

This bachelor thesis is focused on compensation of employees as one of possible ways of motivating them. Motivation is the moving power of any human activity and if an employer wishes to maintain high performance of his employees, he needs to be concerned with multitude of different ways of motivating and stimulating them. Different people have different needs, goals and ways of reaching them and this results in considerable complexity of motivational process.

This work is concerned with different basic motivational theories and tries to answer the question why do people actually work. Following motivational theories that have received attention and appreciation are being described in more details: Maslow's Hierarchy of Needs, Herzberg's Motivation-Hygiene Theory (Two factor Theory), Vroom's Expectancy Theory, Adams' Equity Theory and McClelland's Theory of Needs.

We distinguish between inner and outer compensation. Outer compensation includes financial compensation like wages or salary, which are related to a certain working position in an organization, to importance of such position and can be also related to performance of the employee, and also material and immaterial employee benefits. Outer compensation covers also non-financial benefits, for example additional employee education and outfit and equipment available at workplace.

Last part of this work describes compensation system in Citibank a.s. and influence that such a motivational and compensation system as a whole has on the employees.