally generalizability is taken into consideration while defining and examining quality criteria. Generalizability can be explained to be the possibility of applying the results from one study on a larger sample than the population that has been examined (Neuendorf, 2002). This study was conducted specifically for Teboil’s organisation and convenience sampling was used as a sampling method therefore it can be concluded that this study cannot be generalized to other than its sample population. To conclude generalizability cannot be guaranteed due to the fact that convenience sample was used.

7.3 Suggestions for Further Research

For further research it could be suggested to study cynicism in the occupations that are in customer service, occupations where daily encounter with customers is unavoidable. These occupations tend to be such that requires constant focus from the employees and in these occupations one cannot bring a bad day to work, since the whole idea in service occupations is pleasing the customer. And as this research shows there is cynicism that can be noticed, at least among workers in these service stations that were studied, so that might lead to a conclusion that there is cynicism in other customer service focused occupations too. By first researching the different possible occupations that might suffer from the same problems as these service station workers, thus cynicism, it might be interesting to look at the compensation factors that are considered meaningful in different occupational fields in order to reduce the level of cynicism. Are there any differences between different occupations and are these occupations in some way dominated by younger or older
employees. Since this study showed that compensation can be used as a mean in hindering the development of cynicism, it is interesting to compare these specific factors that are considered to be the most efficient in different occupations. Also this study discovered that employees of a different age had different priorities hence they expect different compensation. This could be interesting issue to look at more carefully from a compensation point of view by adding more specific compensation factors in order to gain more exact results about in what way the older personnel’s needs differ from the younger, keeping the goal in hindering the cynicism development.

Another suggestion would be to study cynicism from a positive point of view. This study basically covered cynicism from its negative point of view by categorizing it into attitudes that are discouraging. There was a study by authors Andersson and Bateman (1997), also mentioned earlier in this paper that suggested that cynicism might have also positive affects for example in hindering employees to act unethically. This could one aspect to study further that could cynicism be used as a motivator toward more ethical behaviour, and if so can compensation factors be a part in encouraging this process. The positive effects of cynicism are rarely studied so that would be very interesting idea for further studies about cynicism.
International Business Administration, Bachelor Study

As a student of the USBE at Umeå University I am conducting a study for my Bachelor Thesis. This survey is about compensation plans and employee satisfaction in organisations. I would appreciate if you could take time and answer the following questions honestly. Thank you.

I) The first part consists of background information.

1. Tick the box and answer the questions.

Gender:  Male □     Female □

Age:     _____

Education: ___________________________________________

___________________________________________

Work experience: ___________________________________________

___________________________________________

___________________________________________

Work experience in this service station: ___________________________________________

Employment contract:     Limited □     Fixed □

II) The second part is about evaluating your current work situation.

2. Tick the box that represents your view on following statements. With the scale of 1 to 5, 1=totally agree and 5= totally disagree.

1. I feel satisfied with my work.  □ □ □ □ □

2. I consider my work fulfilling my expectations. □ □ □ □ □

3. I consider my work including everything that I expect from it. □ □ □ □ □

4. I consider my job interesting. □ □ □ □ □

5. I feel that the work environment is good. □ □ □ □ □

6. I feel that my work is important for the organisation. □ □ □ □ □
7. Having a fixed job it increases my motivation.
8. I consider myself having good relationship with my colleagues.
9. I consider myself having good relationship with the management.

10. I feel that I have enough responsibility thus freedom to complete the requested tasks.
11. I am satisfied with the amount of responsibility I have at the moment.
12. I feel that I have proper supervision in the job.
13. I feel that I am independent in my job to do own decisions.
14. I consider myself having supporting colleagues to work with.
15. I feel that the atmosphere at work with co-workers is encouraging.

III) The third part will be about your personal views of the rewarding system in your organisation.

3. Tick the box that represents your view about these issues on a scale of 1 to 5, where 1= totally agree and 5= totally disagree.

1. I feel that there is balance between the efforts at work and rewards received.
2. I feel that the organisation recognizes my good performance.
3. I feel that my compensation reflects my skills.
4. I consider getting less recognition than my co-workers.
5. I feel that my input is less valuable than that of my co-workers.
6. I feel that my co-workers are appraised more often than myself.
7. I consider getting less recognition than colleagues in other organisations.
8. I feel that my input would be more recognized in other organisation.
9. I feel that other organisations would appreciate my performance.
10. I consider my organisation being fair when rewarding good performance.
11. I feel that my organisation has a good and equal rewarding system.
12. I feel that my organisation takes into consideration equality when rewarding employees.

IV) The final part is about your current attitude towards the organisation.

4. Further on tick the box representing your view on a scale 1 to 5.

1. Sometimes I feel that I don’t have to put a lot effort on my daily job because it would not be recognized by the organisation if I did.

2. Sometimes I feel that my input is not relevant since the organisation usually recognizes only either the managers or my co-workers.

3. Sometimes I feel that my opinions in organisational decisions are not acknowledged so I don’t bother to share them.

4. Sometimes I feel that I don’t have to be polite at work because I feel that it doesn’t affect on the company profit.

5. Sometimes I feel that my behaviour in the counter is not affecting on the need to buy gas, the profit is guaranteed.

6. Sometimes I feel that my job is undervalued.

Thank you for completing the survey!
International Business Administration, Bachelor Study


I) Ensimmäinen osa koostuu taustakysymyksistä.

1. Rastita ruutu ja vastaa kysymyksiin.

| Sukupuoli: | Mies ☐ | Nainen ☐ |
| Ikä: | ____ |
| Koulutus: | ___________________________________________ |
| Työkokemus: | ___________________________________________ |
| Työkokemus kyseisellä huoltoasemalla: | ___________________________________________ |
| Työsopimus: | Määräaikainen ☐ | Vakituinen ☐ |

II) Toinen osio koostuu kysymyksistä ajankohtaisesta työtilanteesta.

2. Rastita ruutu, joka kuvastaa näkemystäsi mainitusta asiasta. Vastaukset ovat skaalassa yhdestä viiteen, missä 1= totaalisesti samaa mieltä ja 5= totaalisesti eri mieltä.

| 1 2 3 4 5 |
|---|---|---|---|---|
| 1. Olen tytyväinen työhöni. ☐ ☐ ☐ ☐ ☐ |
| 2. Koen, että työni vastaa odotuksiani. ☐ ☐ ☐ ☐ ☐ |
| 4. Pidän työtäni mielenkiintoisena. ☐ ☐ ☐ ☐ ☐ |
| 5. Pidän työympäristöäni hyvänä. ☐ ☐ ☐ ☐ ☐ |
6. Tunnen työni olevan tärkeä osa organisaatiota. [☐ ☐ ☐ ☐ ☐]
7. Koen vakituisen työpaikan lisäävän työmotivaatiotani. [☐ ☐ ☐ ☐ ☐]
8. Tunnen omaavani hyvät suhteet kolleegoihini. [☐ ☐ ☐ ☐ ☐]
9. Tunnen omaavani hyvät suhteet pomoihini. [☐ ☐ ☐ ☐ ☐]
10. Tunnen omaavani riittävästi vastuuta ja vapautta suorittaa pyydetyt työtehtävät. [☐ ☐ ☐ ☐ ☐]
11. Olen tyytyväinen tämän hetkiseen vastuuseen, jota minulle on annettu. [☐ ☐ ☐ ☐ ☐]
12. Tunnen, että työpaikalla on hyvä ja riittävä seuranta johdon puolesta. [☐ ☐ ☐ ☐ ☐]
13. Tunnen olevani itsenäinen tekemään päätöksiä työssäni. [☐ ☐ ☐ ☐ ☐]
14. Minä työskentelen kolleegojen kanssa, jotka tukevat minua työssäni. [☐ ☐ ☐ ☐ ☐]
15. Työilmiöpiiri työkavereiden kanssa on minusta rohkaiseva. [☐ ☐ ☐ ☐ ☐]

III) Kolmas osio käsittää henkilökohtaisista näkemyksistä organisaatiosta.

3. Rastita ruutu, joka vastaa näkemyksiäsi. 1= totaalisesti samaa mieltä ja 5= totaalisesti eri mieltä.

1. Tunnen, että minulla on tasapaino oman työpanokseni ja palkan välillä. [1 2 3 4 5]
2. Tunnen, että organisaatio huomioi hyvän työpanokseni. [☐ ☐ ☐ ☐ ☐]
3. Saamani palkki on vastaa kykyjäni. [☐ ☐ ☐ ☐ ☐]
4. Minusta tuntuu, että saan vähemmän huomiota työpanoksestani kuin työkaverini. [☐ ☐ ☐ ☐ ☐]
5. Minusta tuntuu, että panokseni työhön on vähemmän arvostetumpi kuin työkaverini työpanos. [☐ ☐ ☐ ☐ ☐]
6. Minusta tuntuu, että työkavereitani kehutaan/huomioidaan enemmän kuin minua. [☐ ☐ ☐ ☐ ☐]
7. Minusta tuntuu, että saan vähemmän huomiota työpanoksestani kuin [☐ ☐ ☐ ☐ ☐]
kolleegat eri organisaatioissa.

8. Minusta tuntuu, että työpanokseni olisi enemmän arvostettu muissa organisaatioissa.


10. Minusta tuntuu, että organisaationi on oikeudenmukainen palkitessaan hyvä työpanosta ja -tulosta.

11. Tunnen, että organisaationi palkitsee työntekijöitä oikeudenmukaisesti.

12. Tunnen, että organisaatio ottaa huomioon tasapuolisuuden palkitessaan työntekijöitään.

IV) Viimeinen osio arvioi organisaatiota ja siihen kohdistuvia asenteita.

4. Rastita ruutu skaalalla yhdestä viiteen, 1=totaalisesti samaa mieltä ja 5=totaalisesti eri mieltä.

1. Joskus tuntuu, että minun ei tarvitse panostaa täysillä päivittäiseen työhöni, koska sitä ei huomioida organisaatioissa, vaikka panokseni olisikin 100%.

2. Joskus tuntuu, että minun työpanokseni ei ole tärkeää, koska organisaatio usein huomioi ja palkitsee vain joko pomot tai työkaverini.

3. Joskus tuntuu, että minun mielipiteeni organisaation päätöksen teossa eivät ole huomioitu, joten mieleni ei tee ilmaista edes niitä.

4. Joskus minusta tuntuu, että minun ei tarvitse olla kohtelias töissä, koska minusta tuntuu, että se ei vaikuta organisaation menestykseen.

5. Joskus minusta tuntuu, että käytökset huoitoaseman asiakaspalvelussa ei vaikuta bensan tarpeeseen, tulo on taattu käytöksestäni huolimatta.


Kiitos kyselyn täyttämisestä!
**Interviews**

The interview was unstructured, the basic idea was for these interviewees to reflect their own thoughts about motivation, cynicism and also comment on the results based on their own experiences. These interviews are summed up below.

Nina Kuusela 38:

I believe that when a person does not have any motivation it can be seen as unwillingness to do any tasks also. My opinion is that when changes happen in an organisation is that are put into forced by management, and is not that well explained or the grounds for that change are not given, it might increase cynicism. What comes to relations with co-workers, there is always tension. If relations are not good and supportive it affects negatively on people’s motivation and could create cynicism. For older people the line can be even thinner to become cynical than for younger. Often it is seen that when having a younger new employee doing the same tasks as the older person, that has been working a long time, and if that younger person gains good feedback from the management that can easily be taken as a personal insult by the older person, even though she/he might do the task even better than the younger. About the gender in this occupation, it is a fact that this profession is female dominated, and can be undervalued by men because of that. I assume that women can be more cynical than men, but as the results show that in this case men seem to be more cynical. One reason for that can be that men do not consider this occupation as challenging and suitable for them. About the results of the compensation, from my experience when I was younger the important thing for me was to have reward from what I do but I as I get older I see that now the interest is in finding an organisation that can offer me what I deserve from having a certain amount of years of experience and also the knowledge that I have gained through it. All in all I stress equality in the organisation and in the rewarding system.

Terhi Koljonen, 28:

My opinions about overall situation that makes people motivated are basically based on the salary that I gain. I represent the younger generation compared to the people that I worked with in Pirkanhovi and my focus while working there and also the source of motivation was the pay, not entirely of course but when having to choose for example from these options that you gave (internal, external, individual or organisational equity) I was more comparing the job that I did with the pay that I received than for example worrying about the fact that if my co-workers earn more.
References


