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Remuneration's role in the EVP decision-making process

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Abstract

The key objective of this study was to determine the importance of remuneration in the organisational employer value proposition (EVP) decision-making process, who the EVP decision makers in organisations are, and whether EVP strategy is aligned with the organisational strategy.

A quantitative study, using a survey as data-collection method, was conducted. The survey was developed to explore the importance of remuneration in the EVP process and to gather data regarding EVP decision makers and the alignment of EVP to organisational strategy. A total of 101 respondents participated in this study, and content analysis was used to interpret the data. The data were collected via SurveyMonkey and statistically analysed using SPSS.

The findings indicate that remuneration and all of its components are crucial to the process of EVP decision making. The findings also indicate the importance of aligning EVP strategy to organisational strategy. The main EVP decision makers in organisations are the CEO and the Human Resources Manager. Organisations need to find the correct mix of decision makers in this process to optimise value. Organisations should also ensure alignment of the EVP with organisational strategy, and implement an optimal remuneration strategy to ensure the best possible EVP. A relationship framework was developed to graphically represent the findings of the study.

List of key words:

EVP: Employer Value Proposition

Role players: Individuals responsible for the planning of the EVP

Decision makers: Individuals responsible for the planning of the EVP

Remuneration: A component of EVP

Alignment: The alignment of the EVP with the organisation's strategy

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Signature: _____

Name: Stephan van der Merwe

Date: 7 November 2012

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To my sister, Xenia Goosen, a special word of thanks and acknowledgement. I enjoy being your student, brother, and especially your friend.

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Chapter 1: Introduction

“The importance of employee commitment and loyalty has never been more significant than in today’s context, where the war for talent is rife, and skilled employees have a greater choice of employment, both locally and globally” (Munsamy & Venter, 2009). Bussin (2003) states that the management of remuneration was once straight forward, with a strong link between job level and pay. This is no longer the case, due to the evolution to more complex remuneration theories and practices.

It can be argued that striving to earn compensation in order to gain safety is part of human nature (Maslow, 1943), but does money really motivate? This question has been asked for decades, and many theories have been developed to answer it, to no avail (Bussin, 2009).

Managers do not know how to manage the remuneration process and align the process with the organisational strategy. “One of the biggest challenges that managers face in executing business strategies to achieve competitive advantage is the employment of motivational techniques that build wholehearted commitment to operating excellence” (Arnolds & Venter, 2008, p. 15). One of the ways of achieving this competitive advantage is for managers and organisations to concentrate on strategic human resources management. The need for alignment of human resources management with the organisation's business strategy is the central premise of strategic human resource management theory (Batt, 2007).

Ferguson and Brohaugh (2009) suggest that companies have to concentrate on employee retention in the good and the bad times – there is a war for talent. Some of the reasons that Ferguson and Brohaugh give for focusing on employee retention in the good and the bad times include:

- Preserving institutional memory;
- Controlling acquisition costs;
- Reducing customer attrition;
- Maintaining brand loyalty; and
- Enhancing the customer experience.

A 2008 Accenture study showed that 70% of all customers changed provider in the previous year. Many of the customers ascribed the change to poor service (Ferguson & Brohaugh, 2009).

A study by Maxwell and Knox (2012) shows that some of the attributes that employees consider important in an organisation are different in each organisation, implying that decision makers should understand what employees want when developing the employer's brand (Knox & Maxwell, 2012).

The present researcher will attempt to answer this question in part by exploring the role of remuneration in an organisation's total employer value proposition (EVP).

Remuneration refers to the way in which employees are rewarded at work (Bach, 2005). Bach (2005) expands the definition by stating that rewards represent an array of returns offered in exchange for a collection of employee services.

EVP includes components such as pay and benefit programmes, development opportunities, and work environment (Finney, 2010). EVP is closely related to employer branding (Barrow & Mosley, 2005), and the two concepts are often used interchangeably in literature, but EVP is, in fact, merely one aspect of employer branding. EVP broadly refers to what the employee can expect from the company, and what the company expects to give the employee.

The present study will further explore the role of remuneration, as one of the components of EVP, in organisations' EVP decision-making processes. Most EVP theories support the notion that remuneration forms part of the EVP framework, and that remuneration could be sub-divided into various components. Sartain and Schuman (2006) suggest that remuneration can be divided into base pay, bonus, external equity, health benefits, internal equity, and retirement benefits.

The effect of the remuneration components (guaranteed package, long-term incentives, and short-term incentives) on the EVP decision making will also be explored in the study. Guaranteed package found a place in the South African labour market in the eighties, when companies were exposed to open-ended liabilities and uncapped employment costs (Bussin, 2008). The remuneration structures supported discriminatory practices, which put firms at risk of considerable expenses associated with employee benefits (Bussin, 2008). Tax laws have also since changed, closing the gap between taxable income and earnings.

International accounting standards have ensured that financial implications are accounted for, and employers have eliminated open-ended liabilities (Bussin, 2008).

A guaranteed package includes the following components: basic salary, fixed bonus, car allowance, house allowance, fringe benefits, and employer contributions to pension and provident funds (Bussin, 2008). The question is whether a guaranteed package is still relevant in South Africa today (Bussin, 2008).

Incentives are generally used to align rewards with performance (Erasmus & Schenk, 2008). Erasmus and Schenk (2008) propose the following reasons for introducing incentives as remuneration:

- to increase an organisation's competitiveness;
- To stimulate performance by linking incentives to targets;
- To reward better performance; and
- To control fixed remuneration costs.

Long-term incentives are structured similarly to bonuses, but are awarded for performance over multiple years (Eckbo, 2008). Long-term incentives' popularity in healthcare firms in the US grew from 14% in 2006 to 25% in 2011 (Quirk, 2012). Whether this is a trend that permeates other sectors will be explored in the present study.

A survey on performance-based pay strategies by FSA-Contact in 1998 produced the following findings: 77% of the firms that had shown a profit over a three-year period had implemented short-term incentives, and 62% of all firms that responded to the study used short-term incentives (Erasmus & Schenk, 2008). The present researcher will explore whether short-term incentives have any influence on the EVP decision-making process.

Today, organisations acknowledge the importance of reward programmes in achieving business goals (Gross & Friedman, 2004). In addition, organisations are starting to realise that they have to implement a reward strategy that supports their specific human capital strategy. The definition of reward has also expanded over time. Historically, the term 'reward' was only interpreted in monetary terms, but has expanded to encompass the entire value proposition that the employer offers its employees (Gross & Friedman, 2004).

According to Aghazadeh (2003), human resources management needs to change as the business environment changes. Aghazadeh (2003) also describes the HR department of

the past as little more than an administrative necessity helping the organisation to hire and fire. HR needs to represent the organisation's vision while having a clear and functional perception of the operational management needs. They have to align their human resources procedures with the organisation's goals and procedures (Aghazadeh, 2003).

It is, thus, crucial for companies to strategically plan their reward practices and incorporate them into their total strategic plan. A company with a superior employment offering is one that aligns its employment offering with its corporate brand and the needs of its consumers (Minchington, 2010). An effective total reward strategy will lead to the following advantages (Gross & Friedman, 2004):

- Affordable and sustainable costs;
- A high-performance culture;
- Maximum return on reward programme investment; and
- An enhanced employer brand.

Reward strategies are changing, and companies need to consider the different components that play a role in remuneration as suggested by Sartain and Schuman (2006), as well as the role these components play in the rewards process. One of the components of reward is monetary remuneration.

Nienaber (2009) states that there is an abundance of research suggesting that employees are more productive and engaged when they are motivated. "Motivation influences the direction, intensity and persistence of behaviour and impacts organisational performance" (Nienaber 2009, p. 5). It is therefore important for managers to understand more about these components that influence motivation levels of their employees (Nienaber, 2009).

The following problem statement will show why the problem was selected for the present study, and what evidence verified the problem.

1.2 Problem statement

Attracting and retaining key talent remains the most important strategic driver (Bussin, 2008). Corporate leaders and their human resource functions are placing a high importance

on employer brand as a critical advantage in the war for talent (Botha, Bussin & de Swardt, 2011).

Donath (2001) explains employer brand as the identity of the employer which include the organisations values, system, policies and behaviours. Companies seem to be ineffectively managing their talent resources, even though they are acknowledging the significance of an employer brand (Leonardi, 2007). According to Barrow and Mosley (2005), the term 'employer value proposition' is closely related to the concept of 'employer brand.' Management's role in the EVP is unclear, with multiple parties seeking their own best interests when creating the EVP (Chapman & Kelliher, 2011).

The inability to manage organisational human resources is evidenced by the ever-changing environment of the South African labour environment. The effects of globalisation, the recent recession, and affirmative action directly impact an organisation's employment strategy. Talented employees can easily move between companies and countries, and companies have never had a tougher, more confusing, and more contradictory time in finding, managing, and nurturing talent (Cheese, Thomas & Craig, 2007).

Managers attempt to compensate for the lack of human management skills and knowledge by using money to attract scarce resources. The problem is that many managers do not know how to use their resources strategically and effectively. Remuneration forms an integral part of the EVP, and the present research will set out to understand the role of remuneration in the larger EVP context, which will help managers to better manage their financial resources to attract and retain scarce human resources.

Ferguson and Brohaugh (2009) suggest that remuneration is important to employees, but that what really matters on a day-to-day basis is the quality of their work experience. It is clear from previous research that the EVP process is crucial to an organisation's success. There is a need for a better understanding of the EVP process. It seems that most of the latest research concentrated on the non-financial aspects of the employer package. Tang, Luna-Arocas, Sutarso, and Tang (2004) postulate that there has been an increase in the interest of the importance of money, and they suggest that managers use money and the effects of money to attract and retain talent.

The final part of the present research should motivate organisations to better understand the EVP and concentrate on the effective management of the EVP process.

The following literature review is aimed at illustrating the importance of EVP in a company's strategic decision making, in particular, the role of remuneration in EVP.

Chapter 2: Literature review

The previous section explained the problem statement. In this section, the literature review covers the recent literature on remuneration and its relation to organisational strategy, as well as organisational remuneration decision making.

The theory review aims to build a platform for understanding financial reward, specifically remuneration, guaranteed package, and long-term incentives play the context of total reward. The review also takes a look at who makes the decisions regarding total reward, and how they reach those decisions.

2.1 Rewards

The concept of total reward developed over a long period of time. Total reward is the combination of compensation and benefits, together with the tangible and intangible aspects that companies use to attract, motivate, and retain employees. A total reward model contains all types of financial, non-financial, intrinsic and extrinsic rewards (Armstrong, 2006).

2.1.1 Motivation

Guest (1987) proposed that human resource management appears to favour theories of commitment and motivation and other ideas derived from the field of organisational behaviour. Herzberg (1987) put forward that all motivational factors fall into one of two categories: extrinsic motivation and intrinsic motivation.

Extrinsic motivation comes from external factors that are outside the employee's personal self, and includes rewards such as money, coercion, and threat of punishment, while intrinsic motivation describes the rewards that an employee experiences while doing the work. Intrinsic rewards are what employees are feeling within themselves (Ryan & Deci, 2000).

According to Parker and Wright (2001), more money will make employees more loyal, motivated, and productive, meaning that money has a direct influence on employees' behaviour (Parker & Wright, 2001). Furthermore, Haynes (2002) postulates that exceptional

human relations is not an adequate substitute for sufficient monetary rewards. These views are shared by Rynes, Gerhart, and Minette (2004), who argue that the role of pay is underrated because of misjudgement of the reactions of employees when offered higher-paying jobs. Rynes et al. (2004) states that pay is important, because it is broadly applied and carries multiple symbolic meanings, satisfying most of needs expressed in Maslow's motivational hierarchy. This view is supported by Parker and Wright (2001), who state that, when you pay employees more, they become more loyal.

Not everyone agrees with the above mentioned statements. Tang et al. (2004) postulate that managers should not concentrate on money as a reward, because employees' satisfaction with pay will eventually revert back to zero, and that this zero point continually escalates.

Sheldon, Gunz, Nichols, and Fergusen (2010) examined three different studies that indicated that extrinsically-orientated individuals overestimate the positive effects of extrinsic goals. They conclude that the following might be the reasons why employees strive to attain extrinsic goals: developmental and current emotional difficulties, encouragement by the media and advertising, and social comparison and peer group pressure.

Mahaney and Lederer (2006) state that intrinsic motivation is the physiological reward that employees derive from doing their work. They also state that intrinsic motivation is lodged in the execution of the job, for example achievement, variety, challenge, autonomy, responsibility, and personal and professional growth.

Thomas (2009) states that extrinsic rewards are more important when work is generally more routine and bureaucratic, and when compliance is crucial. Thomas (2009) further states that extrinsic rewards are important when an employee first considers a job, and that unfair pay can be a powerful demotivator. However, the importance of extrinsic rewards lessens substantially once the job is accepted.

Extrinsic rewards can also have an effect on intrinsic rewards by conveying to the employees that they are viewed as competent. It is thus difficult to predict the outcome of the interaction of the contradicting forces of intrinsic and extrinsic rewards (Bartol & Srivastava, 2002).

Most modern research in the field of motivation is done on intrinsic motivation. Vansteenkiste, Lens, and Deci (2006) state that intrinsic, rather than extrinsic motivation,

promotes deeper processing, but they also postulate, in the same research paper, that extrinsic goal-framing yields positive results in motivating individuals.

Armstrong (2006) describes reward as the combination of all types of rewards. According to Hiles (2009), these employee rewards include:

- Financial and non-financial rewards;
- Direct and indirect rewards; and
- Intrinsic and extrinsic rewards.

The literature is divided on which motivational factors best motivate employees (De Winnaar, 2008). Arnolds and Venter (2008) agree with this argument by stating: “Much confusion however still exists on the question of which rewards really motivate employees”(Arnold and Venter, 2008, p. 1).

2.1.2 Total reward systems

Multiple theories try to explain the link between remuneration and the different motivations. Total reward implicate that there is more to rewarding people than just paying them money (Armstrong & Brown, 2006). Armstrong and Brown (2006) also postulate that a total reward strategy is crucial in addressing the issues of recruitment and retention. They also suggest that a total reward strategy provides an important tool with which to influence people.

Armstrong and Brown (2006) suggest that the following benefits will arise from a total reward strategy:

- Greater impact;
- Enhancement of the employment relationship;
- Increased cost-effectiveness;
- Flexibility to meet individual demands; and
- Victory in the war for talent.

The concept of total reward calls for multiple components of reward to be combined to form the organisation's rewards strategy, which needs to be integrated into the organisation's larger employer branding strategy (Giancola, 2009). Hill and Tande (2006) postulate that a

flexible and environmentally adapted total reward system will assist organisations to attract and retain scarce human resources. Hill and Tande (2006) estimate that an effective rewards model could increase productivity by up to 35%.

Hiles (2009) states that a total reward package strategy must be unique to the organisation and, if done correctly, will help drive a sustainable competitive advantage in the competition for key talent. Gross and Friedman (2004) are of the view that organisations are changing, and that they are acknowledging the importance of reward in achieving and aligning their business goals.

Hiles (2009) uses the three core elements of a reward strategy mentioned by Collis and Rukstad (2008):

- Objective

The objective is that which the organisation is trying to achieve. Hiles (2009) suggests that the objective should be measurable and time bound. Some of the measurable options mentioned by Hiles are: differentiation in base pay, cost per employee, plant participant behaviour, and employee satisfaction.

- Scope

This aspect of the total reward strategy clarifies who and what should be included (Hiles, 2009).

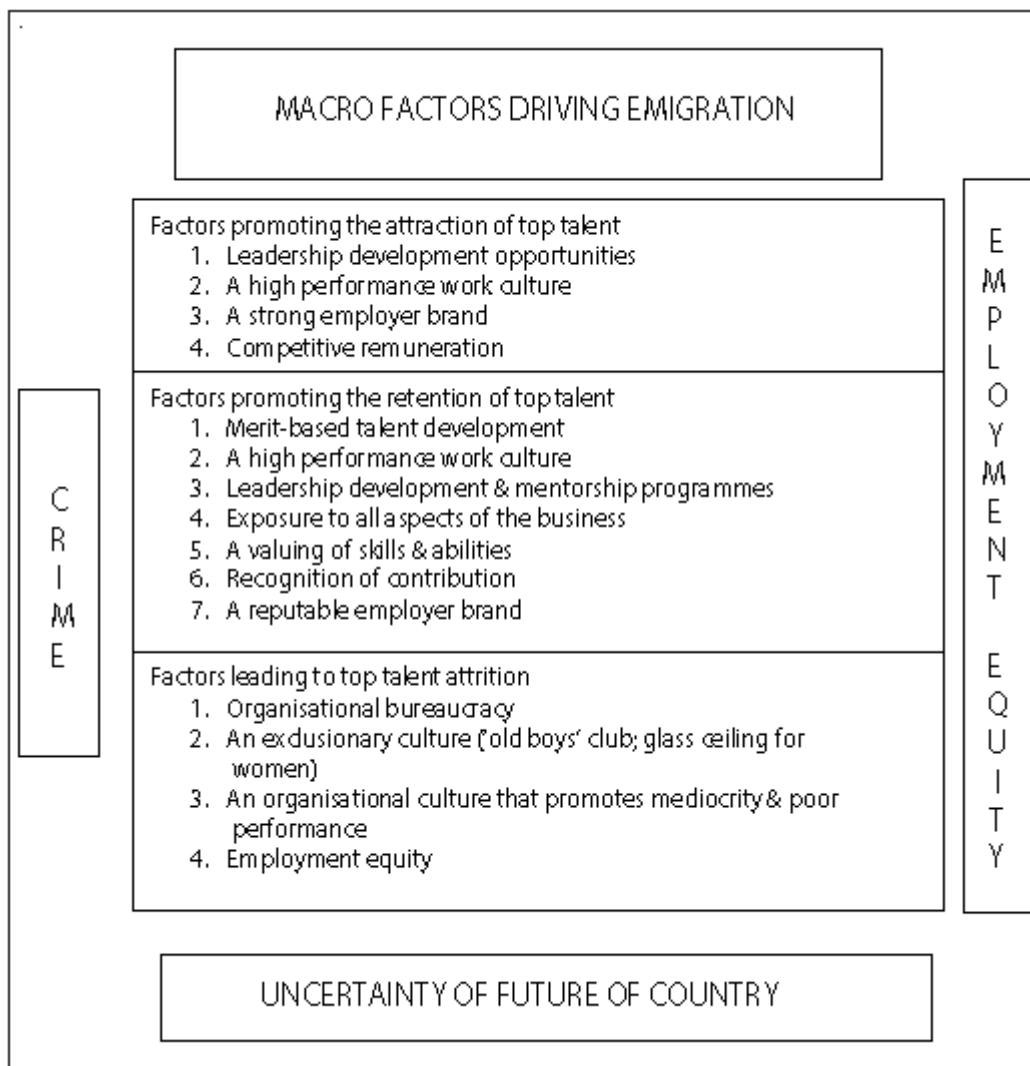
- Advantage

Hiles (2009) states that the advantage is the most important part of the total reward strategy. The advantage will stipulate the means an organisation will use to reach its goals. Hiles (2009) also states that these means are concerned with differentiation – finding the aspects of the total reward package that will be used to gain better results at the same or lower costs.

The importance and complexity of the total reward system is applicable to both South African and international organisations. This statement is supported by research done in South Africa and internationally. Kerry-Phillips and Thomas (2009) conducted research on expatriated South African employees living in New Zealand, and found that competitive remuneration is only important in attracting employees. None of the respondents mentioned

remuneration as a factor when promoting these employees (Kerry-Phillips & Thomas, 2009). The figure below illustrates the findings of Kerry-Phillips and Thomas regarding the attraction, attrition, retention, and emigration of talent.

FIGURE 2.1: Factors influencing the attraction, attrition, retention, and emigration of talent.



In contrast to the findings of Kerry-Phillips and Thomas (2009), the results of the research done by the Corporate Leadership Council (2007) shows that employees find the following aspects important in their employment package:

- Remuneration and benefits are important considerations in career decisions;
- Base salary is regarded as the most important attribute;
- The most important decision in managing a career is the quality of management staff. The importance of this aspect is illustrated by the fact that employees are willing to accept less remuneration if they can work for the best managers; and
- Employees do not find a high-risk, high-reward job attractive.

According to the Corporate Leadership Council (2007), other aspects that are important to employees, but are not directly influenced by remuneration, are:

- Work-life balance, with penalties for inconvenience;
- An attractive organisational brand; and
- The best top management.

The studies by Kerry-Phillips and Thomas (2009) and the Corporate Leadership Council (2007) on remuneration and pay are contradictory in some of their findings, emphasising the diverse views that individuals have on the subject.

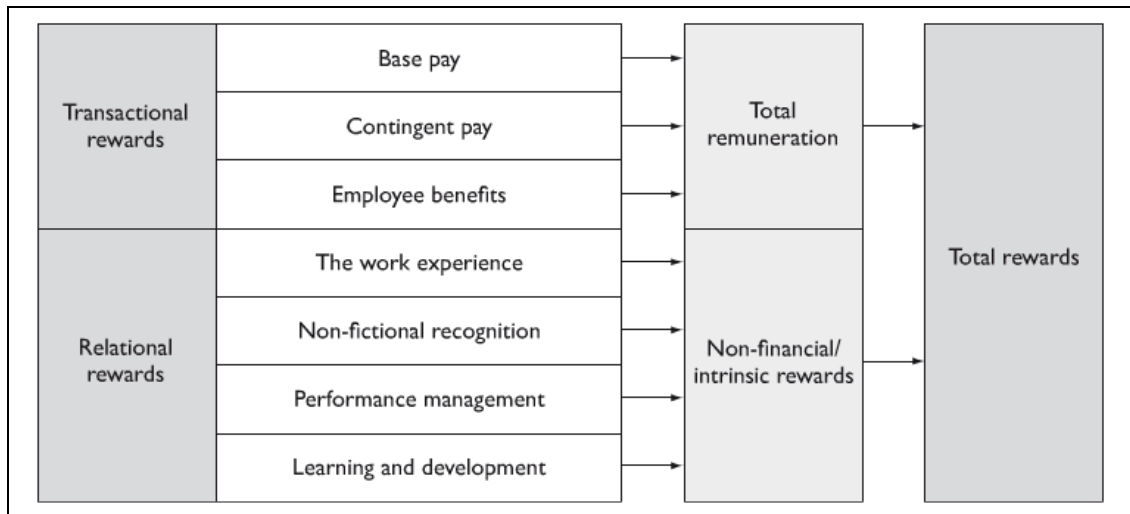
The concept of total reward includes the combination of two different reward categories (Armstrong, 2006). These categories are:

Transaction rewards: Tangible or financial rewards arising from a transaction between an organisation and its employees for services rendered (Armstrong, 2006); and

Relational rewards: Intangible or non-financial rewards concerned with the work environment, recognition, performance management, and learning and development (Armstrong, 2006).

The different types of rewards and how they fit into the total reward are shown in Figure 2.2 below:

FIGURE 2.2: The elements of total reward (Armstrong, 2006)



The differing points of view exacerbate the lack of structured reward system strategising. There are multiple total reward systems that try to explain and link the different elements of rewards, bringing some form of clarity to the subject matter. These models give insight into total reward systems. The models that will be discussed are:

- The WorldatWork Model;
- The Towers Perrin Model of Total Reward;
- The Armstrong and Brown Total Reward Model;
- The Zingheim and Schuster Total Reward Model; and
- The Total Reward Model.

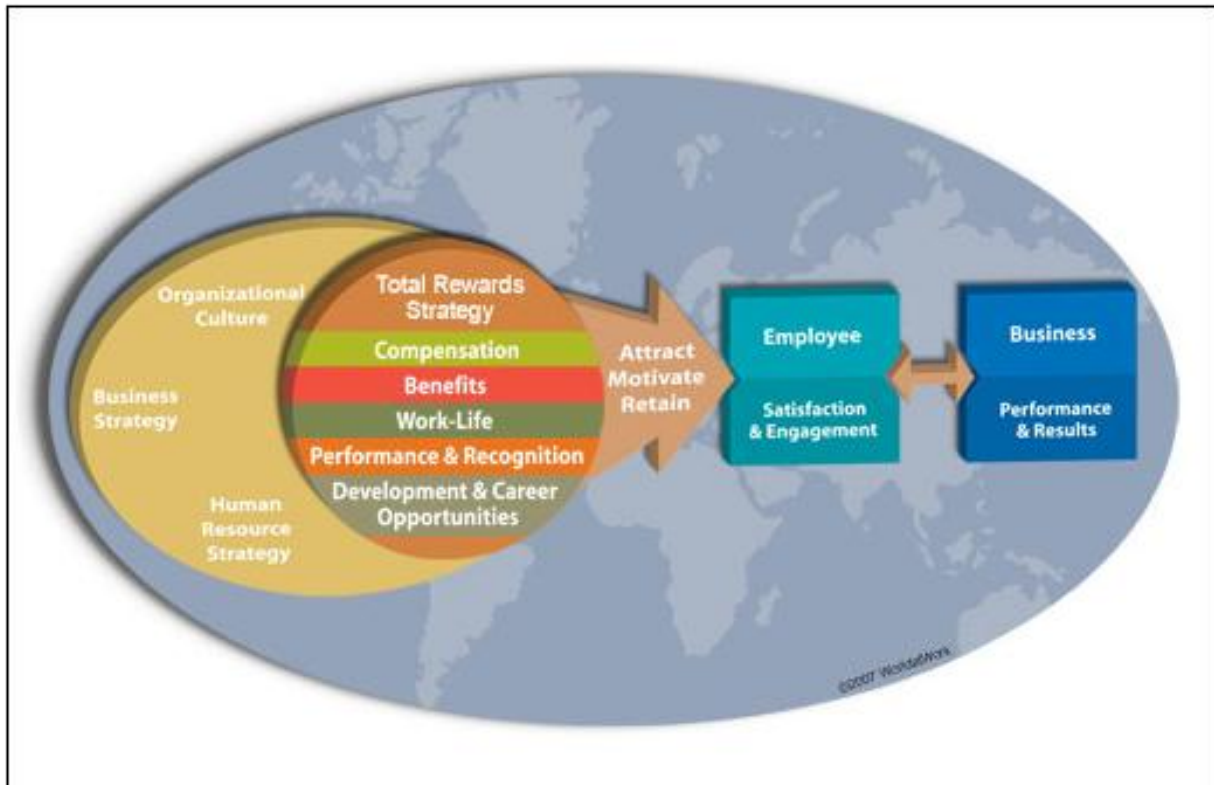
2.1.3 The WorldatWork model

WorldatWork is the largest global not-for-profit professional association, dedicated to knowledge leadership in total reward (WorldatWork, 2007). Their reward model includes five total pay categories, namely compensation, benefits, work-life, performance and recognition, and development and career opportunities.

WorldatWork's model (Figure 2.3) indicates how an organisation's total reward strategy contributes to the attraction, motivation, and retention of employees, which, in turn, has a positive impact on the organisation's performance and results. This model stipulates the

inclusion of five core components: programmes, practices, components, and dimensions, which define the organisation's culture and strategies (WorldatWork, 2007).

Figure 2.3: The WorldatWork Total Reward Model (WorldatWork, 2007, p. 7)



This model further states that total reward operates within an overall business strategy, organisational culture, and human resources strategy. A company's unique culture or external brand value may be considered a critical component of the total EVP (WorldatWork, 2007).

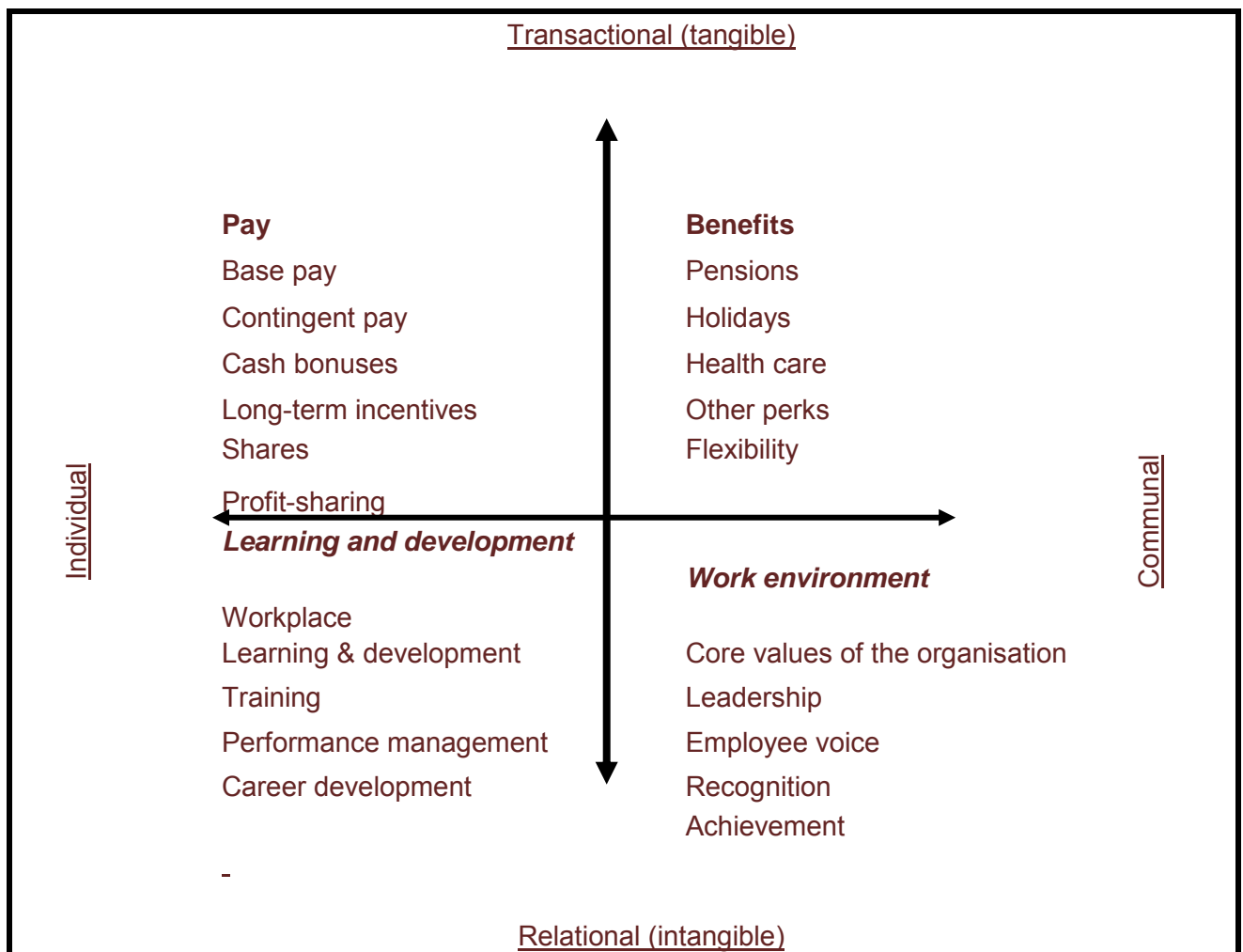
2.1.4 The Towers Perrin Total Reward Model

The Towers Perrin model is depicted on a graph with both X- and Y-axes. The vertical Y axis is divided into the transactional or tangible rewards on the one side and relational or intangible rewards on the other. The horizontal X axis is divided into individual rewards and

communal rewards (Armstrong, Brown & Reilly, 2011), meaning that the graph is divided into four categories, namely pay, benefits, learning and development, and work environment (Armstrong, Brown & Reilly, 2011).

The performance and recognition categories are absent from the WorldatWork model, but are incorporated in the other categories included in the model. The model is displayed in Figure 2.4 below.

Figure 2.4: Towers Perrin Total Reward Model (Armstrong & Brown & Reilly, 2011, p. 25)



2.1.5 The Armstrong and Brown Total Reward Model

The Armstrong and Brown Total Reward Model is similar to the WorldatWork model, with the addition of work experience and non-financial information. The model also differentiates between transactional and relational rewards. The model does not make a direct reference to work-life balance, but work-life balance is touched on in the description of work experience (Armstrong, 2006).

Figure 2.5: The Armstrong and Brown Total Reward Model (Armstrong & Brown, 2006)

Transactional rewards	Base Pay	Total remuneration	Total rewards
	Contingent Pay		
	Employee Benefits		
Relational rewards	Learning and Development	Non-financial / intrinsic rewards	
	The work experience		

2.1.6 The Zingheim and Schuster Total Reward Model

This model, proposed by Zingheim and Schuster in 2000, is the same as the Towers Perrin model, except for the addition of the time factor. The model divides the four blocks into current and future rewards. The new dimension of time explains that employees consider future rewards, and not only current rewards, as important when considering their current and future employment (Zingheim & Schuster, 2000).

Figure 2.6: The Zingheim and Schuster Total Reward Model (Zingheim & Schuster, 2000)

<p>Pay</p> <p><i>Now</i></p> <ul style="list-style-type: none"> • Secure • Below average • 'One size fits all' <p><i>Future</i></p> <ul style="list-style-type: none"> • Aligned to business goals • Market rates • Flexible 	<p>Benefits</p> <p><i>Now</i></p> <ul style="list-style-type: none"> • Family friendly • Paternalistic • Secure <p><i>Future</i></p> <ul style="list-style-type: none"> • Individually tailored • Flexibility • Valued by employees
<p>Learning</p> <p><i>Now</i></p> <ul style="list-style-type: none"> • Good learning opportunities • Spoon fed • Structures <p><i>Future</i></p> <ul style="list-style-type: none"> • More targeted training • Focused on business goals • Good opportunities as before 	<p>Environment</p> <p><i>Now</i></p> <ul style="list-style-type: none"> • Comfortable • Family • Formal <p><i>Future</i></p> <ul style="list-style-type: none"> • Challenging • Responsive • Enjoyable

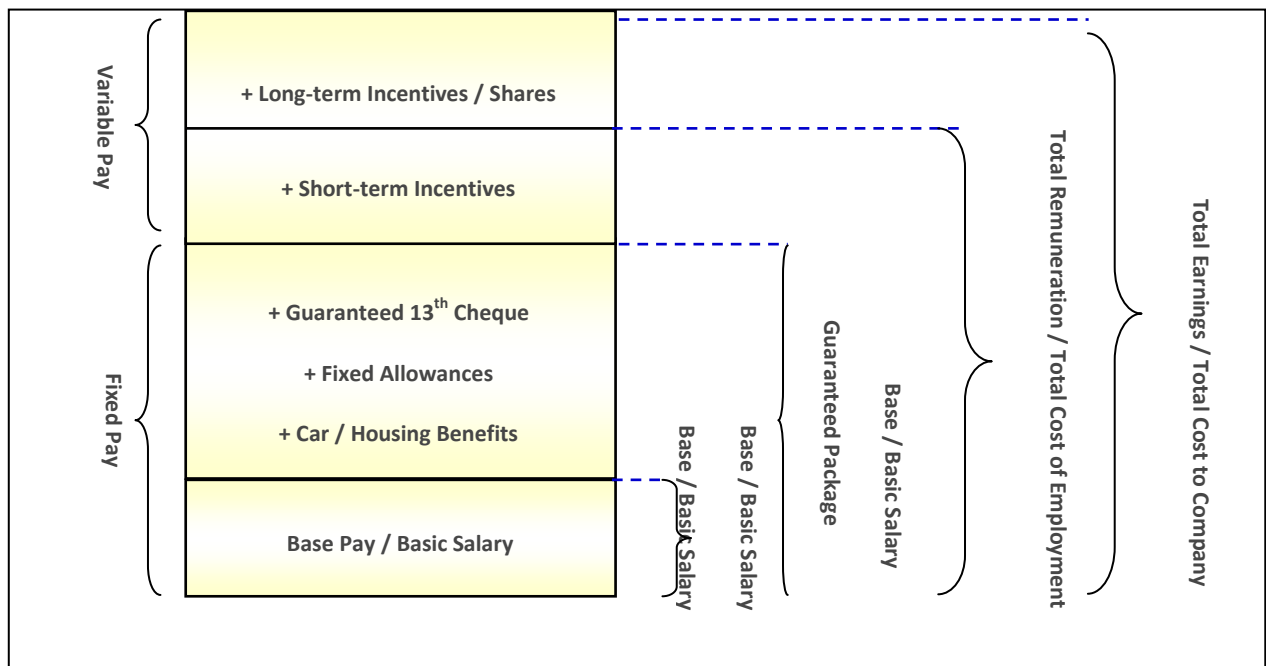
2.1.7 Total guaranteed packages

The total guaranteed package is used by 70% of South African companies (Bussin, 2010), and needs to be added to the calculation when considering the impact of total reward on remuneration strategies. A total guaranteed package includes the following: basic salary, fixed guaranteed bonus, fixed car- and housing allowances, housing subsidies, non-cash fringe benefits such as a car allowance, and employer contributions to pension- and provident funds and medical aids (Bussin, 2008).

Bussin (2008) states that total guaranteed packages rest on three pillars: internal equity, flexibility, and competitiveness. He further argues that a guaranteed packages will only be accepted by employees if it is perceived as fair. Packages should be flexible for the employee, and employees' jobs should be valued and measured against the labour market.

Bussin, in his total guaranteed package model, (see Figure 2.7) differentiates between fixed and variable costs. A fixed cost is a non-discretionary compensation that does not depend on performance or results. Variable compensation is dependent on results or performance (Bussin & Gildenhuis, 2008).

Figure 2.7: Total reward (Bussin & Gildenhuis, 2008, p.3.)



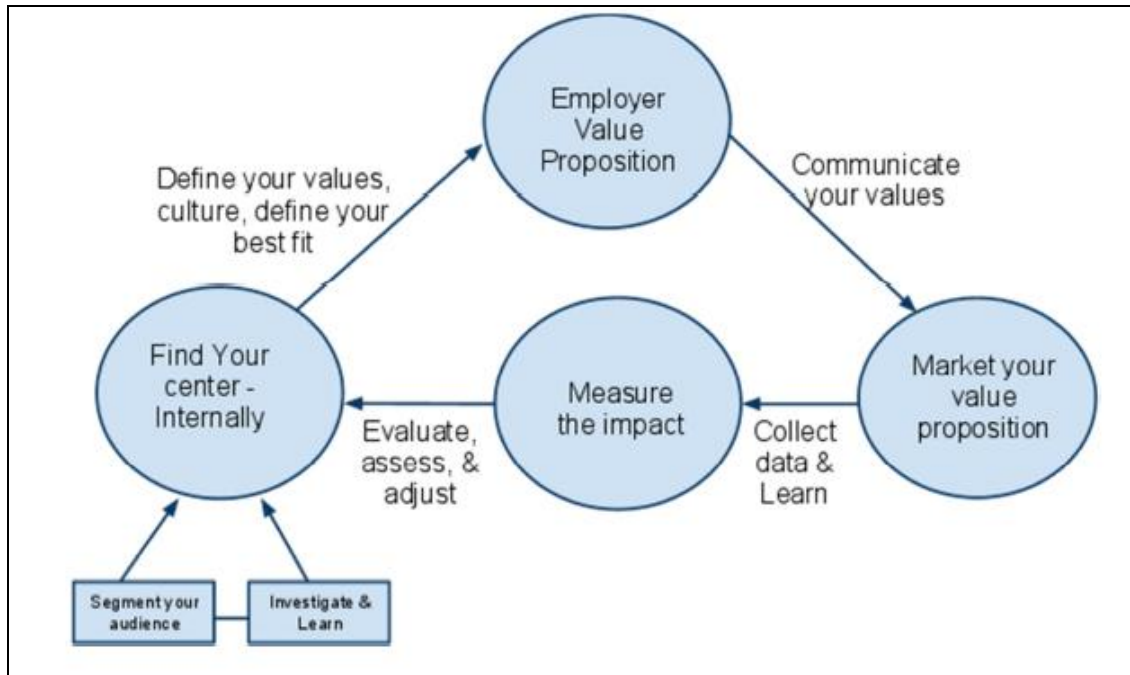
2.2 The employer value proposition (EVP)

An EVP is the terminology used to describe the characteristics and appeal of working for an organisation (Talentsmoothie, 2010). EVP is closely related to employer brand (Barrow & Mosley, 2005), and these concepts are often used interchangeably in literature. EVP is, in fact, a tool used to enhance the employer's brand; it describes a desired future state of the company's culture and strategic objectives (Kochanski, 2004). An employer's brand builds an EVP that matches what employees want and what is expected from them (Mandhanya & Shah, 2010).

EVP is experienced by current employees and, in turn, communicated to potential candidates (Kalajian, 2011). Figure 2.8 suggests that what is associated with a brand starts

from inside the organisation, and that the attractiveness of a brand to employees is dependent on these associations (Kalajian, 2011).

Figure 2.8: Steps in employer branding (Kalajian, 2011)

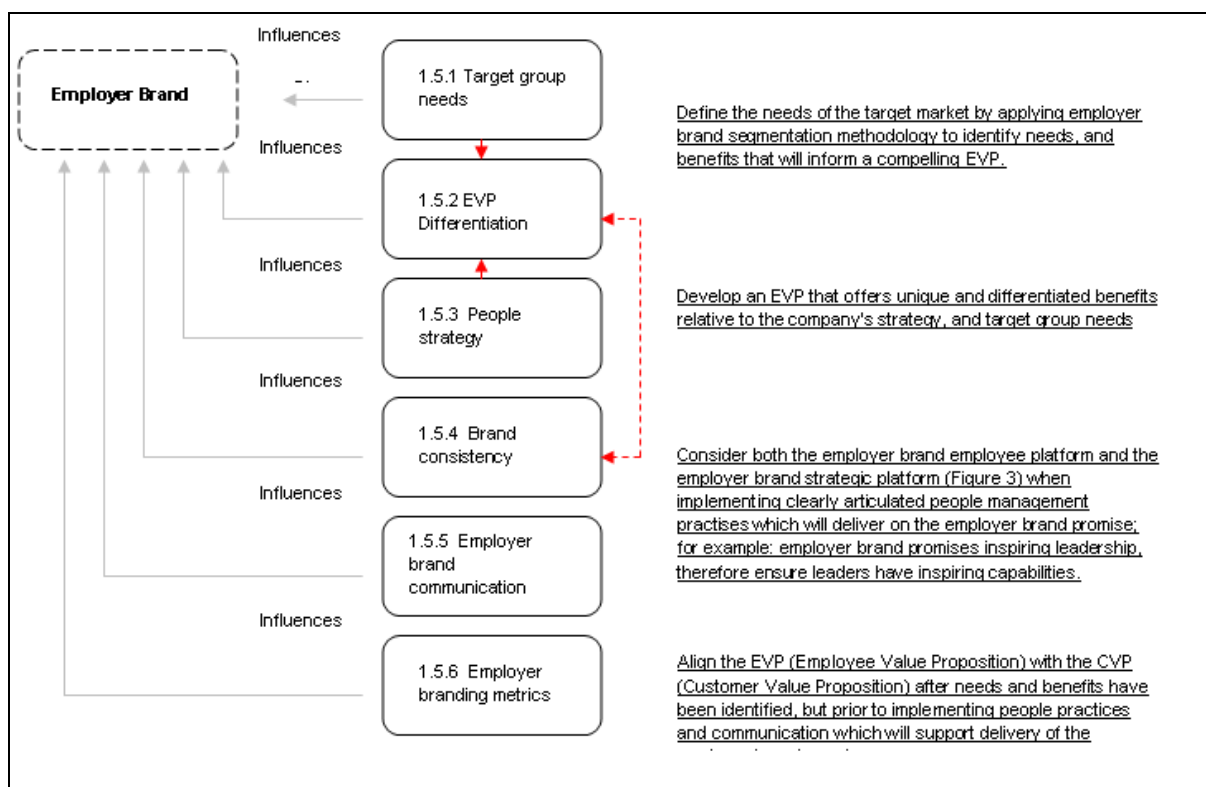


Botha, Bussin, and de Swardt (2011) postulate that the following factors could be used as building blocks for an employer brand model. These blocks could be incorporated in a predictive model that will predict talent attraction and retention after being validated. EVP is one of the building blocks of an employer brand. Botha, Bussin, and de Swardt (2011) include the following building blocks in their brand predictive model:

- Target group needs;
- EVP differentiation;
- People strategy;
- Brand consistency;
- Employer brand communication; and
- Employer branding metrics.

Figure 2.9 depicts the employer brand predictive model of Botha, Bussin and de Swardt. The model is informed by the above mentioned employer brand building blocks, based on their relative significance in employer branding, which, in turn, influences talent attraction and retention (Botha, Bussin & de Swardt, 2011).

FIGURE 2.9: Employer brand predictive model (Botha, Bussin & de Swardt, 2011).



EVP is a crucial part of any company's brand management. Mandhanya and Shah (2010) define employer brand from a talent management perspective:

Brand management is a snapshot of the company which promotes and profiles the company to potential candidates. It's the communication and presentation of a unique perception of the company in the mind of potential candidates and employees which subtly encourages and retains them. Employer brand tries to describe what it will feel like to work for the company (Mandhanya and Shah 2010).

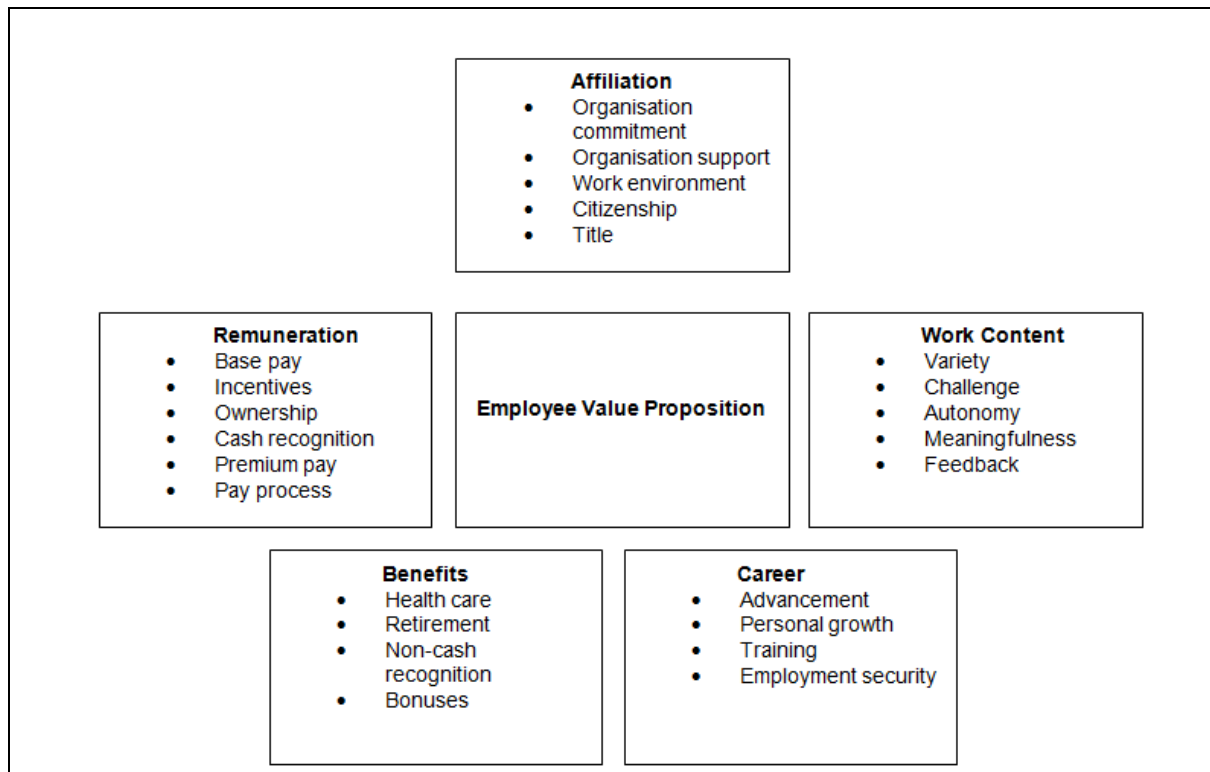
Moroko and Uncles (2008) state that multiple organisations in different industries are using employer branding to retain the most sought-after employees.

Heger (2007) describes EVP as the benefit or value that an employee perceives to gain from working for a certain employer. A distinctive EVP provides a clear distillation of what sets a company apart as an employer, and refers to the unique set of attributes and benefits that will motivate target candidates to join a company and current employees to stay (Brand Learning, 2009). Organisations need to understand what benefits attract desired employees and retain existing employees, and they need to devise retention and recruitment strategies based on their EVP (Munsamy & Venter, 2009).

The EVP includes the total financial and non-financial benefits that employees receive from working for a specific company. The Corporate Leadership Council (2007) states that the EVP is not a total reward model. When the components of an EVP are compared to those of the WorldatWork model, the Towers Perrin model, the Armstrong and Brown total reward model, and the Zingheim and Schuster model of total reward, it is clear that they share most of the same components, but with slightly differentiating factors.

The following illustrates the different EVP components (Sartain & Schumann; 2006).

FIGURE 2.10 Components informing choice of an EVP (Sartain & Schumann, 2006).



The EVP model in Figure 2.10 is a comprehensive total reward model that covers the tangible and intangible components in building a value proposition. One factor that is prominent in all of the discussed models is remuneration. The EVP model further breaks down the remuneration category into the following sub-categories: base pay, incentives, ownership, cash recognition, premium pay, and pay process (Sartain & Schumann, 2006). Common to all the above models are the components of compensation, benefits, work-life balance, performance and recognition, and development and career opportunities.

Giancola (2009) states that certain components of total reward systems are being eliminated to simplify the implementation of these systems. Initially, the total reward concept addressed all aspects of the work environment, including organisational factors such as culture, leadership, and climate. These factors can only be improved by effecting organisational changes (Giancola, 2009). Human resources practitioners have often omitted these factors because of difficulty with implementation, and because they felt that these factors were not important. This led to strategies that are easier to implement.

Giancola (2009) questions the longevity of the total reward strategy. Ciancola's viewpoint is supported by the fact that models such as the Towers Perrin model of total reward (Armstrong and Brown, 2006) does not take the larger company culture and strategies into calculation. On the other hand, the WorldatWork model purposefully includes these factors in the total reward strategy (WorldatWork, 2007). The differing view points between the models make it difficult for practitioners to identify which of the components to use in their reward strategies.

A wide range of components are addressed by the different models, but all include the five components mentioned above, namely compensation, benefits, work-life balance, performance and recognition, and development and career opportunities. These models are evolving and are still relevant in modern human resources strategy

2.3 Decision making

Dyer and Holder (1988) recommend that the role of the HR department should be that of a business partner. They further suggest that the role of business partner include the following four aspects:

- HR executives should cooperate with their counterparts in other departments to formulate HR strategies;
- HR executives should participate in all company strategy sessions, and should be equal to the CFO and other executives, allowing HR executives to give input into strategic decisions from a HR perspective;
- HR executives should work closely with line managers to ensure that the strategies are implemented throughout the organisation; and
- The HR function should be managed strategically.

The Chartered Institute of Personnel and Development supports this point of view, and suggests that strategic partners should work closely with business leaders, influencing organisational strategy and steering its implementation (Chartered Institute of Personnel and Development, 2007 in Armstrong, 2011).

HR professionals need to become business partners to ensure a sustained competitive advantage. They have to align their activities with the organisation's strategic plan in order to improve organisational performance (Ulrich & Lake, 1990).

Human resources management is not only about strategising, but also about implementation. The behaviour of the role players in the HR- and reward processes is crucial in reaching the strategic and HR goals (Armstrong, 2011). Strategic reward strategies need to be aligned with the human resource strategies, which, in turn, have to be aligned with the organisation's strategies.

Top management should ensure that the reward strategy is implemented for the whole organisation. Management should deliver the message that the reward strategy is an integral part of the fabric of the organisation to insure buy in from the entire organisation (Armstrong & Brown, 2006). Armstrong and Brown (2006) propose that management should demonstrate their conviction by showing that they will play their part in communicating and implementing the reward strategy.

Grosse and Edelsten (2004) suggest that it is not possible for most organisations to administer unique individualised reward requests, due to the arduous administrative burden. They also deduce that a way of overcoming this problem is by structuring reward models that will be versatile enough to satisfy the unique needs of the employees. These reward models designed with the needs of employees in mind, could lead to optimal benefits to both the organisation and the employees without incurring any extra costs (Harris & Clements, 2007). The reward decision-making process is crucial in any organisation, and a more effective process could save costs, and even provide a competitive advantage over competitors.

Chapman and Kelliher (2011) name four groups that influence the decision making regarding rewards, namely the board, the executives, the human resources director, and the financial director. The board's focus is on the overall reward budget, mainly concentrating on base salary budgets and not the reward mix. It was found that the board's involvement in the reward mix is increasing because of two factors, namely the increase in pension costs and the increased regulatory and political interest in the remuneration of employees. The level of board participation is also related to the extent to which the HR director has a role at board level. The most successful organisations tend to be those where the HR director contributes directly to the board (Chapman & Kelliher, 2011).

Chapman and Kelliher (2011) present potential conflict between the HR- and financial functions. They found that the range of decision makers with a role in the reward decision-making process is diverse (Chapman & Kelliher, 2011). Chapman and Kelliher (2011) quote one consultant from the study as saying: “All I see is a horrible, fractured approach to determining reward mix.” The findings highlight that the presence of different decision makers with different needs is potentially detrimental to achieving the most effective reward mix for a specific company.

The Chapman and Kelliher (2011) study found that there are external and internal influences that affect the composition of the reward components. The external factors include market benchmarks, legal, regulatory, and taxation requirements, political and social issues, and the state of the economy. The internal factors include business strategy, risk appetite, talent needs, and employee preferences (Chapman & Kelliher, 2011).

The company's business strategy needs to be aligned with the needs of its employees to insure a successful reward mix. The relationship between scarcity and talent, on the one hand, and giving staff the opportunity to determine their own reward mix, on the other, also influences the organisation's reward mix (Chapman & Kelliher, 2011).

The Chapman and Kelliher (2011) study identified the institutional pressures of mimicking and coercion as paramount in determining an organisation's reward mix. The examination of other organisations, or benchmarking, was identified as the main external influences on reward mix. Organisations examine what other organisations do and then mimic them. The coercive influences include legal and regulatory frameworks, the need to improve employees' long term savings, and the understanding of, and responsibility for, personal financial management.

The study found industry inertia in determining reward mix. The two reasons given for the inertia are: the poor quality of human resource management and organisational history (Chapman & Kelliher, 2011). Managers are reluctant to evaluate reward systems and, as a result, hold back advances in the reward implementation. This creates a harmful reality gap between the reward offering and the needs of the employees (Armstrong & Brown & Reilly, 2011).

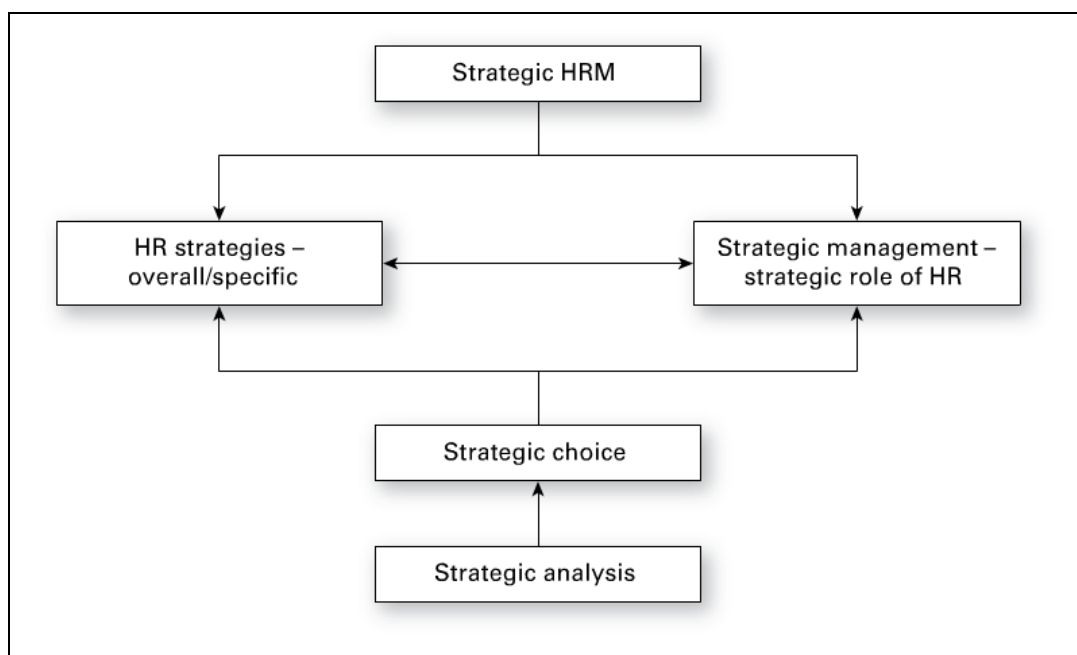
Bussin and Gildenhuis (2008) predict that the challenge of attracting, motivating, and retaining employees will remain in the coming years. They also suggest that the workforce will continue to evolve, which will increase the importance of innovative strategies in total reward, in order to enhance the competitiveness of organisations.

2.3.1 Strategic reward management

“Reward strategy is a declaration of intent. It defines what an organization wants to do in the longer term to address critical reward issues and to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the needs of its stakeholders. It starts from where the reward practices of the business are now and goes on to describe what they should become” (Armstrong, 2011, p. 257). Armstrong (2011) further states that a reward strategy is the sense of direction that links the business and its employees with the reward policies.

Wright and McMahan (1992) suggest that HR management is attempting to align reward strategy with the strategic management process, in order to achieve strategic human resource management. Boxall (1996) supports this statement by describing strategic human resource management as the link between human resources strategy and the organisations management. Boxall, Purcell, and Wright (2007) further imply that strategic human resource management concentrates on the HR policies that are adapted by the different business units and organisations. Figure 2.11 shows that HR management includes HR strategies and the management activities of HR professionals (Armstrong, 2011)

Figure 2.11: HR Strategies and strategic management activities combined in strategic HRM (Armstrong, 2011)



Brown (2001) postulates that organisations will gain value from an effective reward strategy. Armstrong (2011) agrees with the statement, and suggests these four additional reasons for having a reward strategy:

- Provides direction;
- Pay costs are most organisations' highest cost, and a strategy ensures that these costs are effectively spent and invested in the long term;
- There is a positive relationship between rewards and performance; and
- Reward strategies create a complex link with other HR and organisational strategy policies and practices.

A reward strategy is characterised by the diversity of the employee needs, and is conditioned by the legacy of the past and the realities of the future (Armstrong & Murlis, 2001). Different companies' reward strategies have similar characteristics, but these characteristics are treated differently because of the diversified needs of the employees and organisation (Armstrong, 2011). Reward strategies need more than just a clear view on what needs to be done, they also have to reflect the views of top management. Affordability of the programme and the needs and happiness of the employees also need to be taken into consideration when creating a reward strategy (Armstrong, 2011).

Armstrong (2011) suggests that a reward strategy should be based on a detailed arrangement of the present rewards. This should include an analysis of the current reward structure's strengths and weaknesses. According to Armstrong (2011), the analysis could take the form of a gap analysis, asking the questions: What is happening at this moment? And what should be done?

Armstrong (2011) further implies that a reward strategy could be either broad-based which provides the framework for more specific plans or specific which targets particular areas. The two approaches are not mutually exclusive, and could be combined in a single strategy.

The broad-based option will commit the organisation to the pursuit of a total reward policy. Broad-based aims could include the following (Armstrong, 2011):

- A balance between financial and non-financial rewards;
- A more integrated approach, encouraging personnel development;
- A more flexible approach;
- Rewards being in line with contributions; and
- A reward strategy that supports a performance culture, building high levels of competence.

The reward strategy may also specify intentions to deal with particular aspects of reward management (Armstrong, 2011). One example of a specific reward initiative is “...the development of a total reward approach in which each aspect of reward, namely base pay, contingent pay, employee benefits and non-financial rewards (which include intrinsic rewards from the work itself), are linked together and treated as an integrated and coherent whole” (Armstrong, 2011 pg 262).

An effective reward strategy is one that gives clear guidance on its development, planning, and implementation, and also achieves the planned results after implementation (Brown, 2001).

Trevor (2009) questions to what extent remuneration can be strategised. He also found a gap in the intended and the practised reward strategy, arriving at the conclusion that intent does not always lead to action. The use of a strategy often leads to unintended consequences, thereby doing damage rather than creating value (Trevor, 2009). Reward strategising is not a clear-cut science, and more clarity is needed on the subject.

According to Trevor and Armstrong, “... an alternative approach for the use of pay systems in the support of strategy is required: one that acknowledges the relative limits on the ability of companies to manage pay strategically” (Trevor, 2009 & Armstrong, 2011, p. 270).

2.4 Summary

Reward models have certain components in common, namely benefits, work-life balance, performance and recognition, and development and career opportunities.

Giancola (2009) states that certain components are being eliminated from total reward systems in order to simplify implementation. Initially, the total reward concept addressed all aspects of the work environment, including organisational factors such as culture, leadership, and climate. These factors can only be improved by effecting organisational changes (Giancola, 2009). Human resources practitioners have excluded these factors because of the difficulties with implementation, and because they felt these factors were not important. This led to strategies that are easier to implement. Giancola (2009) questions the longevity of the total rewards strategy. Giancola's view point is supported by the fact that reward models, such as that of Towers Perrin, do not take the larger company culture and strategies into consideration (Armstrong and Brown, 2006). On the other hand, the WorldatWork model purposefully includes these factors in the total reward strategy (WorldatWork, 2007).

The reward decision-making process varies from organisation to organisation. Chapman and Kelliher (2011) shed light on the incoherent nature of the remuneration planning process. The decision makers in organisations don't have the same goals when making reward decisions, which negatively influence the effectiveness of the reward mix in the organisation.

In this section, literature that relates to this research paper was discussed. Firstly, total reward and how it fits into the larger organisational environment were examined. This was followed by a discussion on the management of total reward. The research questions are presented in the next chapter.

Chapter 3: Research objective

The objective of this study is to explore whether remuneration plays a role in an organisation's thought process when determining the organisation's EVP. The research also aims to determine whether the larger organisational strategy is considered in this process, and who makes the strategic EVP decisions in the organisation.

3.1 Research questions

The previous sections presented an overview of the pertinent literature that relates to the present study, the problem statement, and the main objective of this study. In this section, specific research questions are formulated in an attempt to address the objective of this study.

The research aims to explore the role that remuneration plays in the organisation's EVP. The definition of the EVP is wide and refers to multiple factors. The EVP model is a dynamic model that includes internal and external company factors. Not all organisations make use of the concepts of an EVP, and they use different EVP factors when compiling a remuneration strategy. The literature summary also points to the fact that there are multiple decision makers when it comes to the remuneration strategy. These role players might have different needs when it comes to strategising on remuneration.

The EVP should be compatible with the organisation's brand and strategy. The purpose of the present research is to explore aspects of the EVP and its role in defining the organisation remuneration strategy.

Primary research question: To what extent does the perceived importance of remuneration, guaranteed package, long-term incentives, and short-term incentives play a role in determining an organisation's EVP?

Secondary research question 1: To what extent does organisational strategy play a role in determining the organisation's EVP?

Secondary research question 2: Who in the organisation are the decision makers regarding the EVP?

One primary research question and two secondary research questions were formulated in this chapter. The research methodology that was used during the data-gathering process is discussed in the following chapter.

Chapter 4: Research methodology and design

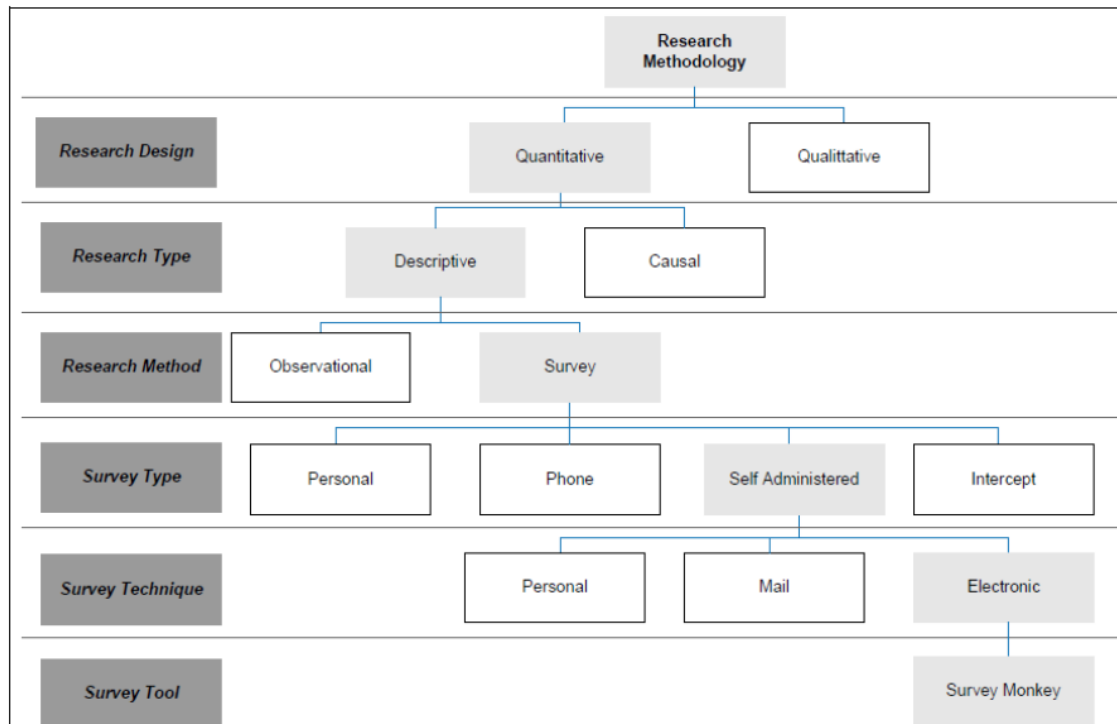
The research questions were stated in the previous section. In this section, the research methodology that was utilised for this study is discussed. The discussion on the methodology will include details of the research design, the research type, the population, the unit of analysis, and the sampling method. The chapter will further include details of the data collection and analysis tools.

4.1 Methodology

4.1.1 Research design and type

The research was descriptive and quantitative in nature (Saunders & Lewis, 2012), as previous research had been done in the areas of EVP, remuneration, and strategic decision making. Saunders and Lewis (2012) describe descriptive research as research that examines the association between two variables. Descriptive research also seeks to describe persons, events, or situations (Saunders & Lewis, 2012). It seeks to answer the questions of Who?, What?, When?, Where?, and How? (Zikmund, 2003). The research tool takes the form of a questionnaire, which, in the present study, was distributed via e-mail. Figure 4.1 provides an overview of the research methodology used in the present study.

Figure 4.1: Overview of research methodology (Zikmund, 2003)



4.1.2 Population

The population consisted of professionals in the reward arena, active in various industries across South Africa. The database of SARA (South African Reward Association) was used to send out the surveys. There are 400 member organisations and 3 000 individuals on the database. This database was selected because input from reward practitioners was required, and because it was convenient. The database was made available for research purposes by the President of SARA. These prospective participants were also selected for their involvement in the organisational remuneration process and their understanding of the financial reward elements in the total reward package.

These professionals represented the following job groups in the sample:

- CEO
- Board member
- Human resource director
- Financial director
- Executive manager
- Senior manager
- Specialist
- Other

4.1.3 Survey design

A survey was selected as the preferred measurement instrument for the present study. A survey is defined as a method of gathering primary data through communication with a representative sample of individuals. Surveys provide quick, efficient, and accurate means of gathering information. Surveys are flexible and, when properly conducted, valuable to managers (Zikmund, 2003). The questionnaire in the present study was designed to collect the necessary data to meet the research objectives, while being correctly understood and interpreted by the respondents (Saunders & Lewis, 2012).

A test version of the questionnaire was distributed to 10 respondents in a pilot study. The responses received from the 10 test participants were valuable in fine-tuning the final survey questionnaire. The survey items were adjusted to eliminate reported confusion experienced by the pilot study respondents while completing the survey.

The final survey was sent to the prospective participants after the necessary adjustments had been made. Participants were asked to participate in the online survey on a website called SurveyMonkey. The link to the survey was e-mailed to the potential participants, identified from the SARA database.

The survey was designed to identify the role that remuneration, guaranteed package, short – term incentives and long-term incentives play in determining the organisation's EVP. The survey also aimed to identify the role players in the EVP decision-making process, and if organisational strategy had any impact on EVP decision making in the organisation. The survey was designed according to the guidelines set out by Zikmund (2003). These guidelines include simplicity, avoiding ambiguity, and the avoidance of loaded questions. The survey was kept relevant by collecting only data relevant to the research questions (Zikmund, 2003). The researcher also attempted to maintain accuracy of the information by ensuring that the collected data were reliable and valid (Zikmund, 2003).

The survey was divided into the following four sections. Sections 2 to 4 represent the three constructs covered in the research:

- Control variables;
- Remuneration;
- Decision making; the alignment between organisational strategy and EVP decision making; and
- EVP.

The complete questionnaire is available in Appendix A.

The items were allocated to the different constructs as shown in Table 4.1 below.

Table 4.1: Allocation of survey items to constructs

Section	Survey items
Control variables	1, 2, 3, 4, 5, 6
Construct 1: Remuneration	9
Construct 2: Decision making	7, 8, 13, 14, 15, 16, 17
Construct 3: EVP	12, 18, 19, 20, 21, 22, 23, 24, 25

4.1.3.1 Control variables

- The demographic data item elicited information on the gender of the respondents.
- Data on participants' current job were collected to ascertain the respondent's current working environment, in order to gain insight into the respondents' answers. The following information was requested:
 - Department,
 - Job title, and
 - Job level, where participants were requested to indicate one of the following:
 - CEO
 - Board member
 - Human resource director
 - Financial director
 - Executive management
 - Senior management
 - Specialist
 - Other
 - Industry
 - Extractive
 - Producer services
 - Personal services
 - Logistics and transport
 - Transformative

- Social services
- Energy
- Tenure with current employer.

4.1.3.2 Remuneration

It is evident from the literature that some authors view the non-financial components as more important than financial components in rewards. The respondents were asked to allocate a total of 100 points to the different components of the total reward package, according to importance.

4.1.3.3 Decision making

Top management should ensure that the reward strategy is implemented for the whole organisation by delivering a message that the reward strategy is an integral part of the fabric of the organisation (Armstrong & Brown, 2006).

A set of five-point Likert scales were used for this section. Question 7 asked the respondents what part of their current role involved organisational strategising, while Question 8 asked what part of their current role involved EVP decision making. Questions 13 to 17 covered the respondents' current employers set-up regarding the alignment of EVP and the organisations strategy.

4.1.3.4 EVP

Information on the participants' organisations' EVP was elicited in two sets of questions. The first set of questions made use of a five-point Likert scale, and asked the respondents what role the different remuneration components play in determining the current organisational EVP.

The second group of questions was the same set of questions, but asked the respondents what role the components *should* play in their organisations.

4.2 Unit of analysis

The unit of analysis was the individuals that appeared on the SARA data base and who participated in the present study. Their decision making and their view on the EVP were surveyed in this research study.

4.3 Sampling method

A population is the total set of group members (Saunders & Lewis, 2012). The population in the present research included decision makers in organisations with pay solutions, which included all types of organisations.

A sub-group or sample was used for purposes of the present study. The researcher did not have a complete list of the entire population, and therefore made use of non-probability sampling (Zikmund, 2003). The researcher made use of convenience sampling, using the database obtained from SARA. The database was representative of different age and gender groups, job titles, organisations, industries, and job families. The sample was considered appropriate for the present study (Saunders & Lewis, 2012).

4.4 Data-gathering method

The survey was loaded onto the SurveyMonkey website. SurveyMonkey is a research tool that enables the online collection of responses. A link is created on the website, which is e-mailed to the prospective participants. The participants are then able to access the survey immediately.

A non-response error occurs when there is no response from members of the sample. The non-response error is especially acute in mail and internet surveys (Zikmund, 2003). Alreck and Settle (1995) claim that a sample size of 100 is regarded as the minimum size that will be representative for large populations, and 750 is the maximum practical size for a study. The sample size was considered sufficiently large to compensate for the estimated large non-response rate. The research also reached multiple geographic areas. This enabled the research to establish if there are any geographical differences in the responses to the questionnaires.

4.5 Data analysis

Quantitative research yields a large number of responses that need to be analysed in order for the researcher to be able to form relevant conclusions (Zikmund, 2003). This statement is supported by Fowler (2009), who states that raw data gathered from a survey need to be translated into an appropriate form in order to conduct analyses. In the present study, the Internet survey tool SurveyMonkey was used to distribute the surveys. The data were extracted from SurveyMonkey into an Excel file format, which made it possible to upload the data to a statistical software package. All analyses were done using the Statistical Package for the Social Sciences (SPSS) version 20.0 (SPSS, 2012). The following statistical techniques were used to analyse the data:

Descriptive statistics analysis was performed on the raw data to better conceptualise the responses received in the survey. The aim of descriptive statistics is to describe the set of data that is employed (Howell, 2004). The descriptive statistics analysis was followed by cross-tabulations. This allowed for the use of organisational data from two or more items. The job levels were cross-tabulated with all the items in order to investigate whether role players have different opinions regarding the different survey items.

Inferential statistics was used to assess the significance of various research questions. The tests conducted in this section of the analysis included the following:

- A number of t-tests were performed on the means of the different components of the total reward package. The t-tests were used to determine whether the differences in the means were coincidental or statistically significant.
- A Pearson correlation coefficient analysis was computed to assess the relationship between the role players in the EVP decision-making process and the role players in the organisational decision-making process.
- Regression analysis was used to examine whether the independent variables could predict the quality of the organisation's EVP, where the organisation's employer brand is the dependent variable

4.6 Research limitations

The previous section described the research methodology used in the present study.

Due to the nature of this study, including time constraints, various limitations were identified. These include:

- Only members of the South African Reward Association (SARA) were approached. The sample might have produced skewed results because of the sample bias resulting from the selected sample.
- Random sample error also skewed the results, because of the difference between the results from the sample and the results from a census (Zikmund, 2003). The skewness of the sample is evidenced by the fact that only one financial director, four board members, and four CEOs participated in the survey. 63.4% of all the participants fell into the senior management or specialists fields.
- The survey reached mainly HR managers, which might have resulted in a bias in favour of this group.
- Systematic errors, such as non-response bias, could stem from the nature of the survey method used. In the present study, attempts were made to minimise these errors, but these errors should still be borne in mind when viewing the data and results.

The research methodology used in the present research study was discussed in this chapter. This included the research design, the research type, the population, the unit of analysis, and the sampling method. A short discussion on the data analyses and research limitations was also included. The findings obtained from the data analyses are discussed in the following chapter.

Chapter 5: Results

The planning and execution of the present research study were discussed in the previous chapter. This chapter presents the findings obtained from the data analyses. The results were obtained from the data analyses done by means of SPSS, as per discussion of the research design and methodology in Chapter 3. This chapter includes all results obtained from the empirical statistical tests performed on the data with regards to the objectives set for the study, together with the applicable research questions.

This chapter is divided into four distinct sections:

Section 1: Sample demographics and descriptive statistics

Section 2: Results of the measurements

Section 3: Cross-tabulations

Section 4: Inferential statistics (regression analysis).

The following section presents the demographics of the sample used in this research study.

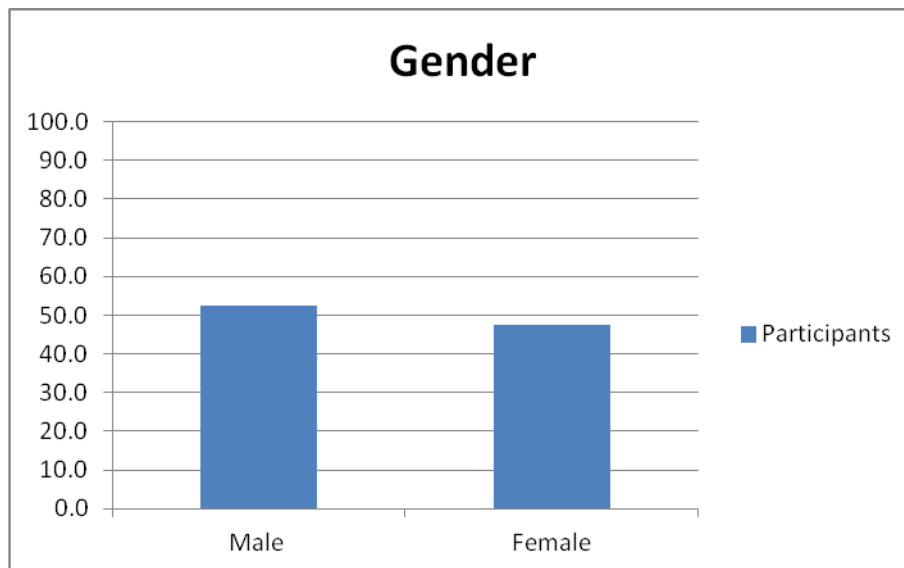
5.1 Demographics of the sample

The sampling techniques utilised in the present study resulted in a diverse group of respondents. Over 3 000 Internet questionnaires were sent to the 400 member organisations members and 3 000 individuals on the SARA database. Only 65 surveys responses were initially received, and it was decided to postpone the cut-off date by one week, by which time 102 responses had been received – a 3% response rate. 101 responses were useable, giving a final usable response rate of 2.9%. The following section provides more insight into the biographical composition of the sample group.

The questions regarding department and job title were open-ended questions with a wide variety of possible answers. There were 75 possible answers for Question 1, which asked the respondents to name the department they are currently working in, and 83 possible answers to Question 2, which asked the respondents to provide their current job title. The feedback was seen as nominal data; the data gave record of the respondents' current job environments, but were not used in further analysis.

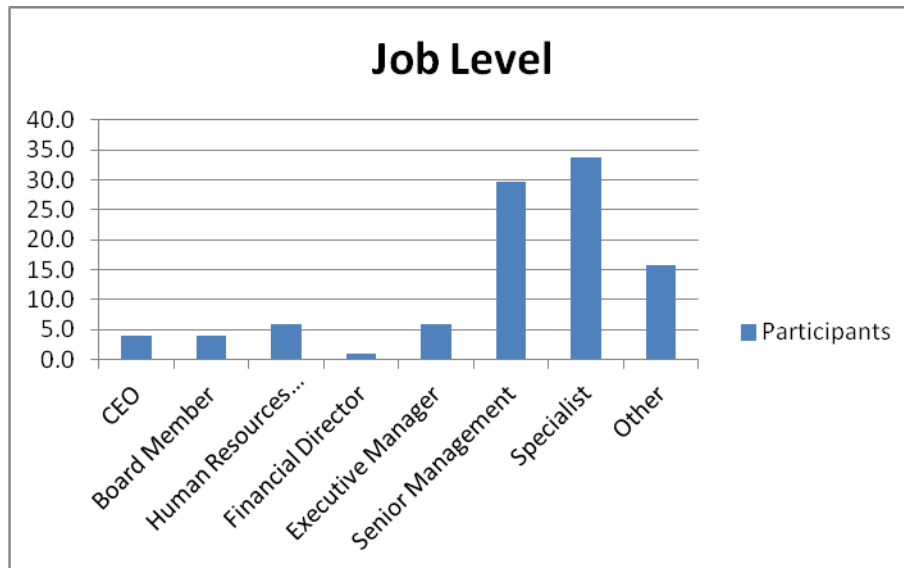
Figure 5.1 illustrates the gender distribution of the sample group. It is apparent that there was a relatively even spread of female and male respondents.

Figure 5.1: Frequency distribution according to gender



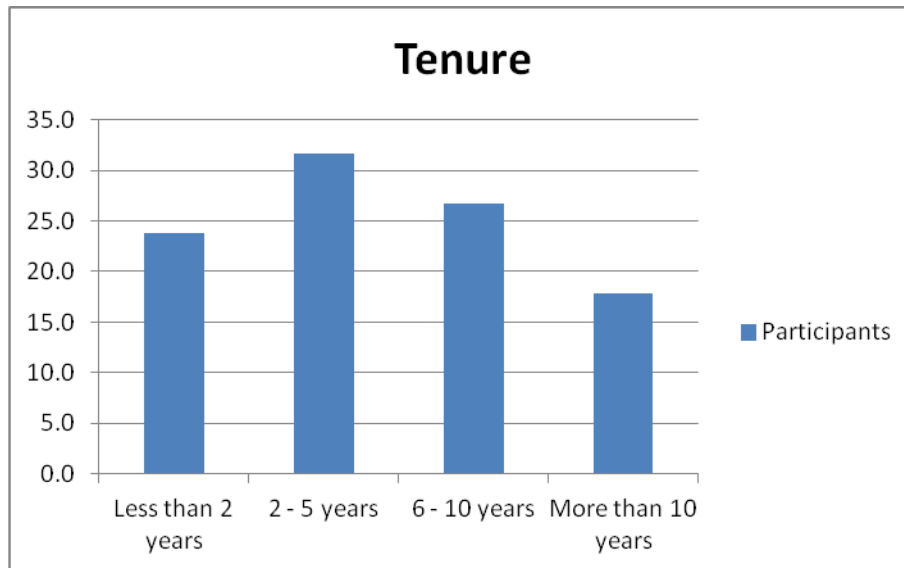
The job levels of the sample group were also considered in the biographical information. As is illustrated in Figure 5.2, there was a particularly large representation of specialists (33.7%) and senior management (29.7%), and only one (1%) financial director. The amount of respondents from every job level is illustrated in Figure 5.2.

Figure 5.2: Frequency distribution according to job level



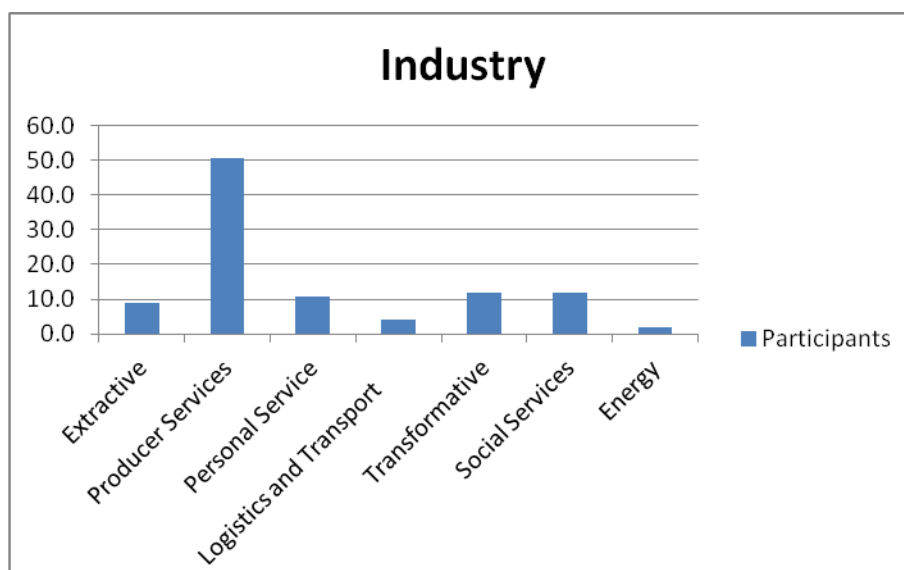
The tenure of the participants in their current position was grouped as follows: Less than two years, 2-5 years, 6-10 years, and more than 10 years. The percentage distribution of the different tenures is represented in Figure 5.3 below. A total of 32 (31.7%) participants indicated that they have been with their organisation for longer than two years, but less than five years, and 44.6% of the participants have been with their organisation for longer than five years. The frequency distribution of participants' tenure is illustrated in the bar chart below.

Figure 5.3: Frequency distribution according to tenure



The industry to which the different respondents in the sample group belonged was also considered in the biographical information. 50.5% of the participants worked in the producer services industry. The extractive, personal services, transformative, and social services industries were represented by between 8.9% and 11.9% of respondents. The logistics and transport (4%) and energy (2%) industries had the lowest representation in the sample. The frequency distribution according to industry is illustrated in Figure 5.4.

Figure 5.4: Frequency distribution according to industry



It is evident that the producer services industry was the best represented by the respondents, while only 2% of the respondents worked in the transport and energy industry.

5.2 Results and measurements

The comparison of the role that role players in the EVP decision-making process to the role that those in the organisational strategy decision-making process is important in understanding who the different decision makers are in EVP.

5.2.1 Strategy in the current role

The participants were asked to indicate what percentage of their current role involves business strategy decision making. As is illustrated in Figure 5.5, 57.4% spend less than 40% of their time on strategy, and a significant proportion of respondents (24.7%) spend more than 60% of their time on strategy.

Figure 5.5: Percentage of respondents' time spent making business strategy decisions



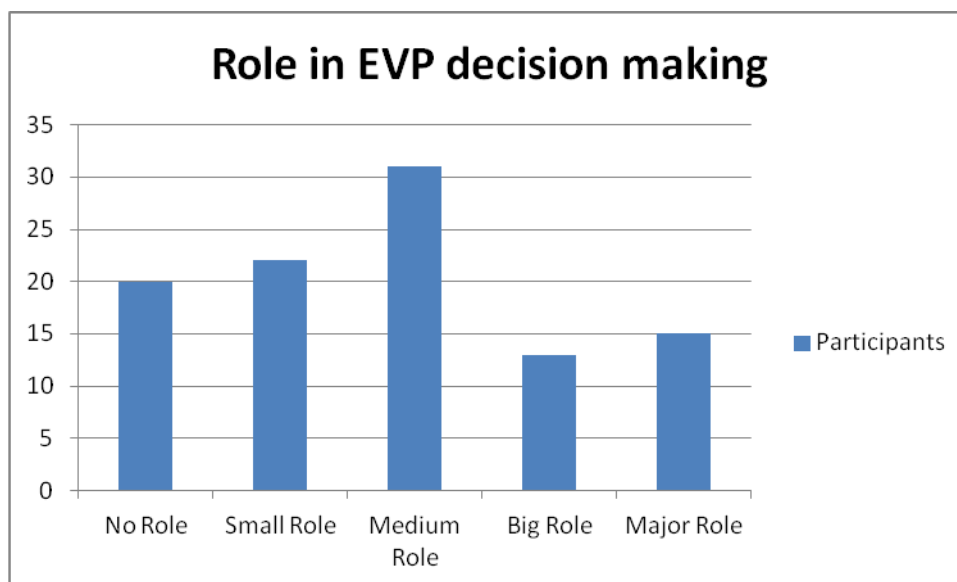
A high percentage of the participants play an active role in their organisations' business strategy decision-making.

5.2.2 The extent of EVP decision-making in your current role

The participants were asked to rate the role of EVP decision-making in their current jobs. A five-point Likert scale was used for this question. The possible answers provided were: no role, small role, medium role, big role, and major role. A large portion of the respondents (19.8%) felt that their current job roles required no EVP decision-making. The *medium role* response constituted the largest group, at 30.7%.

Figure 5.6 illustrates the frequency distribution of the respondents' roles in their organisations' EVP decision-making process.

Figure 5.6: The extent of EVP decision-making in the respondents' current roles.



Most of the participants indicated that they play a role in the EVP decision-making process, with most of them feeling that they play a *medium role*.

5.2.3 Importance of different components in total package

Most literature proposes that less attention should be given to *fixed salary* and more to other aspects of total reward. Question 9 asked the participants to distribute a total of 100 points

across the different components of the total reward package to indicate the importance of the components compared to each other. The respondents allocated varying amounts of points to the different components. The points were clustered into ten different clusters of ten percentage points each.

The mean scores for the different total reward package components were calculated, and are shown in Table 5.1 below. *Fixed salary* was ranked the highest, with a mean score of 3.56. The other components showed a relatively even spread, with mean scores ranging from 1.38 to 1.73.

Table 5.1: Calculated means of the components of the total reward package sorted according to mean

Components	Mean score
Fixed salary	3.56
Development and career opportunities	1.73
Performance and recognition	1.62
Variable pay	1.59
Work-life balance	1.50
Benefits	1.38

Fixed salary was ranked the highest of all the components. The other components showed similar mean scores, but it was not certain whether these differences were coincidental or statistically significant. The t-tests were therefore used to test for significance of the difference in the means. This enabled the researcher to draw conclusions regarding the importance of the different total reward components, provided below.

5.2.4 Results from t-tests

The calculated means suggested that the following ranking is applicable to the importance of the different components:

1. Fixed salary
2. Development and career opportunities
3. Performance and recognition
4. Variable pay
5. Work-life balance
6. Benefits.

The null hypothesis of all the t-tests in this chapter is $\mu_1 = \mu_2$. A significance of 0.05 was used to conduct the t-tests. The differences in means are significant when the t-test sig is below 0.05.

The t-tests conducted to compare the mean of *fixed salary* with the other components, showing that the significance levels were below 0.05, and that the differences in the means were significant and not coincidental. Therefore, it can be concluded that *fixed salary* is considered significantly more important than the other components.

The results of the t-tests conducted between the means of the total reward components (excluding *fixed salary*) are shown in Tables 5.2 - 5.5 below.

Development and career opportunities are the total reward component with the second-highest mean score, but is considered significantly less important than *fixed salary*. It is clear from Table 5.2 that the component *development and career opportunities* is considered significantly more important than *work-life balance* and *benefits*, which both had t-test values of less than 0.05. The component *development and career opportunities* are not considered significantly more important than *performance and recognition* and *variable pay*. The difference in mean scores between the components could be seen as coincidental.

Table 5.2: Comparison of t-test results of *development and career opportunities* and components with lower mean scores

t-Test results of <i>development and career opportunities</i> and other total package components	
Components	t-test value
Performance and recognition	0.42
Variable pay	0.13
Work-life balance	0.03
Benefits	0.00

The results show that the component *development and career opportunities* is not considered the most important, and the difference in means is significant enough that it won't be 5th or 6th in the rankings. The results do not show that the component *development and career opportunities* are significantly more important than *performance and recognition* or *variable pay*, and that these differences in means could be coincidental.

The *performance and recognition* component showed the third-highest mean score. The t-tests showed that *performance and recognition* as a component is only significantly more important than *benefits*, which had a t-test value of 0.02.

Table 5.3: Comparison of T-test results of *performance and recognition* and components with lower mean scores

t-test of <i>Performance and Recognition</i> and other total package components	
Components	t-test value
Variable pay	0.47
Work-life balance	0.18
Benefits	0.02

It cannot be concluded that *performance and recognition* is considered more important than *work-life balance* or *variable pay*, as the difference in mean scores could be coincidental. *Variable pay* received the fourth-highest ranking, and is therefore not considered significantly more important than other components in the total package, but is considered significantly less important than *fixed salary*.

Table 5.4: Comparison of t-test results of *variable pay* and components with lower mean scores

t-test of <i>Variable Pay</i> and other total package components	
Components	t-test value
Work-life balance	0.58
Benefits	0.11

Work-life balance and *benefits* received the lowest mean scores, and are therefore not considered significantly more important than any other components. *Work-life balance* is considered significantly less important than *fixed salary*, *development and career opportunities*, and *performance and recognition*. The *benefits* component was rated significantly less important than *fixed salary* and *development and career opportunities*.

Table 5.5: Comparison of t-test results of *work-life balance* and components with lower mean scores

t-tests of <i>work-life balance</i> and other total package components	
Components	t-test value
Benefits	0.24

It is statistically impossible to specify an exact rank order of the importance of the different total package components, but these tests gave a good indication of the importance of the different components, which can be summarised as follows:

1. Fixed Salary: Definitely the most important component.
2. Development and career opportunities: Could be second to fourth in the rankings, but the results indicate that it should be seen as one of the more important components.
3. Performance and recognition: Could be second to fifth in the rankings; the results indicate that it could be in the middle of the rankings in terms of importance.
4. Variable Pay: Could be second to sixth in the rankings; also considered to be in the middle of the rankings.
5. Work-life balance: Could be third to sixth in the rankings, and falls in the bottom two in terms of importance.
6. Benefits: Lies fourth to sixth in the rankings.

The importance of all of the components should not be underestimated, as the t-tests showed that all the components play relatively important roles in the total package structure.

5.2.5 Decision makers

In the exploration of who the decision makers are in the EVP decision-making process, the survey asked the participants to rank the different role players in the organisation. The role players whom the participants were asked to rank were the following:

- CEO
- Board member
- Human resources director
- Financial director
- Executive manager
- Senior manager
- Specialist
- Other.

The respondents were asked to allocate a ranking according to perceived importance to each of the 10 choices of role player. They were also only allowed to allocate one ranking per role player, and one role player to each of the ranking options. The rankings ranged from 1 to 10, with 1 being the most important and 10 the least important. CEOs were indicated as the most important role player in the EVP decision-making process, and *Other* was indicated as the least important. The ranking and distribution of the different role players in the EVP decision-making process are shown in Table 5.6 below.

Table 5.6: Perceived importance of the role players in the EVP decision-making process, sorted by rank order of the mean score

Role players	Mean score
CEO	2.81
Human resources director	4.59
Leadership team	4.63
Executive manager	4.96
Financial director	5.27
Senior management	5.33
Board member	5.52
Line manager	6.12
Specialist	7.17
Other	8.59

The respondents were asked to rank the role players in their organisations' business strategy decision-making process according to perceived importance of the role player (see Table 5.7). The respondents were also asked to allocate a ranking to each of the 10 choices. They were allowed to allocate only one ranking per role player, and one role player to each of the ranking options. The ranking options ranged from 1 to 10, with 1 being the most important and 10 the least important. CEOs were indicated as the most important role player in the business strategy decision-making process, and *Other* was indicated as the least important. The ranking and distribution of the different role players in the organisations' business strategy decision-making process are shown in Table 5.7 below.

Table 5.7: Perceived importance of the role players in the organisation's business strategy decision-making process, sorted by rank order of the mean score.

Role players	Mean score
CEO	2.23
Board member	4.01
Leadership team	4.28
Financial director	4.61
Executive manager	4.99
Human resources director	5.41
Senior management	5.85
Line manager	7.02
Specialist	7.56
Other	9.04

The mean scores gave a good indication of the perceived importance of the different role players. The table shows that all the role players were perceived as important to one participant, and all the role players were perceived as important to at least one of the participants.

The direct relationship between the role players in the EVP decision-making process and the role players in the organisational decision-making process will be covered in the next section.

5.2.6 Pearson correlation

A Pearson's correlation coefficient was computed to assess the relationship between the different role players in the EVP decision-making process and the different role players in the organisation's business strategy. The highlighted fields are the direct correlations between the role players of each process.

Table 5.8: Pearson correlation of the EVP decision-making process and the role players in organisational business strategy process, according to mean scores.

		EVP role players									
		CEO	Board member	Leadership team	Human resources director	Financial director	Executive manager	Senior management	Line manager	Specialist	Other
Strategy Role Players	CEO	0.70**	0.38**	0.34**	0.09	0.22*	-0.04	-0.18	-0.48**	-0.57**	-
	Board member	0.15	0.45**	0.17	0.06	-0.06	-0.1	-0.25*	-0.21*	-0.2	0.63**
	Leadership team	0.39**	0.19	0.72**	0.13	-0.1	-0.05	-0.18	-0.44**	-0.43**	-
	Human resources director	0.34**	0.31**	0.27**	0.44**	0.1	-0.18	-0.33**	-0.46**	-0.31**	0.42**
	Financial director	0.15	0.07	-0.13	0.01	0.39**	-0.04	-0.12	-0.11	-0.09	-
	Executive manager	0.05	-0.21*	-0.11	-0.23*	0.03	0.42**	0.21*	0.05	0.08	0.26**
	Senior management	-0.19	-0.44**	-0.17	-0.11	-0.1	0.26**	0.51**	0.28**	0.14	-
	Line manager	-0.25*	-0.26**	-0.30**	-0.19	-0.13	0.04	0.23*	0.47**	0.15	0.39**
	Specialist	-0.56**	-0.37**	-0.39**	-0.1	-0.1	-0.13	0.18	0.46**	0.60**	-
	Other	-0.77**	-0.33**	-0.46**	-0.19	-0.22*	0	0.13	0.52**	0.66**	0.79**

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

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

The direct correlation of the variables between the two groupings is shown Table 5.9 (Field, 2009). The table illustrates a positive correlation between the direct variables of the two processes. Discovering statistics using SPSS was used as the guidelines to set up the following table (Field, 2009)

Table 0.9: Interpretation of Pearson correlation coefficient

Components	Correlation coefficient	Strength of the relationship	Direction of the relationship
CEO	0.69	Large	Positive
Board member	0.45	Medium	Positive
Leadership team	0.72	Large	Positive
Human resource director	0.44	Medium	Positive
Financial director	0.39	Medium	Positive
Executive management	0.42	Medium	Positive
Senior management	0.51	Large	Positive
Line management	0.47	Medium	Positive
Specialist	0.60	Large	Positive
Other	0.79	Large	Positive

Overall, there was a strong positive relationship between role players in EVP decision making and role players in organisational business strategy, indicating that the two processes have similar decision makers.

5.2.7 Employer brand

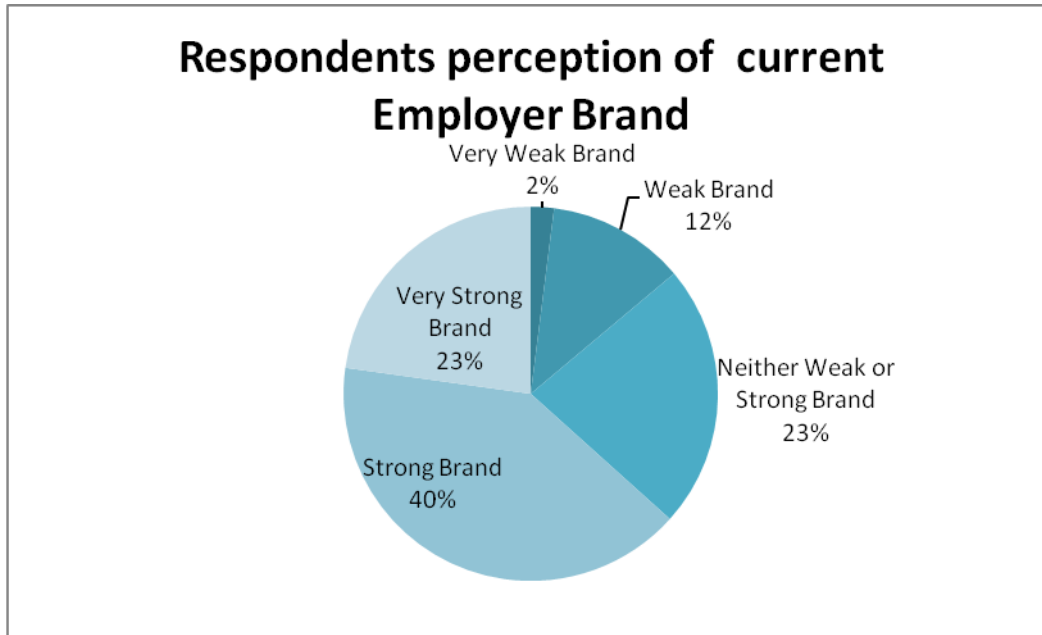
The respondents' perceptions of their organisation's employer brand were explored in the next section. The respondents was asked to rate their current organisation's employer brand on a five-point Likert scale, 1 being a very weak brand, and 5 indicating a very strong brand. The calculated mean for *employer brand* was 3.7, which showed that, on average, respondents feel that their organisation has a strong brand. 40.6% of the total respondents felt that their organisational brand is *strong*, and 22.6% felt that the brand is *very strong*. Only 2% of the respondents felt that their organisation has a *very weak* brand, and 11.9% felt that their organisation's brand is *weak*. 22.8% of the participants felt that their organisation's brand was *neither weak nor strong*.

Table 5.10: Distribution of participants' perceptions of current employer brand

	Frequency	Percent
Very weak brand	2	2.0
Weak brand	12	11.9
Neither weak nor strong brand	23	22.8
Strong brand	41	40.6
Very strong brand	23	22.8
Total	101	100.0

Figure 5.7 illustrates the distribution of the perceptions of the respondents of their organisation's employer brand. It is clear that most of the respondents felt that their organisation has a *strong brand*.

Figure 5.7: Participants' perceptions of current employer brand



5.2.8 Alignment of EVP and strategy

The impact of the EVP decision-making process on the business strategy decision-making process was explored further with survey items 14 to 17. These statements investigated the alignment between EVP and organisational business strategy. The items were:

Q 14: There are formal structures set up in the organisation to create its EVP.

Q 15: Your organisational EVP reflects its strategy.

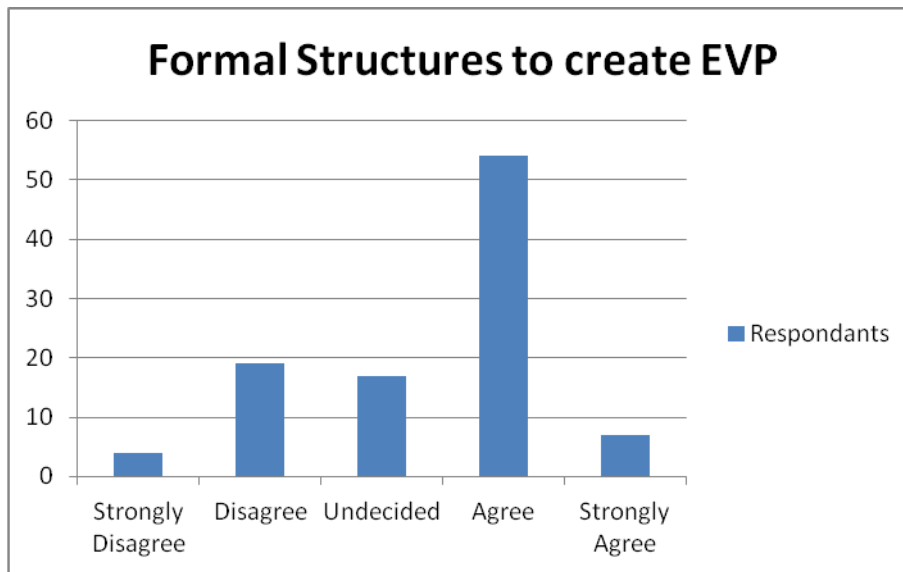
Q 16: Organisational goals are taken into consideration when planning an organisation's EVP.

Q 17: There is synchronisation between the EVP planning process and the organisational planning process.

The respondents were asked to respond by selecting the most appropriate option on a five-point Likert scale, ranging from *strongly agree* to *strongly disagree*. Figures 5.8 to 5.11 (below) illustrate the findings regarding the means.

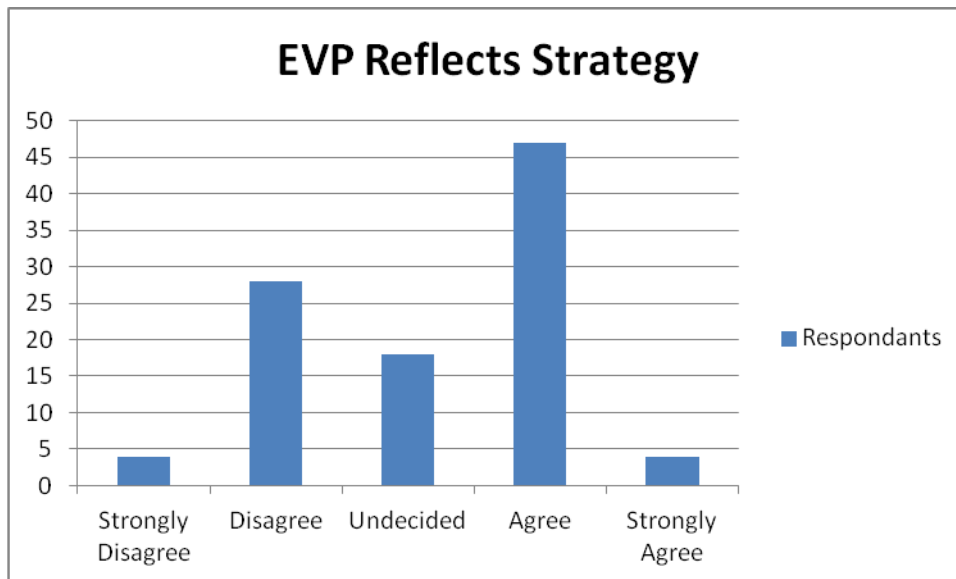
Figure 5.8 illustrates the responses to the statement: There are formal structures set up in the organisation to create its EVP.

Figure 5.8: Frequency distribution of responses to the statement: There are formal structures in place to create EVP



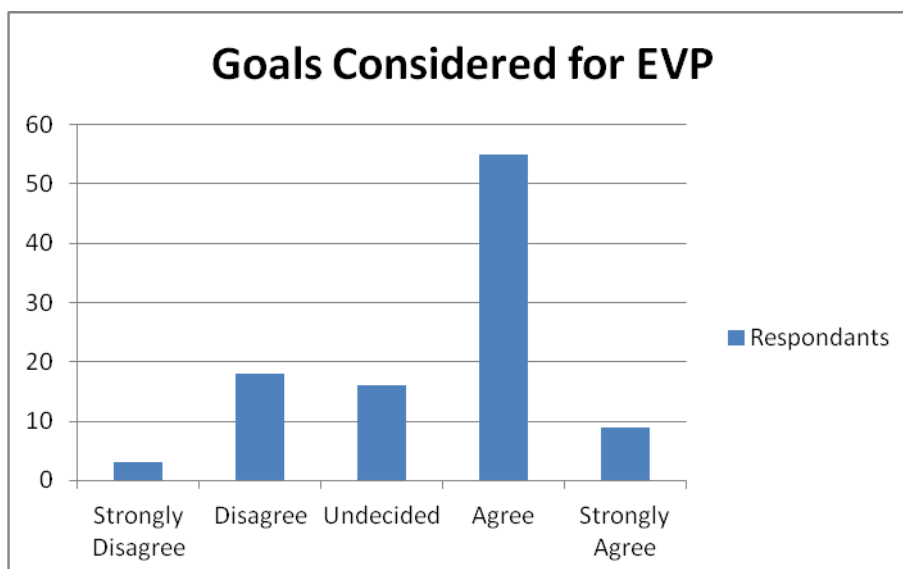
Most of the respondents felt that there were formal structures in place to create the organisational EVP. The responses to the statement that the organisation's EVP reflects its business strategy are illustrated in Figure 5.9 below.

Figure 5.9: Frequency distribution of responses to the statement: The organisation's EVP does reflect the business strategy.



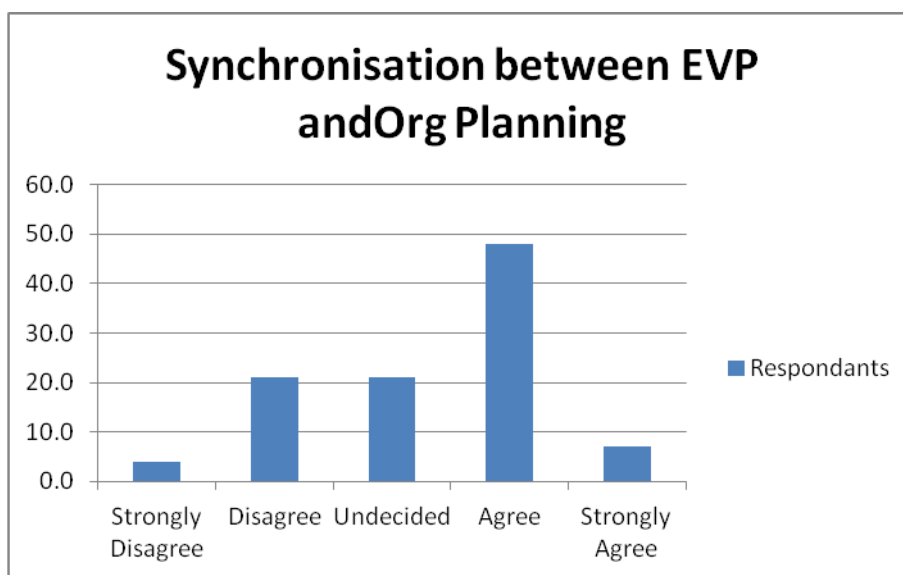
Most respondents felt that their organisational EVP does reflect the organisation's business strategy. Figure 5.9 illustrates the high percentage of respondents who felt that their organisation's EVP does not reflect its strategy. The responses to the statement that the organisation's goals are taken into consideration when the EVP is being planned are illustrated in Figure 5.10 below.

Figure 5.10: Frequency distribution of responses to the statement: The organisation's goals are taken into consideration when planning the organisational EVP.



More than 50% of the respondents were of the opinion that the organisational goals are taken into consideration when planning EVP. The distribution of the responses to the statement that there is synchronicity between the EVP and the organisational planning process is illustrated in Figure 5.11.

Figure 5.11: Frequency distribution of responses to the statement: There is synchronicity between the EVP planning process and the organisational planning process.



Most of the respondents were of the opinion that there is synchronicity between the EVP and the organisational planning process. Only 21% of the respondents disagreed with the statement. The calculated mean scores of the four statements covering the alignment between EVP and business strategy are shown in Table 5.11 below.

Table 5.11: Mean scores of statements covering EVP and strategy alignment, sorted by mean.

Items covering EVP/strategy alignment	Mean
1: Organisational goals are considered in EVP	3.49
2: Formal structures set up in organisation to create its EVP	3.41
3: EVP and organisational planning are synchronised	3.36
4: The EVP reflects the business strategy	3.19

The item with the highest mean score was item 14: The organisational goals are considered when planning the organisational EVP. The other statements also received high mean scores, indicating that most organisations do align their EVP with their organisational strategy.

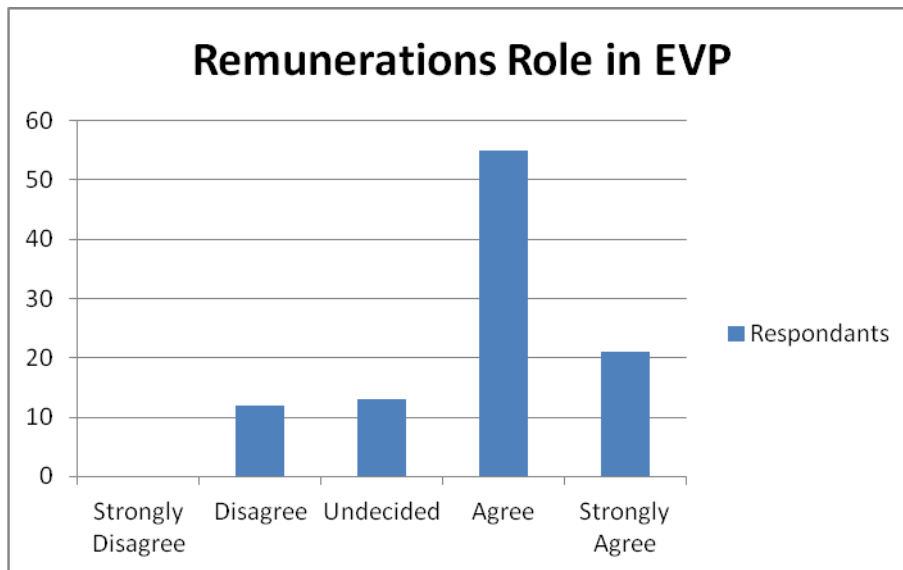
5.2.9 The emphasis organisations place on remuneration components when planning EVP.

The next series of statements covered the role that the different components of remuneration are playing in organisations' EVP decision-making processes. The statements used for the analysis were:

- 18: Remuneration plays a substantial role in your organisation's EVP.
- 19: Guaranteed package plays a substantial role in your organisation's EVP
- 20: Long-term incentives play a substantial role in your organisation's EVP.
- 21: Short-term incentives play a substantial role in your organisation's EVP

Figure 5.12 illustrates the responses to the statement regarding the importance of the role of remuneration to the organisation's EVP.

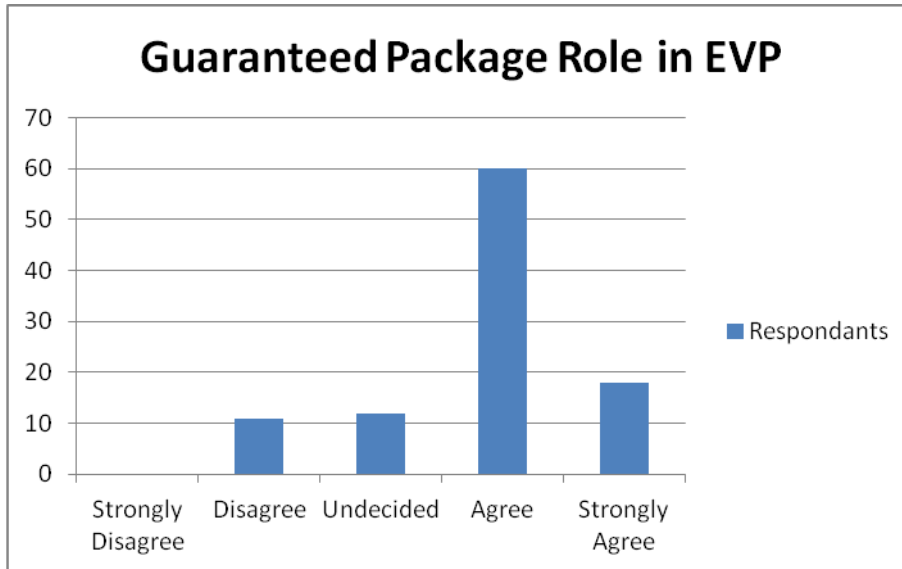
Figure 5.12: Frequency distribution of the responses to the statement: Remunerations plays a substantial role in your organisation's EVP.



The overwhelming majority (54%) of respondents indicated that they *agree* or *strongly agree* with the statement that remuneration plays a substantial role in their organisation's EVP. None of the respondents indicated that they *strongly disagree* with the statement.

Figure 5.13 illustrates the answers to the statement regarding the importance of the role of guaranteed package in the organisation's EVP.

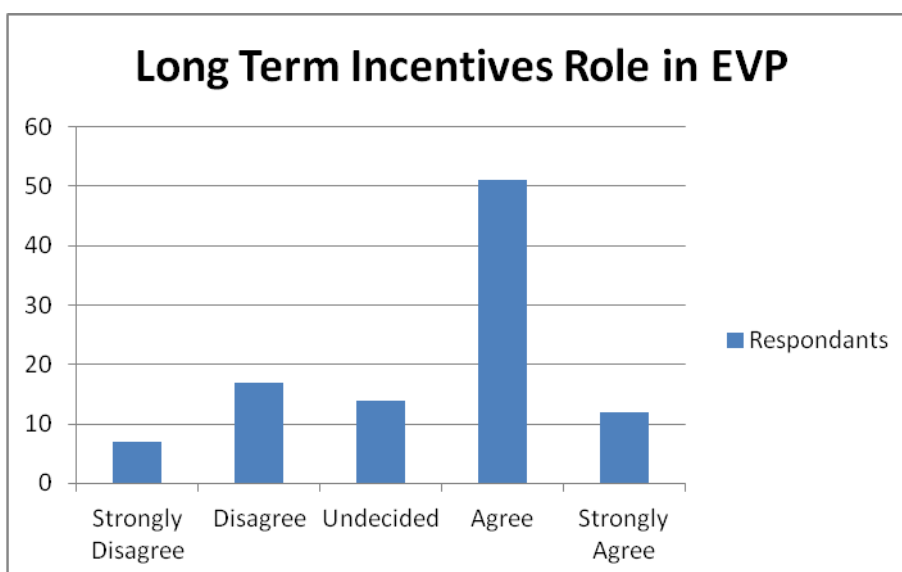
Figure 5.13: Frequency distribution of the responses to the statement: Guaranteed package plays a substantial role in determining your organisation's EVP.



Most (60%) of the respondents felt that *guaranteed package* plays an important role in their organisations' EVP.

The answers to the statement regarding the role of long-term incentives in the organisations' EVP are illustrated in Figure 5.14.

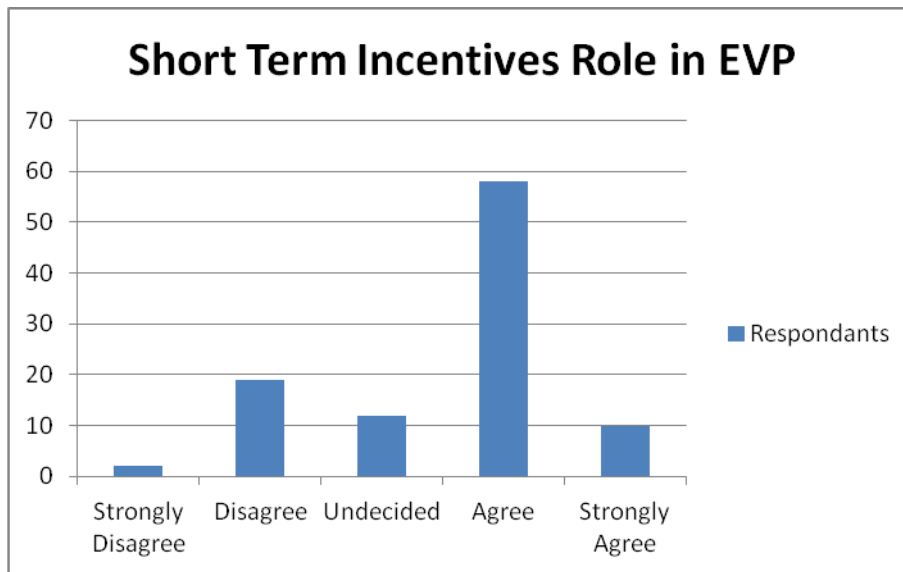
Figure 5.14: Frequency distribution of the responses to the statement: Long-term incentives play a substantial role in your organisation's EVP.



The bulk (51.2%) of the respondents indicated that they *agree* that long-term incentives play an important role in their organisations' EVP.

The role of short-term incentives, according to the respondents, is illustrated in Figure 5.15 below.

Figure 5.15: Frequency distribution of responses to the statement: Short-term incentives play a significant role in your organisation's EVP.



Almost 70% of the respondents agreed that their organisations are emphasising the importance of short-term Incentives when planning an EVP.

The calculated mean scores of the items covering the role that remuneration and its components play in the EVP are shown in Table 5.12 below.

Table 5.12: Means of items covering the role of components in the organisational EVP, sorted by mean.

Items covering the role of <i>remuneration</i> in EVP	Mean
18: Remuneration's role in EVP	3.84
19: Guaranteed package's role in EVP	3.84
20: Short-term incentives' role in EVP	3.55
21: Long-term incentives' role in EVP	3.44

5.2.10 The emphasis that organisations should place on remuneration components in their EVP

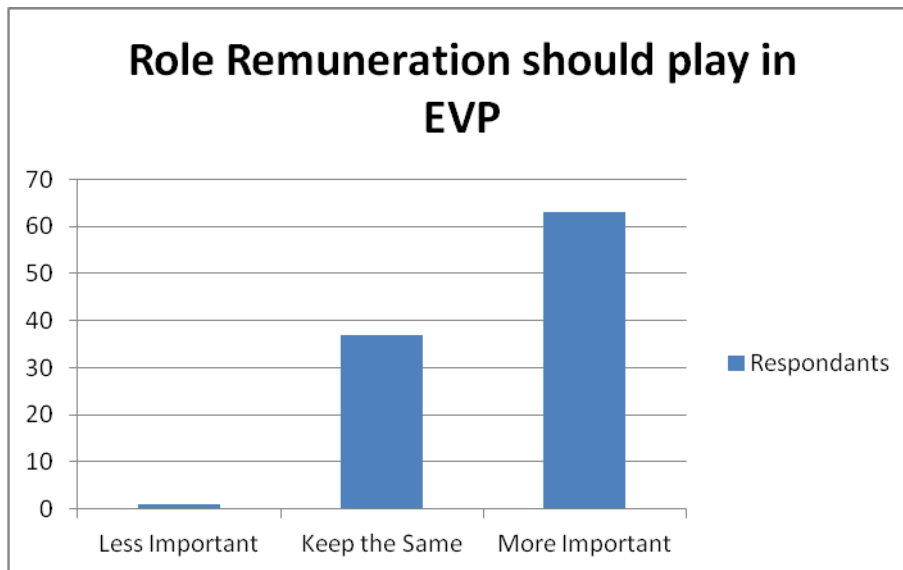
The last four questions of the survey asked the participants what role they felt the remuneration components should play in the organisation's EVP. The four questions appeared in the survey as follows:

- 22: What role should remuneration play in your organisation's EVP with regards to importance?
- 23: What role should Guaranteed Package play in your organisation's EVP with regards to importance?
- 24: What role should Short term incentives play in your organisation's EVP with regards to importance?
- 25: What role should Long term incentives play in your organisation's EVP with regards to importance?

Each questions had three possible answers: *more important*, *keep the same* and *less important*. The means show that the participants felt that all four components – remuneration, guaranteed package, short-term incentives, and long-term incentives – should play more important roles in their organisations' EVP.

Figure 5.16 illustrates the answers to the question regarding how important the role of remuneration should be in the organisation's EVP.

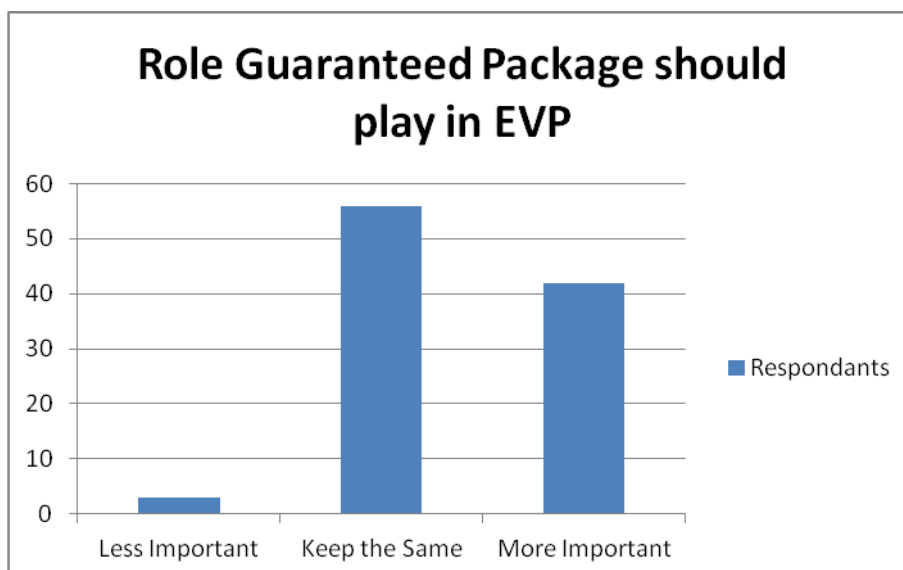
Figure 5.16: Frequency distribution of the responses to the statement: What role should remuneration play in the organisation's EVP?



Over 60% of the respondents felt that remuneration should play a more important role in the organisation's EVP. Only one respondent felt that less emphasis should be placed on remuneration.

Figure 5.17 illustrates the answers to the question on how important guaranteed package should be in the organisation's EVP.

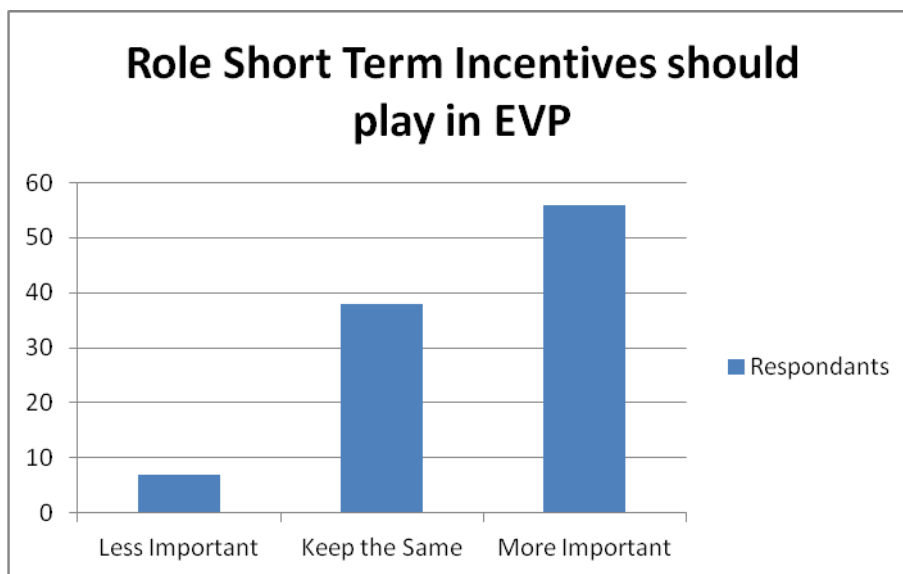
Figure 5.17: Frequency distribution of the responses to the statement: What role should guaranteed package play in the organisation's EVP?



More than 55% of respondents felt that the role of *guaranteed package* in their organisations' EVP should stay the same, with just over 40% of the respondents feeling it should play a more important role.

The answers to the question on what role short-term incentives should play in the organisation's EVP are illustrated in Figure 5.18.

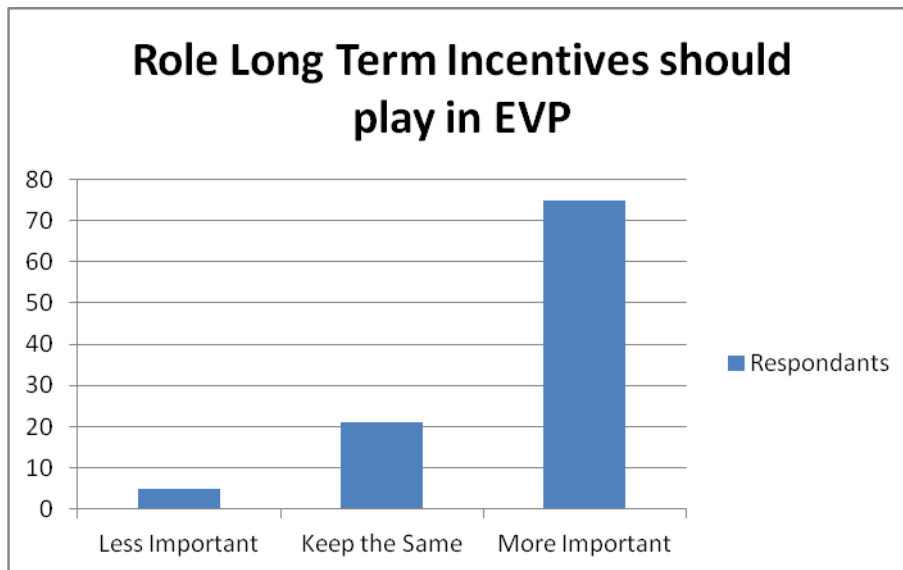
Figure 5.18: Frequency distribution of the responses to the statement: What role should short-term incentive play in the organisation's EVP?



Almost 60% of the respondents felt that organisations should place more emphasis on short-term incentives when planning their EVP.

The role that respondents felt long-term incentives should play in the EVP is illustrated in Figure 5.19 below.

Figure 5.19: Frequency distribution of the responses to the question: What role should long-term incentives play in the organisation's EVP?



Only 21% of the respondents felt that the weighting of long-term incentives in the organisation's EVP should stay the same, while a majority of 74% of respondents felt that long-term incentives should play a more important role in the EVP.

The calculated mean scores of the four questions are shown in Table 5.13 below.

Table 5.13: Means of questions covering the role that the remuneration components should play in the organisation's EVP, sorted by mean.

Items covering the role that remuneration should play in the EVP	Mean
22: Role long-term incentives should play in EVP	2.69
23: Role remuneration should play in EVP	2.63
24: Role short-term incentives should play in EVP	2.49
25: Role guaranteed package should play in EVP	2.39

According to the respondents, more emphasis should be placed on all the components. Respondents were of the opinion that the most emphasis should be placed on long-term incentives, indicated by the highest of all the mean scores.

5.3 Cross-tabulations

Respondents' job levels, obtained from the demographic analysis, were cross-tabulated with a series of other results. These cross-tabulations provide insight into who the decision makers are, and what decisions they make with regard to EVP and the remuneration components.

The first combination of data to be cross-tabulated was job level and the participant's role in the organisation's business strategy decision making. The CEOs, with a mean score of 4.5, felt they spend the greatest percentage of their time on business strategy. The board members came second, with a rank score of 4.25. The specialists and *other* groups spend the least amount of time on organisational business strategy. The results of the cross-tabulation can be seen in Table 5.14.

Table 5.14: Cross-tabulation of job level and percentage role in organisational business strategy, sorted by mean score.

Job level	Mean	Percentage role in organisational strategy				
		0% - 19%	20% - 39%	40% - 59%	60% - 79%	80% - 100%
CEO	4.50	0	0	0	2	2
Board Member	4.25	1	0	0	0	3
Financial Director Human Resources	4.00	0	0	0	1	0
Director	3.17	1	2	0	1	2
Executive Manager	2.83	1	2	0	3	0
Senior Management	2.83	3	9	10	6	2
Specialist	1.82	15	12	5	2	0
Other	1.75	9	3	3	1	0

The cross-tabulation between job level and role in EVP decision making shows that CEOs and board members play the most important role in EVP decision-making. The specialists and *other* job levels play the least important roles in EVP decision making. The cross-tabulation between job level and EVP decision making is shown in Table 5.15.

Table 5.15: Cross-tabulation of job level and role in EVP decision making, sorted by mean score.

Job level	Mean	Role in EVP decision-making process				
		No role	Small role	Medium role	Big role	Major role
CEO	5.00	0	0	0	0	4
Board member	4.50	0	0	1	0	3
Human resources director	4.30	0	0	0	4	2
Executive manager	4.20	0	1	0	2	3
Financial director	4.00	0	0	0	1	0
Senior management	3.10	0	7	15	5	3
Specialist	1.90	15	12	5	2	0
Other	1.90	6	5	5	0	0

The HR directors felt that EVP decision making plays a more important role in their job descriptions than business strategy decision-making. The financial directors, on the other hand, felt that business strategy decision making plays a more important role in their job description than EVP decision making.

The respondents' perceptions of their current organisations' brand strength is an important indicator of their perception of their organisations. The cross-tabulation of job level and employer brand indicated that all the job levels felt that their organisation's brand is positive. The single financial director that responded to the survey gave his organisation a strong brand rating of 5. CEOs gave the second-highest rating, with a mean score of 4.25, followed by the executive manager group (4.17), and the board member group (4). The other job levels rated their organisations' brands the lowest, with a mean score of 3.25. The full results of the cross-tabulation are provided in Table 5.16.

Table 5.16: Cross-tabulation of job level and organisational brand, sorted by mean.

Job level	Mean	Very weak brand	Weak brand	Neither weak nor strong brand	Strong brand	Very strong brand
Financial director	5.00	0	0	0	1	0
CEO	4.25	0	0	1	1	2
Board member	4.00	0	0	0	4	0
Executive manager	4.17	0	0	1	3	2
Human resources director	3.83	0	1	1	2	2
Senior management	3.77	0	4	6	13	7
Specialist	3.62	2	3	9	12	8
Other	3.25	0	4	5	6	1

Table 5.16 shows a strong correlation between the seniority of the job level and the perception of the employer brand. The table also indicates that the job levels that play the biggest parts in EVP decision-making and business strategy are also the most positive about their organisations' brands.

Items 14 to 17 of the survey covered the synchronization of EVP and the organisations' business strategy:

- 14: There are formal structures in the organisation to create its EVP.
- 15: Your organisational EVP reflects its strategy.
- 16: Organisational goals are taken into consideration when planning an organisation's EVP.
- 17: There is synchronisation between the EVP planning process and the organisational planning process.

The cross-tabulation of the job levels and items 14 to 17 indicated that the different job levels more or less agreed with the statements. The means of the cross-tabulation are shown in Table 5.17 below.

Table 5.17: Mean scores resulting from the cross-tabulation of job level and statements regarding EVP and organisational strategy

Job level	Mean scores			
	Formal structure to create EVP	EVP reflects strategy	Organisational goals when planning EVP	Synchronisation between EVP and planning
CEO	4.00	4.00	4.00	4.00
Board member	3.50	4.00	4.00	4.00
Human resource director	4.00	3.33	4.00	3.67
Financial director	4.00	4.00	3.00	3.00
Executive manager	3.50	3.50	3.67	3.33
Senior management	3.53	3.1	3.43	3.10
Specialist	3.15	3.15	3.35	3.50
Other	3.25	2.81	3.38	3.91

Table 5.17 illustrates that the more senior job levels, such as CEO and board member, indicated more agreement with the statements than did the other job levels, resulting in higher mean scores.

Items 18 to 21 covered the current role of the different remuneration factors in the EVP:

- 18: Remuneration plays a substantial role in your organisation's EVP.
- 19: Guaranteed package plays a substantial role in your organisation's EVP.
- 20: Long-term incentives play a substantial role in your organisation's EVP.
- 21: Short-term incentives play a substantial role in your organisation's EVP.

The cross-tabulation between the job levels and the four applicable questions provided more insight into what the respondents in their respective job levels thought about the different aspects of remuneration. The results indicated that all the job levels agreed that remuneration and the three remuneration components are important in their current organisations' EVP.

Table 5.18: Mean scores resulting from the cross-tabulation of job levels and current remuneration components

Job level	Mean scores			
	Remuneration	Guaranteed package	Short-term incentives	Long-term incentives
CEO	4.50	3.50	4.25	4.50
Board member	3.50	3.75	4.00	3.50
Human resource director	3.67	3.67	3.17	3.33
Financial director	4.00	4.00	4.00	4.00
Executive manager	4.00	3.67	4.17	3.83
Senior management	3.73	3.87	3.43	3.53
Specialist	3.82	4.00	3.26	3.53
Other	4.00	3.69	3.25	3.31

The job levels of CEO and board member had the highest mean scores. The CEOs scored the highest mean scores for remuneration and long-term incentives, indicating that they feel very strongly about these two components. The only other mean score above four was the importance that executive managers placed on short-term incentives.

The role that the respondents felt remuneration and its three components should play in the EVP was covered in Questions 22–25:

- 22: What role should remuneration play in your organisation's EVP with regards to importance?
- 23: What role should guaranteed package play in your organisation's EVP with regards to importance?
- 24: What role should short-term incentives play in your organisation's EVP with regards to importance?
- 25: What role should long-term incentives play in your organisation's EVP with regards to importance?

The questions offered three possible responses: *less important*, *keep the same*, and *more important*. The mean scores show that all the participants felt that the different components should be at least as important as they are currently viewed, or they should play a more important role in the future, with the exception being the board

members, who indicated that guaranteed package could play a smaller role. Guaranteed package scored the lowest mean totals of all the job levels, with the exception of *other*.

Table 5.19: Mean scores resulting from the cross-tabulation of job levels and importance of remuneration components

Job level	Mean score			
	Remuneration	Guaranteed package	Short-term incentives	Long-term incentives
CEO	2.50	2.50	2.50	2.75
Board member	2.25	1.75	2.25	2.75
Human resource director	2.83	2.00	2.50	3.00
Financial director	2.00	2.00	3.00	3.00
Executive manager	2.50	2.00	2.33	2.67
Senior management	2.60	2.47	2.50	2.93
Specialist	2.59	2.38	2.62	2.50
Other	2.81	2.69	2.25	2.50

On average, it was the opinion of the participants that remuneration and its three components (guaranteed package, short-term incentives, and long-term incentives) should play a more important role in their organisations' EVP.

5.4 Regression analysis

A regression analysis was conducted to investigate whether the remuneration questions were good predictors of the employer brand.

Table 0.20: Regression analysis of employer brand and current remuneration components.

Model	Unstandardise		Standardise		P (Sig)	R	R ²	ΔR ²
	coefficients		coefficients	t				
Employer brand and current remuneration components								
	B	SE	Beta			0.24	0.06	0.05
(Constant)	0.57	0.72		0.79	0.43			
ESP	0.68	0.28	0.24	2.41	0.02			

The significance level of 0.02, shown in Table 5.19, indicates that the questions related to remuneration offer a significant predictor of the dimensions of employer brand. This set of questions produced an R^2 value of 0.05 for the prediction of the affective dimension, indicating that only 5% of the total variance in the affective dimension was explained by the regression model consisting of the questions on remuneration.

Table 0.21: Regression analysis of employer brand and EVP/business strategy synchronisation

Model	Unstandardised		Standardise	t	P	R	R ²	ΔR ²
	coefficients		d		(Sig)			
Employer brand and EVP/strategy synchronisation								
	B	SE	Beta					
(Constant)	1.00	0.64		1.57	0.12	0.39	0.15	0.10
ESP	0.85	0.20	0.39	4.20	0			

It is evident from Table 5.20 that the questions related to EVP/business strategy offer a significant predictor of all the dimensions of EVP. This set of questions produced an R^2 value of 0.15, indicating that only 15 percent of the total variance in the affective dimension was explained by the regression model consisting of the set of questions on EVP/strategy.

Both sets of questions are significant predictors of the employer brand, but explained relatively small portions of the employer brand.

5.5 Conclusion

This chapter was a presentation of the research results. The results of the survey indicate that remuneration, guaranteed package, long-term incentives, and short-term incentives are important in the construction of an organisation's EVP, and should play an even more important role in this process. In terms of the relationship between EVP and strategy, the respondents were of the opinion that it is important for organisations to align these two constructs in order gain the optimal results for the organisation. The role players in the EVP decision-making process were also ranked according to importance in the EVP process, with CEOs ranked as the most important. The results

also suggest a strong correlation between the role players in EVP decision-making and organisational decision-making.

The next chapter will provide a discussion on the results of the research against the background of the literature review in Chapter 2 and the research questions discussed in Chapter 3.

Chapter 6: Discussion of results

The previous chapter outlined the statistical analyses conducted on the raw data obtained from the survey. In this chapter, the results are discussed and linked to the literature review and research questions of this study.

The main purpose of this research was to better understand EVP in organisations. More specifically, the study aimed to establish whether remuneration, guaranteed package, long-term incentives, and short-term incentives still play a role in organisational EVP, who makes those decisions, and how those decisions are influenced by organisational strategy. In this chapter, the researcher will present a comprehensive discussion of the findings from both the literature and the present study. An integrated conclusion, derived from the findings, is presented at the end of this chapter, together with a framework that will illustrate the relationship between the components that need to be in place to ensure the optimal EVP strategy. The discussion of the results in this chapter is presented in the order in which the research questions were presented. The original research questions were:

Primary research question: To what extent do remuneration, guaranteed package, long-term incentives, and short-term incentives play a role in an organisation's EVP?

Secondary research question 1: To what extent does the organisational strategy play a role in the organisation's EVP?

Secondary research question 2: Who in the organisation are the decision makers regarding the EVP?

6.1 Research Question 1

With Research Question 1, the researcher sought to determine the role of remuneration, guaranteed package, and long-term incentives in the organisational EVP.

6.1.1 Remuneration

Gioncola (2009) states that multiple components of reward need to be combined to form an organisational rewards strategy. By comparing the means of the different components rated by the respondents in the present study, it is clear that fixed pay (i.e. mean=3.5644) is considered the most important component of the total reward package. This result is in conflict with some theories covered in Chapter 2 (e.g., that of Tang et al., 2004) that propose that organisations should not concentrate on money as a reward, but supports other theories, such as that of Rynes et al. (2004), that the role of pay is underrated. It is clear from the means obtained in the present study that base pay is distinctly important.

The analysis of the means indicated that remuneration and its components play the following role in the EVP:

- **Remuneration** – Remuneration as a collective concept is crucial in the organisational EVP, which is in agreement with the literature (Bussin & Gildenhuis, 2008). The results of the present study further indicate that remuneration should play an even more important role in an organisation's EVP.
- **Guaranteed package** – Guaranteed package as one of the components of remuneration currently plays the most important part of all the components of remuneration. This is supported by Bussin (2010) who states that more than 70% of South African organisations use guaranteed package structures to pay their employees. The present study also shows that guaranteed package should play a more important role in an organisation's EVP with 97% of the respondents stating that guaranteed package should play the same role or an more important role in the future. However, more than half of the respondents indicated that the role of guaranteed package should stay the same. Respondents were of the view that guaranteed package requires the least increase in emphasis when planning future EVPs.
- **Long-term incentives** – This component is regarded as requiring the most emphasis when organisations plan their future EVP. Long-term incentives play an important part in an organisation's EVP, but the present study shows that long-term incentives are currently playing the smallest part of all the remuneration components. Organisations, therefore, need to rethink their

strategy with regards to long-term incentives, and use it more effectively in their future remuneration strategies. The trend of long-term incentives' growth in importance is supported by Quirk (2012), who states that the popularity of long-term incentives in the US has grown from 14% in 2006 to 25% in 2011.

- **Short-term incentives** – According to the present study's results short-term incentives play an important part in the organisational EVP, and organisations need to put more emphasis on short-term incentives in the future. The literature states that 77% of firms showing a profit over a three-year period offered short-term incentives (Erasmus & Schenk, 2008).

Theory covered in the literature review also proposes that managers should gain an understanding of all the components of the total reward package to enable them to motivate employees. The results of the research show that all the components play a significant role in the eyes of the respondents, and all of the components showed relatively high means, which suggests that all have to be considered to a certain extent. The attributes that employees consider important differ from organisation to organisation (Maxwell & Knox, 2012), which needs to influence decision makers when they plan their remuneration strategy.

6.1.2 Total reward package

The importance of the different remuneration components was discussed above. The rank order of importance of the components of the total reward package according to the present research is as follows:

1. Fixed salary
2. Development and career opportunities
3. Performance and recognition
4. Variable pay
5. Work-life balance
6. Benefits.

Managers and decision makers need to understand that all the components are important when considering a total reward package. The results of the present study show that fixed salary is statistically more important than the other components. Very

little statistical differentiation is shown between the other components. This indicates that all the components are important in the remuneration process, and all should be used effectively. This finding is in line with the literature, with Rynes et al. (2004) suggesting that pay is significant because it is widely applied across industries and organisations, and has a wide range of symbolic meanings. Managers and decision makers need to strategically plan their remuneration programme, taking into account their organisations' unique circumstances.

6.1.3 Opinion of the job levels

It is clear from the results of the present study that the participants regard the role of remuneration and its three components (guaranteed package, long-term incentives, and short-term incentives) in the organisational EVP as important. The research also shows that companies are currently concentrating the most on remuneration as a whole construct, and guaranteed package as a single component, when they consider their organisational EVP.

The respondents indicated that all four components **should** play more important roles in the organisation's EVP. Remuneration and short-term incentives need the biggest increase in emphasis when planning organisations' EVP.

Different job levels have different view on the importance of the different remuneration components in the organisational EVP. CEOs, specialists, and *Other* are of the opinion that remuneration is currently playing the most important role in the organisational EVP, while board members are of the opinion that guaranteed package and short-term incentives are the most important components. According to human resource directors, remuneration and guaranteed package are the most important, and senior managers regard guaranteed package as the most important. The importance that the components should receive also differs between the different job levels, but not as much as regarding the current importance of the components.

The significant difference in the views of job levels regarding the importance of the different components could be due to two reasons: The first is the message that the organisations are sending to employees and the second is the personal wants and needs of the employees (Cross & Friedman, 2004).

6.1.4 Conclusion

The different components researched are all important to the EVP. Remuneration as a whole should receive the most attention from organisations when they plan their organisational EVP. More thought also needs to be given to the weighting accorded to the individual components when considering the organisational EVP.

The differences in perspectives of the different job levels also show that different organisations treat the remuneration process differently, a notion that is supported by Gross and Friedman (2004) when they say that total reward needs to be unique to each organisation. Also, different job levels in organisations seek different strategies when regarding their total reward package.

Future EVP decision makers need to concentrate on what the different employees see as important in terms of rewards. It is crucial for EVP decision makers to treat each case and each employee on own merit, as people, companies, and job levels differ. Organisations need to start now, as it is predicted that the war for talent will continue in the future (Bussin, 2008). It is evident from the literature review that organisations need to invest in their reward strategy and put one in place that will further enhance their achievements (Armstrong, 2011).

Remuneration, guaranteed package, long-term incentives, and short-term incentives play a substantial role in determining an organisation's EVP. The roles that these components play are dependent on the organisation and the EVP decision makers.

6.2 Research Question 2

Research Question 2 sought to determine the extent of the role of organisational strategy in determining an organisation's EVP.

6.2.1 The alignment

It is stated in the literature that the alignment of business and human resources is the central principle of strategic human resource management (Batt, 2007). This view is also supported by the results obtained from the analysis of the data in the present study.

The present research indicates that the EVP should reflect the organisation's strategy. The research further indicates that formal structures have been put in place to create the EVP. Organisations are also aligning their EVP with their business strategy by considering their goals when planning their EVP.

However, analysis of the data showed that a high percentage of organisations have no formal structures in place to create their organisational EVP. Furthermore, a high percentage of respondents felt that their organisation's EVP did not reflect its strategy, and that there was no synchronisation between the business and the EVP. The lack of alignment between business strategy and EVP is supported by the literature, which states that one of the biggest challenges faced by management is the employment of motivation techniques to achieve business strategy goals (Arnolds & Venter, 2008).

6.2.2 Conclusion

The percentage of organisations that are aligning their EVP strategy with their organisational strategy is high, as expected, but the number of organisations that are not aligning their EVP with their organisational strategies is also substantial. This leads to mixed messages being sent to employees as the employees doesn't always know where they stand with their organisations. This finding also contradicts the literature discussed in Chapter 2, where it was stated that HR should play a part in business strategy decision making, and should align their strategies with those of the organisation (Aghazadeh, 2003).

The analysed data from the present research are supported by the literature, but it seems that many organisations that are not successfully aligning of their EVP and their organisation's business strategy.

6.3 Research Question 3

With Research Question 3, the study sought to determine who the decision makers are in the EVP decision-making process.

6.3.1 Role players

The literature indicates that remuneration and EVP processes are not only the responsibility of the human resource function. Chapman and Kelliher (2011) identified four groups that influence the decision making of the reward mix, namely the board, the CEO, the human resource director, and the financial director. Literature shows that the role players in the reward mix are diverse. For the purpose of the present study, a more comprehensive list of role players was used. The rankings of the role players in the EVP decision-making process is as follows:

- 1 CEO
- 2 Human resource directors
- 3 Leadership team
- 4 Executive team
- 5 Financial directors
- 6 Senior management
- 7 Board member
- 8 Line manager
- 9 Specialist

The rankings of the business strategy role players differ from those in EVP decision-making, which differences are discussed in the next section.

6.3.2 EVP decision makers vs. business strategy decision makers

The Pearson correlation coefficient of the perceived EVP decision-making role players and the perceived organisational strategy role players was discussed in the previous chapter. There is a positive relationship between all the variables from the EVP group compared to the strategy group, the relationships between the two groups varies in strength.

There are differences in the ranking in term of the role players in EVP and the role players in business strategising. A human resources director is ranked number 6 in business strategising and number 2 in EVP decision-making. This indicates that there

is a difference in the importance of the different jobs in the two processes. However, the Pearson correlation indicated that there is a correlation between all the job levels with regard to the EVP and business strategy.

The above mentioned results are supported by the literature. Dyer and Holder (1988) state that human resources executives should cooperate with their counterparts in other departments in developing HR strategies. It is also stated that the human resource function should play a role in developing business strategy.

In the present study, correlations between different job levels were evident, e.g., *CEO* has a strong negative correlation with *specialist* and *other*, and a medium relationship with *leadership team* and *human resources director*. The relationship between the job levels and whom they perceive as the future decision makers will be an interesting topic for future research.

6.3.3 Cross-tabulation

It is evident from the cross-tabulation of the job levels and the roles they play in the EVP decision-making process that CEOs play the biggest role in the EVP decision making, while specialists play the smallest part in both EVP decision making and business strategy. Human resources directors and executive managers both play bigger parts in the EVP decision-making process than in business strategy decision-making.

6.3.4 Conclusion

The main EVP decision makers in organisations are the CEO, the human resources director, and the leadership team. The role players play slightly different roles in the EVP decision-making process and the business strategy, but there is a medium to strong correlation for all the job levels, which indicates that the job levels play similar roles in the two processes, even if the roles are not exactly the same.

6.4 Conclusion

The results from the research illustrate that organisations need to understand and utilise all components of the total reward package to extract the optimal value for the company. The literature indicates that non-financial rewards are important in reward strategy, but the present research clearly shows that financial rewards remain the primary reward strategy.

Organisations are attempting to align their EVP with their business strategy, but the present research shows that many organisations that are not attaining the optimal alignment. The present study also shows that EVP decision-making should be aligned with the organisation's business strategy.

The literature indicates that human resources should involve other departments in the rewards strategy process, and that human resources should also play a significant role in the business strategy process. The research results indicate that there is a correlation between EVP decision making and the organisation's business strategy, with the most important role players in the EVP decision-making process being the CEO, the human resource director, and the leadership team.

6.4.1 EVP planning framework

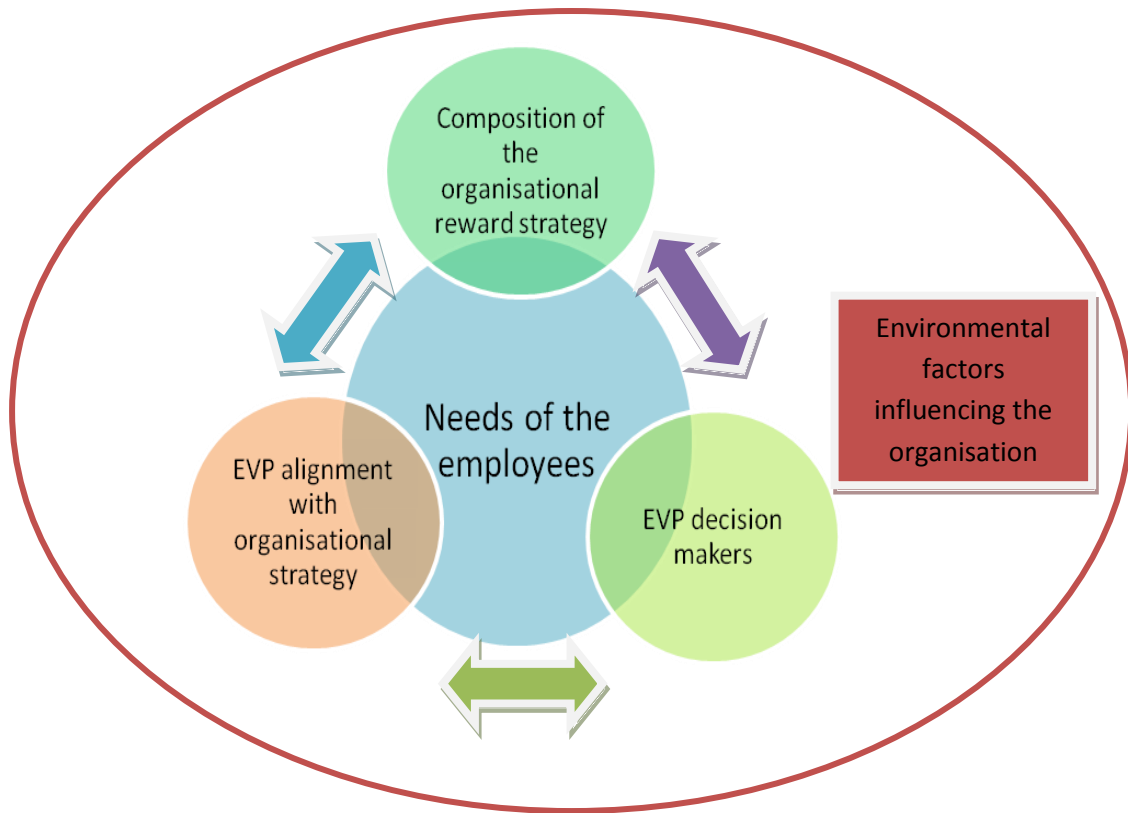
The findings mentioned above hold numerous implications for organisations when they plan their organisational EVP. Armed with information on the important decision makers, the alignment of EVP, and the remuneration components, stakeholders could develop EVP and remuneration strategies that will increase employee satisfaction and ultimately improve the outcomes for the their organisations.

The relationships between the different components involved in planning the organisation's EVP are shown in Figure 6.1. The figure illustrates that the components are placed around the needs of the employees; the needs of the employees have to be taken into consideration when planning the organisation's EVP. The figure further illustrates that the entire process is reliant of environmental factors such as industry and macro economic environment, and that the process will be different for every organisation.

The alignment of EVP and business strategy goes hand in hand with who the decision makers are. The research shows that the EVP should be aligned with organisation's business strategy. The research also shows that the same decision makers play very similar roles in the EVP and the organisation's strategy decision-making process. Alignment is an evolving process, and should be constantly reviewed and considered. It is important that the right decision makers ensure the best EVP by aligning it with the organisation's business strategy. The information should also flow the other way – the right the decision makers should be selected to ensure optimal alignment.

The third factor in Figure 6.1 is remuneration, the tool that these managers could use to ensure alignment of the EVP with the business strategy, by considering the needs of the employees. The research indicated which of the remuneration components are important to employees. The ranking of these components according to the current study are: remuneration, guaranteed package, short term incentives and long term incentives.

Figure 6.1: EVP planning framework. Source: Integration of the literature review and factor analysis (Author's own)



The correct decision makers with knowledge of the organisational strategy should be empowered to ensure that the needs of the employees are met by using the optimal remuneration strategy.

The following chapter concentrates on the results of the research, and includes a discussion of recommendations and the limitations of the study.

Chapter 7: Conclusion

7.1 Introduction

In the previous chapter, the results obtained from the data were discussed with reference to the literature.

Literature on remuneration tends to concentrate on non-financial elements, but the results from the present research contradict the literature. Very little literature exists on the role players in the EVP decision-making process, and the present study investigated who makes the decisions in the organisational EVP process. Some literature exists on the relationship between the business strategy and EVP, but no actual research studies were found. The present study explored the relationship between business strategy and EVP.

It is also the first time that research has attempted to explain the relationship between remuneration, business strategy, and decision making in an EVP. A framework was developed to explain the relationship between the different components.

The focus in this chapter is on the main findings of the research and the recommendations resulting from these findings. Recommendations for future research are made and the limitations of the present study are identified and discussed.

7.2 Main findings of the study

The purpose of this research was to gain an understanding of the EVP process in organisations. More specifically, the study aimed to establish whether remuneration still plays a role in an organisation's EVP, who makes those decisions, and how those decisions are influenced by the organisation's business strategy.

In an attempt to obtain clarity on the above, the following research questions were posed:

Question 1: To what extent do remuneration, guaranteed package, long-term incentives, and short-term incentives play a role in an organisation's EVP?

The results showed that remuneration and all its components play a significant role in the EVP. In addition, the results indicate that there should be more emphasis on remuneration and its three components, especially short-term incentives.

Question 2: To what extent does organisational strategy play a role in determining the organisation's EVP?

Most organisations successfully align their EVP with their business strategy. The present study and the literature indicate that EVP decision making is conducted with the organisational strategy in mind. However, a substantial percentage of organisations fail to achieve this, as their EVP decision making is completely disconnected from their business strategy.

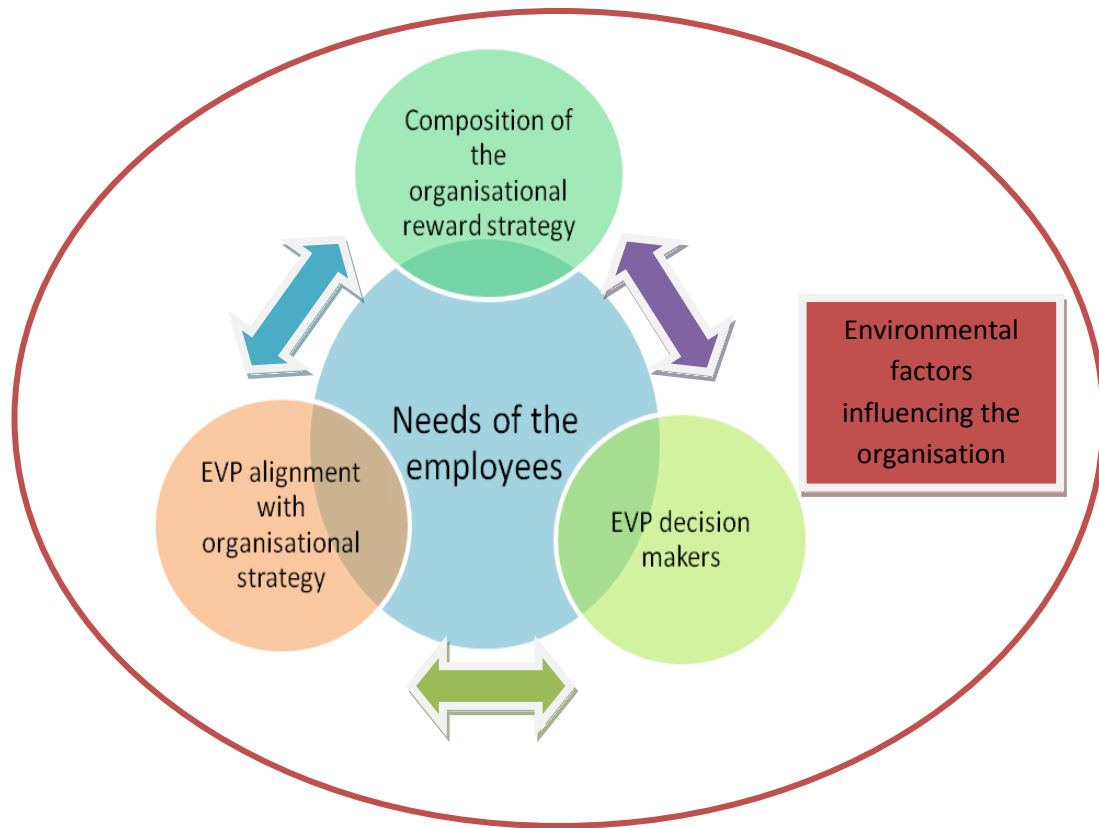
Question 3: Who in are the decision makers regarding the EVP?

A high correlation exists between EVP decision makers and the business strategy decision makers. The key EVP decision makers were ranked as follows:

- 1 CEO
- 2 Human resource directors
- 3 Leadership team
- 4 Executive team
- 5 Financial directors
- 6 Senior management
- 7 Board member
- 8 Line manager
- 9 Specialist

Organisations need to appoint the right people to ensure the alignment of EVP and strategy. These decision makers also need to look at the needs of the employees and use the most effective remuneration strategy. The decision makers, the business strategy, the employees' needs, the environment of the organisation, and remuneration all play a role in organisation's EVP. The relationships between these components should be managed to ensure an optimal EVP strategy. These relationships are indicating in the illustration of the EVP planning process below.

Figure 7.1: EVP planning framework. Source: Integration of the literature review and factor analysis (Author's own)



7.3 Recommendations

The present study set out to determine the role of remuneration and its components (guaranteed package, long-term incentives, and short-term incentives) in an EVP. It is safe to say that most organisations and employees gravitate towards financial rewards, even though the literature tends to favour non-financial rewards. The results of the present study showed that more emphasis should be placed on the financial components. The literature further states that all organisations are unique. It is therefore crucial that organisations continuously monitor the needs and wants of their employees in order to develop their own EVP strategies.

Organisations also need to know how to manage these components. Organisations throw money at their employees because they don't know how to manage the rewards process in order to extract optimal results. This prompts the question: To what extent has the importance of money been driven by the employee or the employer? It is

recommended that organisations constantly review their remuneration strategies in order to align it with the needs of the employees and to manage their rewards strategy.

It is recommended that organisations research and understand what their employees and potential employees want and need from their pay packages. This needs to be a continuous and evolving process in order to achieve unified goals between business strategy and employer brand. This will enable the organisation to gain optimal value from its human resource assets in terms of the performance of the organisation.

The fact that the present study shows that an EVP should be aligned with the organisation's business strategy presents a good opportunity for organisations to involve different role players in both. It is recommended that organisations involve human resources managers in the business strategy process, and also involve other senior management positions in the EVP decision-making process. This inclusion of different role players will make the alignment of EVP and the business strategy more effective.

The EVP process should be viewed as a whole, rather than different components. Organisations should develop their EVP strategy by considering the environment as this will differ between companies. The employees' needs, the decision makers, the business strategy, and the remuneration components. The organisation should also consider the relationships between these components when planning their EVP.

7.4 Limitations of the research

The research was done through a quantitative survey sent to respondents via email. The respondents' views might have been better captured using a qualitative interview.

The small sample of 101 respondents may indicate a lack of depth in the research. Care needs to be taken when using the results of the present study.

Only clients of the SARA were included in the present study. The sample might have produced skewed results due to sample bias. The survey reached mainly HR managers, which might have resulted in a bias in favour of this group.

The lack of depth further manifests in the lack of representation for some of the job levels. Caution needs to be taken when using data from the present study concerning the different job levels.

The present study does not explore all of the components of EVP and is therefore not comprehensive in this regard.

7.5 Suggestions for future research

The literature suggests that non-financial rewards are the preferred reward type. This is contradictory to the results of the present study, which found that monetary reward in the form of base pay is considered the most important. Further studies could retest these results using bigger samples and all the components of reward.

The preferences of employees, according to the present study, are monetary rewards. Another suggestion for future research is to investigate what influences these preferences, as well as the dynamics of these preferences, for whether employer preferences are dependent on macro-economic factors, status, and life cycle.

The current study was conducted on all job levels in organisations. Future research could be done in more detail on specific job levels. This will indicate their specific preferences, which will be to the benefit of organisations with EVP strategies.

The different job levels gave a variety of answers to the questions regarding EVP and reward components. It is suggested that future research be done on the way in which human resources departments communicate their strategic plans to employees and other departments in organisations.

The present study indicates that HR management should be included in the organisation's business strategy process, while including other job levels such as financial director, management team and the CEO in the EVP decision-making process. Future research could establish how these two roles can be combined to streamline the two processes in the organisation.

The EVP should be aligned with the organisations business strategy. A possible framework for this alignment can be considered for a future study.

A random sample should be used to ensure that inferences can be made for the entire population.

The relationship between the job levels and whom they perceive as the future decision makers in the EVP decision making process will be an interesting topic for future research.

Future research could also explore the dynamics of the relationships in the EVP planning framework.

7.6 Conclusion

The main objective of this study was to establish the role of remuneration components in an organisation's EVP. In addition, the study explored the alignment of EVP with business strategy, as well as the decision makers in the EVP process.

A total reward strategy should be applied, as there is more to reward than just money. Guaranteed package, long-term incentives, and short-term Incentives are also important in the total reward package. It is evident from the present study that remuneration is still considered the most important form of reward, and that base pay is the most important remuneration component.

It was further confirmed that organisations should align their EVP strategy with the business strategy in order to maximise the benefit to the organisation. There are multiple decision makers in the EVP process, with the CEO and the human resource managers being the most important.

Considering that the challenges related to reward will remain in the future, it is advised that organisations understand their workforce and their needs, while aligning their EVP to their organisation's business strategy. This will only be possible with the right leadership and role players in place.

Organisations should consider their EVP as the sum of all the parts, and not the parts individually.

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Appendix 1: Research Survey

Dear Participant,

Thank you for setting time aside to complete this questionnaire. It will require approximately 15 minutes of your time.

I am a registered MBA scholar at GIBS University conducting research in the area of Remuneration. The purpose of this questionnaire is to obtain information on the role remuneration plays in the thought process when an organisation determines its Employee Value Proposition, and whether the larger organisational strategy is brought into consideration when determining EVP.

Please note your participation is voluntary and you can withdraw at any time without penalty. All participants will remain completely anonymous throughout the research, and once the questionnaire has been completed, the information is regarded as completely confidential. Feedback of the general results will similarly, also remain completely anonymous.

Instructions for completing the questionnaire:

- Complete the questionnaire as truthfully as possible. Ensure that all questions have been
- 1 answered.
 - 2 Note that there are no right or wrong answers to the questions in this questionnaire.
The first answer/response that generally comes to mind is usually the most appropriate response
 - 3 to a given question.

Once again, the researcher assumes responsibility for the anonymity and confidentiality of the questionnaires once they have been completed, and wants to urge you to be absolutely honest and truthful when you complete the questionnaire. This is very important for reliable and meaningful

research.

Please complete and submit the survey by Thursday the 16th of August.

If you have any concerns, please contact me or my research supervisor (details are listed below).

Researcher: Stephan van der Merwe
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Phone: 082 831 7213

Research Supervisor: Dr. Mark Bussin
Email: drbussin@mweb.co.za
Phone: 082 901 0055

Questionnaire: Part A

1 Name of your department

2 Please indicate your job title

3 Please indicate your job level
by selecting one of the following:

<input type="checkbox"/>	CEO
<input type="checkbox"/>	Board member
<input type="checkbox"/>	Human resources director
<input type="checkbox"/>	Financial director
<input type="checkbox"/>	Executive manager
<input type="checkbox"/>	Senior management
<input type="checkbox"/>	Specialist
<input type="checkbox"/>	Other

4 Indicate the industry that you work in by
selecting one of the following.

<input type="checkbox"/>	Extractive (mining, forestry, oil and gas)
<input type="checkbox"/>	Producer Services (banking and financial, real estate, engineering, consultancy, accounting)
<input type="checkbox"/>	Personal Services (hotel and hospitality, entertainment and leisure, print and media)
<input type="checkbox"/>	Logistics and Transport
<input type="checkbox"/>	Transformative (manufacturing, building and construction, utilities)
<input type="checkbox"/>	Social Services (medical and health, education, non-profit, government)
<input type="checkbox"/>	Energy

5 How long have you been working
for your current employer?

<input type="checkbox"/>	Less than 2 years
<input type="checkbox"/>	2 - 5 years
<input type="checkbox"/>	6 - 10 years
<input type="checkbox"/>	More than 10 years

6 Gender

<input type="checkbox"/>	Male
<input type="checkbox"/>	Female

7 What percentage of your current role
involves organisational strategy?

<input type="checkbox"/>	0% - 19%
<input type="checkbox"/>	20% - 39%
<input type="checkbox"/>	40% - 59%
<input type="checkbox"/>	60% - 79%
<input type="checkbox"/>	80% - 100%

8 How big is the role
of the employer value proposition (EVP)
decision-making process in
your current position?

<input type="checkbox"/>	No role
<input type="checkbox"/>	Small role
<input type="checkbox"/>	Medium role
<input type="checkbox"/>	Big role
<input type="checkbox"/>	Major role

Questionnaire: Part B

- 9 The following are components of a total rewards package. Distribute 100 points between the components, based on the importance you attach to each in regards to EVP. The total points allocated need to add up to 100.
- | | |
|--|--|
| | Fixed Salary (salary, 13th cheque, fixed allowances) |
| | Variable Pay - short- and long-term incentives (once-off payments if targets are reached, share options) |
| | Benefits medical aid, retirement, disability) |
| | Work-life balance (organisational practices, policies and programmes aimed to achieve balance between work and personal life. Includes flexi-time, telecommunications and job-sharing) |
| | Performance and Recognition (How organisational goals are achieved and how formal or informal recognition are given) |
| | Development and career opportunities (learning opportunities presented and career opportunities available through company) |
- 10 Rank the following role players in terms of their importance in contributing to your organisational EVP decision making (1 being the most important and 8 being the least important).
- | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--------------------------|---|---|---|---|---|---|---|
| CEO | | | | | | | |
| Board member | | | | | | | |
| Leadership team | | | | | | | |
| Human resources director | | | | | | | |
| Financial director | | | | | | | |
| Executive manager | | | | | | | |
| Senior management | | | | | | | |
| Line manager | | | | | | | |
| Specialist | | | | | | | |

Other							
-------	--	--	--	--	--	--	--

- 11 Rank the following role players in terms of their importance in contributing to your organisational strategy (1 being the most important and 8 being the least important).

	1	2	3	4	5	6	7
CEO							
Board member							
Leadership team							
Human resources director							
Financial director							
Executive manager							
Senior management							
Line manager							
Specialist							
Other							

Very strong brand	Strong brand	Neither weak nor strong brand	Weak brand	Very weak brand

- 12 In your opinion, rate your current employer in terms of the strength of the company as an employer brand.

Please indicate the extent to which you agree or disagree with the following statement:

Strongly agree	Agree	Undecided	Disagree	Strongly disagree

- 13 An organisation's EVP should reflect its strategy.
- 14 There are formal structures set up in the organisation to create its EVP.
- 15 Your organisational EVP reflects its strategy.
- 16 Organisational goals are taken into consideration when planning organisational EVP.
- 17 There is synchronisation between the EVP planning process and the organisational planning process.
- 18 Remuneration plays a substantial role in determining your organisation's EVP.
- 19 Guaranteed package plays a substantial role in determining your organisation's EVP.
- 20 Long-term incentives play a substantial role in determining your organisation's EVP.
- 21 Short-term incentives play a substantial role in determining your organisation's EVP

In your opinion:

- 22 What role should remuneration play in your organisational EVP with regards to importance?
- 23 What role should guaranteed package play in your organisational EVP with regards to importance?
- 24 What role should short-term incentives play in your organisational EVP with regards to importance?
- 25 What role should long-term incentives play in your organisational EVP with regards to importance?

More important	Keep the same	Less important

