Gordon Institute of Business Science
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Employee preferences as a significant influence on reward mix determination

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ABSTRACT

Orientation: The ubiquitous challenging economic climate in South Africa and globally makes it incumbent on South African companies to reconsider their current reward policy and practices if they are to maintain and foster global economic competitiveness. This coupled with the fact that motivation in the workplace has always been a conundrum for managers and human resource practitioners alike. This dilemma becomes an obstacle to organisational effectiveness and hinders competitive advantage when employee morale is low and performance levels decrease.

Research purpose: The primary aim of this study was to investigate the influencing factors of employee demographics and motivation type on rewards mix preferences.

Motivation for the study: The war for talent is accelerating and the globalization of economies and world markets places pressure on companies to perform well and to maintain optimal performance levels. The workplace in South Africa is not exempt from these pressures and the nature of the workplace is changing every day. Employee engagement dynamics are changing and require deeper insight into what appeals to employees, what motivates them to perform and what will retain good resources. This knowledge would further assist organisations to create reward mix programs that appeal to both extrinsic and intrinsically motivated persons as different motivation types are triggered and stimulated by different types of rewards and adds value by examining the effects of demographical factors (such as age, race/ethnicity and gender) on employees' perspective of reward mix giving depth to existing insights into what drives whom and at what price.

Research design, approach and method: This research followed a quantitative, empirical and descriptive study of reward preferences through the administration of an online questionnaire survey via email. The data was analysed using non-parametric test for variance between dependent and independent variables, factor analysis, ANOVA and MANOVA testing.

Main findings/results: The study identifies the most important reward mix components to employees across various employment scenarios such as attracting, motivating and retaining staff as well as from an overall reward preference perspective. The study further found that reward preferences differ for employees of varying demographics and the effect that motivational type has on reward preferences.

Practical/managerial implications: The findings show that companies who adopt a traditional, linear approach to compensation will need to revise and re-examine their reward strategies to include a more flexible total rewards framework if they are to retain competitive position in this vastly moving global economy. Companies who fail to adjust their reward policies and reward structures to cater for changing employee engagement dynamics could find themselves faltering in attracting, retaining and retaining key human resources necessary to maintain competitive advantage.

Contribution/value-add: This study has contributed to the growing body of knowledge on rewards and supports the existing theory that total rewards packages is the way of future reward practice. The findings build on previous theory supporting total rewards strategy in the South African context.

Keywords: Intrinsic, extrinsic, motivation, Total Rewards, monetary rewards, compensation

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 have obtained the necessary authorisation and consent to carry out this research.

Signature:

Ruhin Rajkumar

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“Choose a job you love, and you will never have to work a day in your life.”

--Confucius

CHAPTER 1: INTRODUCTION

1.1 Background to the problem

A major revolution is occurring in the way organisations are managed. This revolution is being driven by technological advances and by major social and political changes that have led to the globalisation of business (Lawler, 2000). Additionally, the increasing numbers of democratic, capitalist countries has an accelerant effect on this revolution with the inception of the 'global village.'

The combination of these technological and political changes on organisations are colossal and multidimensional; increasingly organisations are finding that in order to be competitive in the new global economy they are forced to reinvent themselves in imperative ways. This portent is true of their organisational structure, their global reach and their use of resources, namely; human talent and information technology. It is also true of their reward systems if human talent is to be viewed as a strategic resource in the battle for economic growth (Lawler, 2000).

The ubiquitous challenging economic climate in South Africa and globally makes it incumbent on South African companies to reconsider their current reward policy and practices if they are to maintain and foster global economic competitiveness.

The economic swing towards capitalism and global capital markets, along with the lowering of trade barriers, is perhaps the most significant new source of pressure on organisations to raise their performance levels. While these vicissitudes have created many new opportunities for growth, it has also brought many new competitors to market and created more demanding investors. The growing power of institutional shareholders has enabled them to put more pressure on management to produce exceptional returns to shareholders (Lawler, 2000).

Motivation in the workplace has always been a conundrum for managers and human resource practitioners alike. This dilemma becomes an obstacle to organisational effectiveness and hinders competitive advantage when employee morale is low and performance levels decrease.

Organisations are increasingly anxious for employees who can provide knowledge and skills that give them a competitive advantage in today's business environment. Human capital is increasingly critical to organisational effectiveness performance levels. Therefore, attracting, developing and retaining key human capital can be an important basis of competitive advantage if it is managed and structured in a way that leads to high performance (Lawler, 2000).

Business success depends on employee performance. Employee performance is impacted on by workforce motivation. The relationship between employee motivation and employee performance can be addressed through effective employee engagement. Employees who are well-informed about the business they work for are likely to have higher levels of employee engagement. Employee engagement is appealing to organisations as it is claimed to drive 'bottom-line' results. The common thread amongst the many definitions of employee engagement is that it is a desirable condition that has organisational purpose, signifies involvement, commitment, passion, enthusiasm, focussed effort and energy (Macey & Schneider, 2008)

1.2 Problem definition

Attracting, retaining and motivating employees has always been a challenge for organisations worldwide. Organisational theorists, employee relations practitioners and reward consultants have realised that people are motivated differently and this has an impact on the ways in which employees prefer to be rewarded. Not being rewarded preferentially, results in employees leaving prematurely usually resulting in a loss of organisational intellectual property. Not addressing this lack of insight into what employees prefer as reward, through means of this study, could very possibly have short and long term detrimental effects to organisational effectiveness, productivity levels and company profit margins.

Compensation professionals generally devote little time to employees' intrinsic motivational needs when designing job specifications. Their primary focus is to design a job that allows an employee to get the work done efficiently and at an appropriate level of compensation (industry benchmarking). Literature on the subject has led many to look at the job itself as a source of intrinsic motivation. This

development gives organisations a much needed impetus to re-examine the motivational value of the job itself and to consider probable reasons why this aspect of job design lacks emphasis (Giancola, 2011)

Lawler (2000) advises that should organisations want to attract high performers and be high performers, they have to be prepared to reward excellent performers appropriately. In order to do this, organisations must be prepared to abandon traditional pay structures and practices in which the best performers are only paid a little more than average and below-average performers.

Preceding literature on reward research examined two perspectives; firstly, at *level*, which refers to what individuals are paid and, secondly at *structure*; which is the relationship between different levels of reward. Chapman and Kelliher (2011) acknowledge that minimal research had been done during the past decade with specific focus on influences affecting reward mix determination in organisational settings.

This gap prompted the researchers to base their study on exploration of reward mix determination. Their study examines the influence of employee preferences on reward mix determinants and is interview based research from reward consultants' perspectives as organisation observers and participants in reward mix decisions (Chapman & Kelliher, 2011).

1.3 Research objectives

The main objectives of this research are to determine what the overall reward preferences of employees are and whether they show significant differences to their attraction, retention and motivation reward mix preferences respectively.

Secondly, the study seeks to determine whether demographic factors such as age, race/ethnicity and gender have an effect on employees' perspectives of reward mix.

The third objective is to determine whether employees' perception of their motivational type (intrinsic or extrinsic) have an effect on their choice of reward mix.

1.4 Research motivation

The war for talent is accelerating and human talent is fast becoming the only way for organisations to differentiate themselves from each other (Kaplan, 2005).

Organisations need to understand what motivates their workforce and address these needs in order to promote and support consistent high performance levels necessary for competitive advantage. There is constant debate on whether or not reward packages should be tailor-made to suit individual employees. It has been argued that a 'one-size-fits-all' approach with regard to rewards is no longer effective (Snelgar, Renard & Venter, 2013).

Snelgar et al. (2013) report that limited research exists on reward preferences especially those concerning research on the impact that demographic variables have on reward choices and research focus on the role that age, gender, race, job level, income level and industry play on reward preferences in South Africa would be valuable. This is due to South Africa being a dynamic multicultural country with employees of varying socio-economic status, which makes it difficult for employers to cater for the different needs and lifestyles of its workforce. The study of demographic variables that are of relevance to South Africa, such as those mentioned, will provide a better indication of how remuneration packages should be designed and implemented in this country in order to maintain competitive advantage (Snelgar et al., 2013). Additional research on demographics like age is aligned with (Giancola, 2008) who specified that generational (age) research is lacking in the academic body of knowledge on rewards.

Research that encompasses cultural and personality influences have been empirically researched in previous studies internationally but are lacking within the multicultural South African context (Snelgar et al., 2013).

The results of this study will be useful to most organisations across all industries as they will allow them to improve their existing reward incentives as well as design better total reward programmes that are more employee oriented as opposed to mimicking other organisations reward practices which are often seen as the

benchmark. The total rewards concept is multi-dimensional and developed from an array of different disciplines (Nienaber, Bussin & Henn, 2011).

The results of this study will allow organisations to devise better reward mix packages that influence strategies to attract, motivate and retain employees (Nienaber et al., 2011). The benefit of such a reward system would garner greater loyalty, job satisfaction, decrease staff turnover rate (or improve retention) as well as improve overall organisational performance (Chapman & Kelliher, 2011).

The topic is academic and can be applied generically to any organisation in any field or industry. This research resides in the human behaviour, organisation and management science fields.

It will further assist organisations to create reward mix programs that appeal to both extrinsically and intrinsically motivated persons as different motivation types are triggered and stimulated by different types of rewards and adds value by examining the effects of demographical factors (such as age, race/ethnicity and gender) on employees' perspectives of reward mix giving depth to existing insights into what drives whom and at what price.

The following chapter takes an in depth look at the literature related to this research and examines the supporting theories and completed works specifically related to the research topic and research objectives.

CHAPTER 2: THEORY AND LITERATURE REVIEW

2.1 Introduction

In the previous chapter, the need to further investigate the influence of employee preferences on reward mix choices was identified.

The literature discussed in this section further substantiates this need through examination of supporting theory and completed works. All of which are related to the research topic and research objectives explained in in Chapter 1. This study has delved further into Chapman and Kelliher's (2011) work on reward research and seeks to add to this body of knowledge through descriptive analysis of employee preferences as a significant influence in reward mix determination. A theoretical review of motivation, rewards and its related theory, demographic factors, performance, relevant organisational theory and total reward models have been covered.

2.2 What is motivation?

In order to understand, influence or predict human behaviour one must first understand human motivation (Scholl, 2009). Motivation has been studied widely for well over the past century and by various behavioural and social scientists, academics and practitioners alike. This topic has been studied and researched across varied domains and schools of thought.

Motivation and its dynamics in the workplace have always been difficult to discern and implement. The workplace is an ever changing context where different types of people (employees) meet on a daily basis to achieve mutual organisational goals. It has always piqued curiosity when noting that some individuals in the workplace are particularly motivated to perform better than others, whilst others who do not have high motivation levels do not exhibit high performance behaviour as their motivated counterparts (Scholl, 2009).

Scholl (2009) clarifies the major issues that have plagued psychologists and behavioural science scholars for decades. Firstly, is motivation an internal process to the individual, this is also referred to as a dispositional process, or is motivation

largely influenced by external forces, also known as situational forces. Secondly, Scholl (2009) questions the levels of efficacy in extrinsic motivation as opposed to those present in intrinsic motivation; that is, are people strongly motivated by internal dispositions or does the expectation of extrinsic or external rewards suffice to prompt behaviour. Thirdly, Scholl (2009) looks at the influence of cognitive nature of motivation versus the affective nature of it, which could also be described as the difference between making deliberate choices amongst a variety of options available or basing decision making process on emotion and passion.

For this study's purposes, which is steeped in social science as well as behavioural and organisational theory, we limit the research scope to that of Scholl's (2009) second issue raised above. We look at human motivation in the workplace with specific reference to the possible influences of intrinsic and extrinsic motivation on the employees reward mix preferences in organisational contexts.

Scholl (2009) succinctly describes motivation as: "...the force that energizes, directs, and sustains behaviour."

Similarly, Ryan and Deci (2000) describe motivation as the urge or inspiration to do something, to act or to be activated towards an end. Ryan and Deci (2000) explained that motivation consists of both the 'level' of motivation which is the quantity of motivation, as well as the 'orientation' which is the type of motivation. Furthermore, these researchers explain that some people may be motivated to pursue a goal out of curiosity whereas another student may be inspired to act due to expectation of a tangible reward such as recognition or monetary reward for achieving good grades. In these examples, the amount of motivation may not vary, however the focus and nature of motivation in the different individuals varies (Ryan & Deci, 2000).

2.3 Intrinsic and extrinsic motivation

Intrinsic motivation has been defined in various ways over the past few decades by motivation scholars from their respective schools of thought. It has been defined as the reason for engaging in an activity for the pleasure inherent in that activity (Vallerand, Carbonneau & Lafrenière, 2012). Ryan and Deci (2000) agree and refer

to intrinsic motivation as doing something because it is inherently interesting or enjoyable. They explain that intrinsic motivation has emerged as an important portent for educators as it can be tapped as a natural source of learning and achievement that can either be engendered or undermined by parental and teacher practices, premised on the observation that intrinsic motivation results in high-quality learning and creativity practices (Ryan & Deci, 2000).

Extrinsic motivation for the most part has always been seen as the need to do something which ultimately leads to a separable outcome where ones feels externally propelled into action (Ryan & Deci, 2000). In a study by Nienaber et al. (2011) the researcher explained external motivation as the impetus to complete a task in anticipation of an external or extrinsic reward. In the workplace, this reward is usually in the form of a financial or non-financial reward. These rewards are usually independent of the task performed. Nienaber et al. (2011) explained that both motivators are evident in the workplace and that both have pertinent roles to play in success on both the individual and organisational levels. Nienaber et al. (2011) contends in her discussion on extrinsic and intrinsic motivation that money is an effective motivator for both motivation types. This is due to money being necessary for survival and thus is linked differently to persons of differing motivational types, where varying levels of need may exist as it remains a means to achieve different ends. Some may be attracted to financial reward for tasks performed on a basic needs level or perhaps higher needs for recognition and acknowledgement. Nienaber et al. (2011) posits that extrinsic rewards like money do not decrease intrinsic motivation levels in organisations.

For the purposes of this study, the researcher has chosen to utilise the definitions below, adapted from Ryan and Deci's (2000) discussion on extrinsic and intrinsic motivation. These definitions were used in the Rewards Preferences Survey data collection instrument for purposes of clarity and uniformity of interpretation across respondents.

Intrinsic motivation:

Intrinsic motivation is defined as doing an activity for its internal satisfaction rather than for external reward. When intrinsically motivated, a person is moved to act for

the fun or challenge entailed rather than because of external products, pressures, or rewards (Ryan & Deci, 2000).

Extrinsic motivation:

Extrinsic motivation refers to the performance of an activity in order to attain a tangible outcome outside of him/her. When extrinsically motivated, a person is driven by external rewards such as monetary rewards, recognition, prestige and commendation or any other form of external satisfaction (Ryan & Deci, 2000).

2.4 Motivation theories

Motivation theories are comprised of different classifications, namely: content, process and instrumentality theories. The schools of economics, psychology and sociology all share a common aspiration to understand human nature in all its variations, including character, outlook, personality and disposition. There are a plethora of motivational theories, each with its own multiple sections of the theories within different disciplines (Nohria, Groysberg & Lee, 2008). As no singular theory has overarching dominance over the others, an overview of the most popular and pertinent to this research study has been reviewed.

2.4.1 Theories of content:

2.4.1.1 Maslow's hierarchy of needs (1943)

Maslow's theory of human motivation postulates that human beings are innately motivated by five different levels of needs. Table 1 presents these needs in order of hierarchical rank with examples given on personal and organisational contexts.

Table 1: Maslow's Hierarchy of Needs

Maslow's Need	Individual (Personal)	Organisation (Workplace)
Self-Actualisation	Growth and potential, spiritual (Religion), hobbies, education	Career advancement, training, growth and creativity
Esteem	Respect and approval from others (family, friends and community)	Recognition, prestige and status, workplace responsibilities
Belongingness	'Love' needs, friends, family, associations	Teams, departments, co-workers, subordinates and superiors
Safety	Protection from violence and war, poison, famine	Job security, safety at work (physical), health insurance
Physiological	Food, water, procreation urges	Base Salary, heat, work tools, unpolluted air

Maslow posits that humans are genetically programmed to strive to achieve all levels of the need pyramid. Of particular interest to this study are the levels called esteem and self-actualisation. The esteem level is the human desire to feel respected by others; to have self-respect and self-esteem and to be recognised and valued by others. The self-actualisation level deals with self-mastery and refers to a person's full potential, for example, athletic ability (Maslow, 1943).

Maslow's needs support the indication that employees' motivational type (intrinsic or extrinsic) can and does play a role on reward mix preferences. A person operating on esteem or self-actualisation motivational needs level would presumably make reward mix choices influenced by intrinsic motivational factors as opposed to ones with extrinsic aspects (Maslow, 1943). A person choosing to

gain recognition, distinction or mastery of an athletic ability would opt for a reward choice that perhaps allows more time off from work for sports training in lieu of a smaller financial reward portion.

2.4.1.2 Herzberg's dual factor theory of motivation

Herzberg, Mausner and Snyderman's (1959) dual factor theory of motivation identifies two major groups of motivational factors. The first of which are intrinsic factors called motivation factors. When improved upon these lead to increased satisfaction and performance and are related to job content. Examples of these motivating factors are achievement, recognition, work advancement, responsibility and personal growth. Whilst their presence motivates the individual, Herzberg et al. (1959) record that the absence of motivating factors does not cause undue dissatisfaction, which is similar to the effect of unfulfilled needs on the top tiers of Maslow's hierarchy.

The second set of factors is extrinsic in nature and is called hygiene factors. These factors whose absence may motivate but whose presence may not have any great perceived effect, are related to job environment and when increased they prevent dissatisfaction. Hygiene factors in the organisational context include policies and procedures, relations with supervisor, work conditions, salary, fringe benefits and security (Herzberg, Mausner & Snyderman, 1959).

In summary, motivation factors are said to regulate satisfaction and hygiene factors govern dissatisfaction.

2.4.1.3 Alderfer's ERG theory of motivation

(Alderfer, 1969) developed the ERG theory as an alternative to Maslow's hierarchy theory. The theory was created as an alternate to testing for the problem of relating need satisfaction to the strength of desires. Where Maslow's theory deals with five sets of needs, ERG theory is based on a three-fold conceptualisation of human needs, namely; growth, relatedness and existence. A notable difference from Maslow's theory is that this theory does not assume lower-level satisfaction as a precondition for the advent of higher-order needs.

Existence needs are those related to physical well-being; such as basic human needs and safety and security. This need includes all forms of material and physiological desires. Relatedness needs are the drivers of satisfactory relations with others and maintaining relations with significant others. This need drives the behaviour to create and maintain high quality relationships. Lastly, growth needs are defined as those needs that drive personal development of competence and realisation of potential. They drive the need for continued self-development and competency (Alderfer, 1969).

Alderfer's (1969) theory posits that as soon as an individual starts to satisfy the higher needs, the more intense those desire become due to desire for acquisition, similar to an addiction of sorts. Using the power dynamic as an example, this would mean the more power one has in the organisation the need would intensify to attain more power. Both Maslow and Alderfer's theory suggest that not everyone is motivated by the same things, and that needs hierarchy could possible mimic organisational hierarchy to a certain extent.

2.4.1.4 McClelland's achievement theory

McClelland's (1961) theory on needs achievement postulates that people would choose to work for the primary reason of fulfilling an internal need for achievement. McClelland's theory posits that motivated behaviour is largely a function of the strength of various needs at a given point in time.

McClelland's theory concentrates on three primary needs, namely:

- Achievement: A need to be successful , to perform challenging tasks, to exceed set standard or expectation for excellence

- Power/Dominance: A need to be powerful or to control others; to exert emotional and behavioural over others and a desire for prestige

- Affiliation: A need for close personal relationships, to be interactive and to be favoured and accepted by others. This need prioritises co-operation over competition placing positive relationships with peers as more significant than work promotions (McClelland, 1961).

McClelland believes that while all needs are present, the need for achievement is dominant and when this occurs within organisational or professional contexts, it can lead to a decrease of managerial efficiency.

(Scholl, 2009) cautions that while there is value in taking a needs theory approach to motivational analysis, there are certain questions that practitioners and employers should ask when extrapolating conclusions about their workforce.

Some of the pertinent questions to ask would be:

- What are the key motivators for your group of employees? What important needs expressed by them have not been satisfied by your current reward practices?

- How do needs differ by which different employees in the workgroup stay motivated?

- How can the organisation structure the job role so that employees can satisfy their needs through high performance and long-term membership (retention)?

2.4.2 Self determination theory

Deci and Ryan's (2000) self determination theory (SDT) is a point of departure from the grand theories of human motivation described earlier as it contrasts on the concept of goal-directed behaviour. According to Deci and Ryan (2000) the theory is premised on the different types of motivation based on the different motivators that trigger behaviour. Deci and Ryan's (2000) theoretical approach to intrinsic motivation focuses primarily on satisfaction of certain psychological needs. These are innate needs for competence, autonomy, and relatedness. They also explain intrinsic driven behaviour refers to doing something because it is inherently interesting and rewarding. The experience itself is a reward. Deci and Ryan (2000) further suggest that the majority of everyday activities of people are not intrinsically motivated nor do they have an internal locus of causality.

Deci and Ryan's (2000) SDT model explains extrinsic motivation as tasks undertaken in order to achieve a separable outcome; hence, the person is inadvertently being controlled by the external reward. Deci and Ryan's (2000)

proposes that a person receiving an extrinsic reward for performing a task will attribute the reason for their actions to the extrinsic reward resulting in the undermining of intrinsic motivation present and causing a shift in locus of causality from internal to external.

For example, a student completing a school assignment only because he fears being reprimanded by his parents and hopes to avoid punishment, which is a separable outcome, is being extrinsically motivated. Similarly, a student, who concludes her dissertation assignment because she believes completing the Master's degree will add value to her future career, is doing so because she is extrinsically motivated. This is explained through the fact that she is doing it for its instrumental value and not simply because she enjoys the experience (Deci & Ryan, 2000).

Extrinsically motivated driven behaviours have instrumental value; the first example involves mere compliance with an external control and the second example contains personal endorsement and a feeling of choice. Both represent intentional behaviour but the two types of extrinsic motivation vary in their relative autonomy, a form of behavioural regulation (Deci & Ryan, 2000).

2.4.3 Self-concept motivation theory

Self-concept motivation theory has been proposed in the sociological and psychological literatures, stems from the growing realisation that conventional motivation theories do not address the diversity of behaviour found in organisational contexts. (Leonard, Beauvais & Scholl, 1999) have turned to self-concept theory as an alternative explanation for organisational behaviour. The four reasons for developing this self-concept based motivation model were:

- The need to explain non-predictive based work behaviour
- The need for an improved account of internal sources of motivation
- The need to integrate dispositional situational explanations of behaviour

- The need to integrate the existing self-based theories (such as social identity theory, self-presentation theory and self-efficacy theory) in the literature (Leonard et al., 1999).

The self-concept based model of motivation consists of four inter-related self-perceptions; they are the perceived self, the ideal self, one's self esteem, and a set of social identities. The perceived self includes perceptions of three types of individual attributes. These include traits, competencies and values. Leonard et al. (1999) state that the individual's perception of his attributes (namely; traits, competencies, and values), can be described in terms of two separate dimensions, level and strength.

Level refers to the degree to which the individual perceives he/she possesses this attribute. For example, if the individual sees himself/herself as highly extroverted (this would be a trait) whereas if the individual sees himself/herself as a very good soccer player (this would be a competency). Lastly where the individual sees himself/herself as hard worker, this would be a value that he/she possesses. Strength of self-perception occurs when individuals are relatively firm on their views at an attribute level. These strong perceptions of self are a result of reinforcement through consistent and clear feedback regarding the applicable attribute (Leonard et al., 1999).

The perceived self presents the set of traits, competencies and values that the individual would like to possess or achieve. The social identities are those aspects of the individual’s self-concept that are derived from social categories which they perceive themselves to be a part of (Leonard et al., 1999).

The last component of self-concept motivation model is self-esteem. In this context, this is the evaluative component of self and is a function of the distance between the ideal self and the perceived self. Predictably when the ideal self matches the perceived self, self-esteem levels are high and inversely, low self-esteem results when there is a lack of congruence between the perceived self and the ideal self. Leonard et al. (1999) explain that due to self-esteem fluctuating depending on task and social feedback, self-esteem is a dynamic component of the self-concept model and is always in a state of flux and development.

Task and social feedback plays an integral role in how individuals either choose to internalise positive or negative traits. This kind of attribution has a direct effect on the development of the ideal self and social identities. The self-concept in the organisational context influences behaviour. The structure of the self-concept may be considered as a relatively stable set of cognitions that provide the basis for the expectancies, instrumentalities, and valences in instrumental or calculative motivation. Leonard et al. (1999) elaborate that there is also an expressive component of the self-concept. This aspect refers to how an individual processes information (for example, feedback and observations). Furthermore how the individual uses the structure of the self-concept to filter incoming information and translate this information into action.

Summarily, Leonard et al. (1999) present that their major determination in developing a model of the self-concept was to provide a unitary construct that is able to explain both cognitive and a-cognitive motivational processes.

Leonard et al. (1999) have presented that self-concept based motivation can be integrated with other forms of motivation through the sources of motivation model which suggests five sources of motivation:

- *Intrinsic process motivation:* this is where Individuals are motivated by intrinsic process rewards when they perform a task or exhibit a behaviour just because it is "fun" or enjoyable. The motivation comes from wanting to perform the task itself and individuals feel rewarded simply by performing the task. There are no external controls or rewards regulating the behaviour or performance on the task

- *Instrumental motivation:* instrumental rewards are an extrinsic motivating source when individuals believe that the behaviours they engage in will lead to certain separable outcomes such as monetary reward in the form of pay or recognition and praise. This motivation aspect is rooted in exchange theory where the basic assumption is that individuals and organisations constitute an exchange relationship, a mutually symbiotic relationship in which both parties benefit. Expectancy and equity theories

are currently accepted models of motivation based on exchange relationships

- *External self-concept based motivation*: Self-concept motivation is externally based when the individual is primarily other-directed or susceptible to external feedback for his/her self-concept perceived ideal. This means that the ideal self is derived by adopting the role expectations of reference or peer groups. The individual attempts to meet the expectations of others by behaving in ways that will elicit social feedback consistent with self-perceptions similarly to teenagers succumbing to peer pressure to fit into a social group. This type of self-concept is extrinsically driven by factors outside of the individual's self. The individual behaves in ways which satisfy reference group members in order to gain acceptance and status. These two needs, for acceptance and status, are similar to the need for affiliation and need for power

- *Internal Self Concept-based Motivation*: self-concept motivation will be internally based when the individual is primarily inner-directed. Internal self-concept motivation takes the form of the individual setting internal standards that become the basis for the ideal self. The individual tends to be intrinsically driven to achieve and this need for achieving higher levels of competency is similar to what McClelland refers to as a high need for achievement. The motivating force for individuals who are inner-driven and motivated by their self-concept is task feedback. It is important to these individual that their efforts in achieving outcomes are integral to its success and that their ideas and actions are key when performing a job well. These individuals are usually not affected by peer feedback

- *Goal internalisation*: this type of driver motivates behaviour when the individual adopts attitudes and behaviours because their content is consistent with their value (Leonard et al., 1999).

2.4.4 Expectancy theory

Expectancy theory stems from a cognitive approach (Scholl, 2009). In a study done by Lunenburg (2011) he describes Vroom's (1964) expectancy theory as a process of cognitive variables that reflects individual differences in work motivation which differs from the other major motivational theories by Maslow, Alderfer, Herzberg, and McClelland in that Vroom's expectancy theory does not provide specific suggestions on what motivates organisational employees.

Scholl (2009) describes expectancy theory as the cornerstone of the cognitive school of motivation. He re-iterates that expectancy theory posits that individuals choose among a set of behavioural alternatives on the basis of the motivational force of each alternative.

Vroom's (1964) expectancy theory is based on four assumptions; namely that people join organisations with expectations about their needs, motivations and past experiences, where these aspects all influence how individuals react to the organisation and influences their behaviour. The second assumption is that an individual's behaviour is a result of conscious choice and thereby is a set of actions chosen by the individual. This assumption is premised on the belief that people are free to choose to influence their own behaviours determined by their own expectancy calculations. Vroom's (1964) third assumption is that employees want different things from the organisation, some want rewards such as a good salary, job security and career advancement. Lastly, the fourth assumption is that people will choose among alternatives so as to optimise outcomes for them personally; this assumption leads directly to the notion that when choices are available with regards to reward packages (choices), employees will utilise their right to choose in line with their preferences.

Additionally to the four assumptions discussed above, Vroom (1964) contends that expectancy theory based on these assumptions has three key elements: expectancy, instrumentality, and valence. This means that a person is motivated to the degree that he/she believes that (a) effort will lead to acceptable performance (expectancy), (b) performance will be rewarded (instrumentality), and (c) the value of the rewards is highly positive (valence). Expectancy is based on the belief that

effort leads to a specific level of performance. Instrumentality is based on the assertion that performance influences outcome perception and valence is the value ascribed to a reward or outcome(Lunenburg, 2011).

Lunenburg (2011) concludes that expectancy theory has some important implications for motivating employees and is a valuable motivating source in the workplace. Motivation is a function of expectancy, instrumentality and valence. From a management viewpoint it identifies several important things that can be done to motivate employees by altering the person's effort-to-performance expectancy, performance-to-reward expectancy and reward valences.

2.4.5 Motivation crowding theory

Motivation crowding effect is the suggestion that external intervention via extrinsic or monetary rewards or penalties may undermine intrinsic motivation, whilst under different circumstances, could strengthen intrinsic motivation in individuals (Frey & Jegen, 2001). The study by Frey and Jegen (2001) demonstrates that the effect is of empirical relevance and its theoretical applications have been the main subject of discussion among economists. They emphasise that empirical evidence exists in support of the existence of crowding-out and crowding-in especially within economic contexts.

Many social scientists (including economists) admit that the theoretical likelihood that motivation may be negatively affected or reduced when a previously non-monetary relationship is transformed into a purely monetary based one (Frey & Jegen, 2001). Tangible (extrinsic) incentives, that inevitably crowd-out intrinsic motivation are known as the over-justification effect. Frey and Jegen (2001) explain that monetary incentives crowding out the motivation to undertake a certain activity may be a huge anomaly as it contrasts with the relative price effect on which much of economic is premised. The relative price effect is based on extrinsic motivation as the rewards are coming from outside the person. Motivation crowding theory attempts to mediate between the standard economic model and the psychological theories by specifying a systematic collaboration between intrinsic and extrinsic motivation. It basis is that the one can co-exist with the other for economic and social benefit (Frey & Jegen, 2001).

2.5 Motivation models

Getting people to do their best work especially during trying times is one of the organisational manager's greatest challenges. Several motivation models have been created to assist across disciplines with encouraging and understanding motivation. Models allow for easier implementation and is the result of cross-disciplinary research in fields like neuroscience, evolutionary psychology, sociology and biology (Nohria et al., 2008). Two popular motivation models are reviewed here.

2.5.1 Tripartite model of intrinsic motivation

Tripartite model of intrinsic motivation (TMIM) make four major propositions. The first posits that intrinsic motivation (IM) is a multidimensional concept which is not a novel idea as Ryan and Deci (2000) have already proposed a variation process of intrinsic motivation (Vallerand et al., 2012).

Vallerand et al. (2012) suggest the multitude of intrinsic motivation types could be incorporated into three major types: IM to know, IM toward accomplishment and IM to experience stimulation.

'IM to know' implies that an activity is engaged in for the purposes of enjoyment, curiosity and exploration. It has vast tradition specifically in educational research.

'IM to accomplishment' refers to the engagement of an activity with intention for satisfaction and pleasure derived from surpassing one's own standards. Individuals who are intrinsically motivated toward accomplishment derive pleasure in their attempts to cultivate new skills and to improve on their own levels of competence.

'IM to experience stimulation' is effective when one engages in an activity for the stimulating sensations excitement or aesthetic enjoyment associated with it. This particular type of intrinsic motivation is evident in the example of co-workers meeting over a drink to partake of the pleasure derived from a stimulating discussion. It is also operative when teenagers ride roller coasters for the intense sensations and excitement derived from that activity (Vallerand et al., 2012).

The second proposition from the TMIM is that some conditions that have been explored in literature to lead to the emergence of intrinsic motivation are necessary for the emergence of each type of IM (Vallerand et al., 2012).

The third proposition of the TMIM postulates that each type of IM also has some specific precursors. Vallerand et al. (2012) propose that a match exists between the types IM and their respective antecedents which would be activity, situation and personality. The authors further posit that specific types of interesting tasks are expected to trigger specific types of IM.

Vallerand et al. (2012) fourth and final proposition of the TMIM is that one specific type of IM should be a better forecaster of consequences relevant to the other types of IM which means that a match between the explicit type of IM and outcomes is expected to take place.

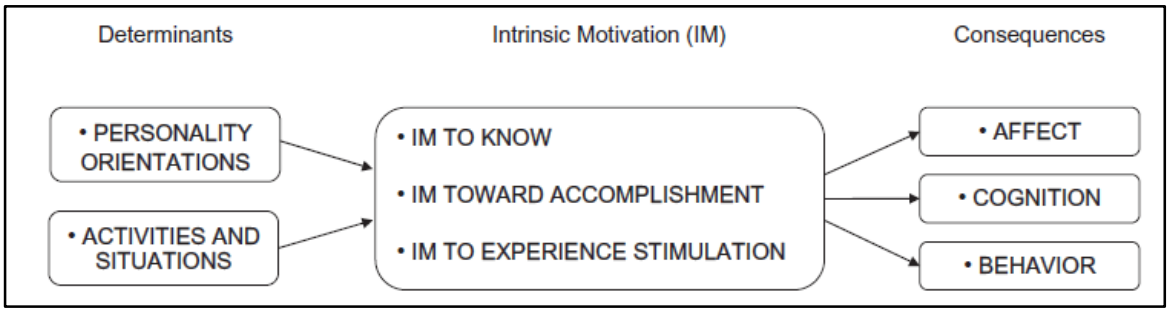

Figure 1: Tripartite Model of Intrinsic Motivation
(Vallerand et al., 2012)

2.5.2 New model of employee motivation

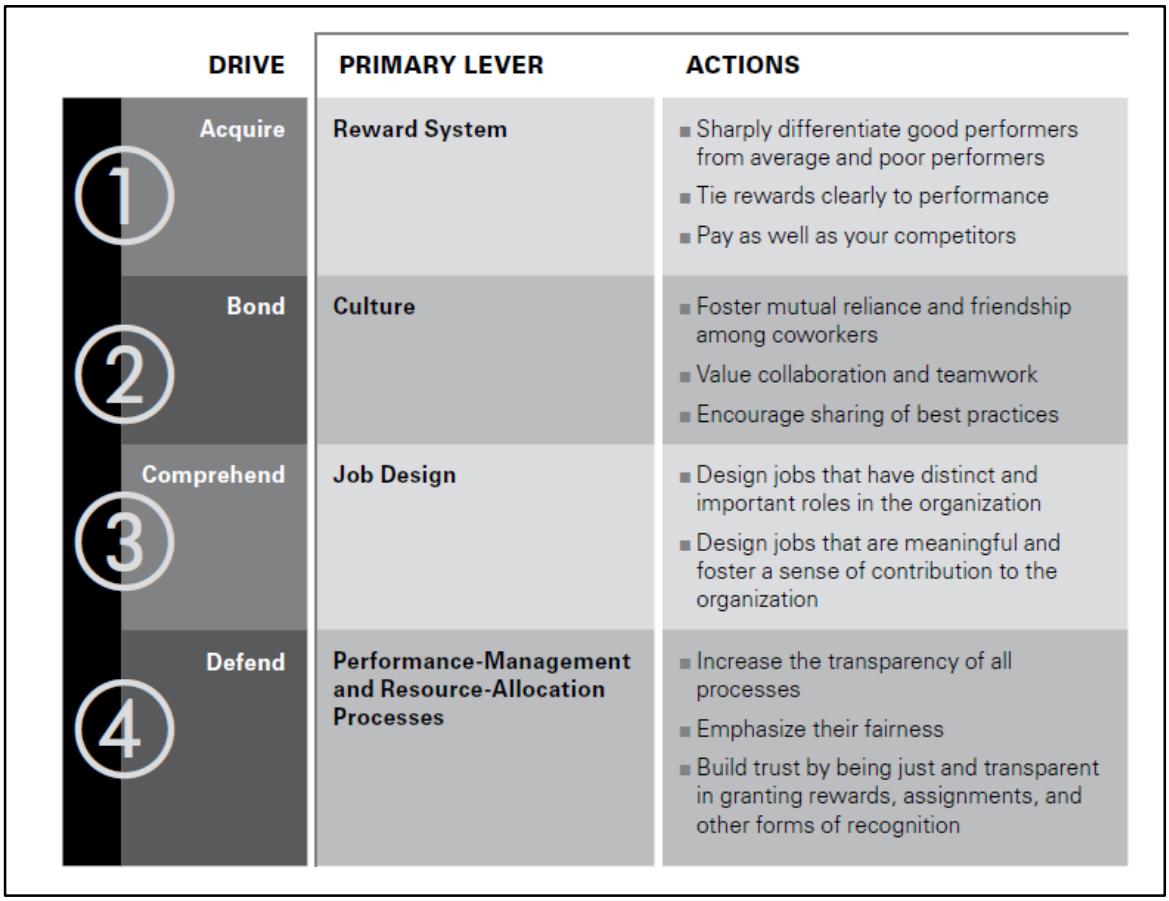

Figure 2: New Model of Employee Motivation

(Nohria et al., 2008, p. 4)

The research synthesised by Nohria et al. (2008) suggests that people are guided by four major drives that underlie drives. Figure 2 above details those drives succinctly. Each of the four drives is independent, non-hierarchical and cannot be substituted one for another.

The first is the drive to acquire, the acquisition of scarce goods such as physical goods like clothing, housing, money and fancy cars, where the acquisition of these goods not only denotes fulfilment and contentment but also improve social status. This drive is most easily satisfied by the organisation's reward system. The second drive is the drive to bond, extending this connection to larger collectives such as organisations and associations. In the workplace, the drive to bond accounts for the enormous boost in motivation when employees feel loyalty and pride to be associated with the organisation and inversely feel an acute loss of morale should

the organisation disappoint or betray them. This drive is effectively fulfilled through the primary lever called culture. It is achieved when a strong sense of comradeship is fostered to create a culture that promotes teamwork, collaboration and honesty (Nohria et al., 2008).

The third drive is the drive to comprehend, that is, the need to make sense of one's world and reality which is to formulate theories and put forth suggestions to explain events in a sensible way. This drive manifests in the workplace as the desire to make a meaningful contribution thereby emphasising the importance to keep employees engaged through opportunities to grow and be challenged. This drive is best addressed by the job design primary lever. It is achieved through careful creation and design of job roles that are meaningful, interesting and challenging (Nohria et al., 2008).

The last drive is the drive to defend, this could be defence of oneself, one's loved ones, one's property or one's ideas even. This drive is rooted in the basic fight-or-flight response common to most animals. In humans it manifests itself as much more as just aggressive or defensive behaviour, it creates a mission to create institutions and policy that promote justice and that have clear goals and intentions. The drive to defend tells a lot about employees' openness or resistance to change; an example is the despondency experienced when a merger is evident in order to save the organisation. Performance management and resource allocation processes primary lever satisfy this need through fair, transparent processes for performance management and resource allocation, this assist with employees need to defend (Nohria et al., 2008).

2.6 Rewards

Reward mix is the composition of different reward elements comprising total reward and would include both monetary and non-monetary reward elements each of which would have varying degrees of tangibility.

Chapman and Kelliher's (2011) investigation into the determinants of reward mix resulted in reward research focussed on level and structure with specific emphasis given to reward mix decisions. Amongst their findings they have identified that

organisations are under pressure to subscribe to reward mix norms, an organisational context created through benchmarking. Their study revealed that explanations for reward mix determination tended to lean towards resource dependence and institutional theory (Chapman & Kelliher, 2011).

2.6.1 Extrinsic and intrinsic rewards

Extrinsic rewards refer to the tangible (financial and non-financial) incentives that an employee obtains from their organisation as recompense for services provided. It is the total package of financial benefits and includes base pay, performance-related pay, health benefits such as medical insurance, retirement and pension benefits, car allowances and accommodation subsidies (Miao, Newman, Sun & Xu, 2013). Extrinsic reward may be non-financial in nature in the form of recognition, praise and job status gained from the employer or organisation which the employee works for. These rewards are typically independent of the task performed and controlled by other people (Nienaber et al., 2011).

Intrinsic rewards refer to the intangible (non-financial or non-monetary related) incentives an employee receives when performing a task or job. Nienaber et al. (2011) describe intrinsic rewards as a feeling of accomplishment when completing a challenging job. These positive feelings are reinforcing and are an integral part of the task and are controlled by the individual who performs the task. Medcof and Rumpel (2007) describe intrinsic rewards the receipt of personally satisfying outcomes such as feelings of achievement, personal growth and social status in exchange for performing tasks and activities.

2.6.2 The influence of rewards on the motivation levels of employees

Research has highlighted that the composition of the compensation package should be designed in such a way that would motivate the employee, however, research is lacking in terms of the design of such compensation where its efficacy is assured regardless of the employee's motivation type (Arnolds & Boshoff, 2002).

The social psychological impact of the compensation package begs the question of the extent to which the manager who motivates actually understand the employee being motivated. This impact is significant because if the manager infers

wrong motivations about the employee, the compensation packages can be misdirected and actually lead to a decrease in motivation and performance. Arnolds and Boshoff (2002) share the view that popular lay theories of motivation advocate overemphasis of extrinsic incentives in motivation strategies which follows through to organisational reward strategies. Social psychology suggests that extrinsic rewards such as salary affect employees' behaviour only if they already possess an internal desire for these rewards. In contrast, it is also suggested that intrinsic rewards will influence organisational behaviour and performance if something existing in the employee's external environment warrants the behavioural change. This means that the influence of rewards on variables within people, such as their motivation type, demographics, cultural beliefs and personal values play a substantial role when determining whether their compensation packages will be motivated them or not (Arnolds & Boshoff, 2002).

There is no easy solution when determining how best to motivate employees as motivation consists of both internal and external drivers. Implementing total reward strategies both intrinsic and extrinsic motivators can be influenced by positively ensuring highest levels of morale and performance across the organisation (Nienaber et al., 2011).

Nienaber et al. (2011) highlight that the challenge reward practitioners and human resource managers face is to design reward frameworks in such a way that organisational goals are achieved with support of sound management practices thereby motivating employees to perform at consistently high levels. The practical application of motivational need theories, as explained by Nienaber et al. (2011) are that they provide remuneration policy and framework decision makers with useful rubrics as to the kinds of needs that may be satisfied by a given reward system.

No two human beings are the same and consequently there will always be differences in the needs and preferences of employees and groups of employees at certain points in time. Employee reward preferences change across time as discovered in a study by Wine, Gilroy and Hantula (2012). They report that this observed temporal instability suggests that organisations who implement reward programs through means of rewards preference analysis based on employee

needs, should intermittently re-evaluate employee reward preferences and not assume consistency of employee reward preferences, thereby confirming that the temporal effect on employee reward preferences plays a significant role when determining reward strategies (Wine et al., 2012).

Organisations employ people on the basis of fair exchange principle, which means that, employment is dependent on what can be received from the employee and similarly, individuals elect to become employees of an organisation with the expectation of what they hope to receive from the relationship. Organisations that link rewards to a variety of desires will be in better position to provide stronger enticements for performance and other desired organisation-related behaviours (Nienaber et al., 2011).

Kessler (2010) referred to the shared perception that an organisation's reward system is sound and is the basis on which both employer and employee are treated fairly in the exchange process. This shared perception is also described by Kessler (2010) as a tension between employer and employees on remuneration related matters.

2.6.3 Attraction, motivation and retention

Literature on reward preferences designate three major scenarios that impact on the decision-making process. These scenarios are:

a) Attraction to organisations as prospective employers

b) Motivation to perform within current job role and organisation

c) Retention is the motivation to remain with current employee.

South Africa has a diverse demographic landscape and as such studies in the local context are useful in determining the impact of reward systems on the employment scenarios described above. Studies by Snelgar et al. (2013) and Nienaber et al. (2011) confirm that these scenarios are prevalent in South African organisational contexts and influence work practices.

Understanding the difference between the above scenarios is integral to establishing effective and competitive total reward packages that addresses needs prevalent across all three situations. In their study, Snelgar et al. (2013) found that base pay (monthly salary or remuneration) was the reward that most strongly attracts and retains employees, whereas performance recognition and career management is the reward that most strongly motivates employees. Additionally it was discovered that there were no significant differences amongst the following four rewards, that is; base pay, performance and career management, contingency pay and work–home integration. Benefits and quality work environment were placed second and third (Snelgar et al., 2013).

Snelgar et al. (2013) concluded rather significantly that while base pay and variable pay were deemed the most preferred reward categories when dealing with attracting, motivating and retaining employees, it a had a low satisfaction ranking amongst the respondents. This insight is significant when designing reward systems as it may suggest that employers are not focussing on the rewards such as base pay and variable pay when designing their reward strategies and frameworks.

In their study on knowledge workers Horwitz, Heng and Quazi (2003) examined the most and least effective human resource strategies used in high technology firms to attract, motivate and retain employees. The study revealed that most effective attraction strategy was one in which a highly competitive pay package was used. The top strategy for motivation was the freedom to plan their own and promote work autonomy. The highest ranking strategies for retention were related to compensation and challenging work.

So whilst an attractive financial compensation package was sufficient to attract individuals to their organisations and retain them, it was insufficient to motivate them during their tenure. Noteworthy were the results discovered when testing for least effective strategies when attracting, motivating or retaining. The least effective strategies for attraction was online web recruitment and flexible work practices were found for both motivation and retention (Horwitz et al., 2003). These results echo the popular trend found in reward preference literature to date that the

financial reward categories are still much preferred over other non-financial reward options.

2.6.4 Performance and rewards

Social exchange theory is an effective way of analysing social interaction and is more of a model than a theory per se. It has roots in reinforcement psychology specifically Skinner's Operant theory (Emerson, 1976).

The social exchange theory presumes that when an individual is happy with the rewards provided by their organisation, they will reciprocate by developing positive attitudes towards their organisation such as higher levels of commitment and increased performance levels accordingly (Newman & Sheikh, 2011). Misra, Jain and Sood (2013) concur with Newman and Sheikh on their view and add that when employees receive desired rewards and recognition from their employers they feel obliged to respond with greater levels of engagement (motivation and performance).

As most compensation packages consist of performance based financial components such as bonus payments and share incentives, one may accept that job performance is directly influenced by extrinsic factors underpinned by reward management practices that promote aspects such as fairness of rewards and potential for rewards (Misra et al., 2013).

2.7 Demographics and rewards

Research shows that individual's reward preferences are influenced by their demographic characteristics. The Snelgar et al. (2013) study on reward preferences amongst South African employees showed that the 'one size fits all' approach to rewards is no longer effective. A sample of 250 employees from 11 different organisations was surveyed and differences found between reward preferences and demographic factors (age, gender, job level) do exist.

Snelgar et al. (2013) discovered that despite the extensive literature supporting intrinsically rewarded behaviour, the most preferred and motivating reward by respondents was salary remuneration (base pay). It was also established that

monetary reward such as base pay was the leading reward when it came to attracting and retaining employees.

Nienaber, Bussin and Henn (2011) achieved similar results in their study on employee preferences. Their study examined preferences for different reward types by different demographic groups. Demographic differentials looked at in their study included gender, race, age, job level, educational qualifications, marital status, years of service as well as number of children. Nienaber et al.'s (2011) research showed that women have a stronger preference for remuneration and benefits as well as for a work-conducive working environment.

Research conducted by Chiang and Birtch (2006, 2007) revealed that even though employee characteristics, such as gender and position, do affect reward preferences, their influence appears to be limited in the face of other competing forces (example, organisational and environmental contextual forces) and thus understanding how reward preferences differ across race/ethnicity/nationality is key to devising good reward systems to attract, motivate and retain employees (Chiang & Birtch, 2006, 2007). Also reported in their study, Chiang and Birtch (2006, 2007) found that intrinsic motivation was not reduced in the presence of extrinsic rewards.

A study on age-related differences in reward preferences of 628 Finnish nurses has shown that both financial and nonfinancial rewarding elements were highly and similarly regarded across all respondent preferences, supporting the theoretical assumption that thoroughly designed total reward programmes consists of both financial and non-financial rewards (Von Bonsdorff, 2011).

Von Bonsdorff (2011) showed that age-related differences were found among respondents' financial reward preferences with significant differences found amongst four age groups where preference for financial rewards grew with the age of the nurses. The youngest group (20-29) had significantly weaker financial preferences than the other age groups with the strongest preference for financial rewards found in the oldest age group.

Von Bonsdorff (2011) elucidated that age related differences did not play a role in non-financial reward preferences but that gender did in fact have an influence on

nurses non-financial reward preferences. The study found that male nurses had less preference for non-financial rewards than female nurses.

Time changes everything and everyone; this statement was proven by Wine, Gilroy and Hantula's (2012) work on temporal instability of reward preferences. Their findings show that preferences for rewards changed across time for all participants and sometimes even reversed for some. The study found that employee preferences changed over time, their data having implications for organisational behavioural management paradigms as it would be unwise to assume that preferences would remain constant over time in any organisation (Wine, Gilroy & Hantula, 2012). They advised that such an assumption could have detrimental effects on existing and new rewards programmes. Delivering rewards that are no longer preferred would have a demotivating effect on employees and decrease organisational retention and motivation efforts (Wine, Gilroy & Hantula, 2012).

Giancola (2008) addressed the concept of the influence of age in the form of generational theory on reward preferences. He challenged the use of generation classification to design reward strategies and posited that other approaches at arriving at best designed rewards strategies.

Giancola (2008) took his point of departure from a generational school of thought which is based on the premise that our values in life are imprinted during major historical and political events that occur during our formative and maturing years as we grow into adults. Giancola (2008) explained that various generations belong to different periods in history and, therefore, are predisposed to possessing certain sets of character traits and personalities. In his article, Giancola (2008) summarised the major issues with the generational analysis approach as follows:

- The most 'visible' or 'influential members of a generation are not always the most historically significant members of that particular generation which casts doubt on the premise that all members of the same generation cultivate similar values due to exposure to the same historical events
- Diversity within each generation or group thereof is underestimated thereby undermining the changes present between members labelled or stereotyped as a group

- Often undermined by academics for further studies and frequently explained via other approaches
- Generational analysis concept lacks reliability as experts disagree on generation categorisations and definitions as well as their relevant generational profiles
- Gross inferences from group personalities are misleading in that generational profiles and their reward preferences do not correlate to peer personalities and are often contradicted by individual independent surveys

Giancola (2008) suggested that in light of the above findings, organisations may be better served through addressing employees directly as to their reward preferences as opposed to lumping reward categories together based on group profiling.

This type of personal inquiry also allows organisation to establish pertinent reward hierarchies including insight into the relationships between rewards and attraction, motivation and retention processes. Some examples of direct enquiry into reward preferences surveys are the Watson Wyatt and Towers Perrin surveys (Giancola, 2008).

These survey methodologies ask employees to rate the importance of monetary and non-monetary rewards as well as the relative value they place on a range of monetary and non-monetary rewards for attraction and retention (Giancola, 2008). This approach highlights value ascribed to monetary and non-monetary reward elements allowing organisational policy writers to devise smart reward strategies targeted at specific needs and wants that their employees have (Giancola, 2008).

2.8 Money attitudes and rewards

The link between money and rewards has always had an established link. Monetary rewards have always been the popular forerunner when motivating individuals to perform and excel. Oleson's (2004) study on the relationship between money attitudes and Maslow's needs connects money attitudes with individuals' needs. Oleson (2004) explains that empirical studies show that people think, feel and act differently from each other in regard to monetary rewards. This evidence supports

many social scientists view that money related decisions are indeed not rational and uniform (Oleson, 2004).

Oleson's (2004) revealed that with the relationship between gender and money attitudes were weak, men scored slightly higher on money attitudes of budget, power, obsession and achievement whereas women scored higher on money attitude of financial anxiety, they were more concerned with money as a retention issue. Oleson (2004) concluded that statistically significant differences toward monetary attitudes do exist between men and women on certain attitudes measured.

Oleson's (2004) found that from a motivational needs perspective, women's money attitudes were most related to esteem (intrinsic rewards) needs and men's money attitudes were more inclined to safety needs (extrinsic rewards). Oleson (2004) summed up his study by stating that as individuals progress through the various theoretical stages of Maslow's hierarchy of needs; money appears to become decreasingly important to them and suggests as an explanation for this phenomenon that the 'maturation' and 'higher levels 'of learning and thinking theorized by Maslow as being concomitant with the higher stages of needs are part of the reason for individuals being less interested in money during the latter stages of needs (Oleson, 2004).

Despite research previously completed on reward mix determination, no dominant paradigm has emerged and the concept of reward strategy determination has been proven to be rather complex (Chapman & Kelliher, 2011). These factors signal a need for further exploration into the link between employee preferences and their reward mix selection criteria from an employee perspective with those directly involved in the process (Chapman & Kelliher, 2011).

Further to Chapman & Kelliher's (2011) findings, Oleson (2004) and Giancola's (2008) work further substantiate the need for further study of reward mix determination; to include demographic factors such as age (generations), race/ethnicity and gender and the effects these may have on reward mix decisions. Employees' perceptions of their motivational type (intrinsic or extrinsic) has an effect on their choice of reward mix and the addition of this variable to the research

would be advantageous in providing a more holistic view of the various tangible and non-tangible influences affecting reward mix decisions in organisational and professional work contexts.

2.9 Organisational rewards

Agency theory provides insight into what best reward strategies align the interests of organisational and individual objectives. It outlines how the separation of organisational tasks from ownership creates the problem of ensuring that the business owners or company shareholders' interests are shared by those actually operating the business (Chapman & Kelliher, 2011). While a large body of research on agency theory tells one about the fixed to variable reward relationship, it does not incorporate benefits and relational returns nor does allow for institutional forces that may also be present and affecting reward strategy and policy formulation (Chapman & Kelliher, 2011).

This type of institutional pressure brings to fore institutional theory and its role in shaping organisational reward philosophies.

DiMaggio and Powell (1991) describe institutional theory as a combination of institutional forces that create coercive, mimetic (imitative) and normative pressures on organisations that function in similar ways. They explain that depending on the extent to which an organisation is constrained by these pressures determines how much of organisational governance freedom they have, including that of reward mix selection (DiMaggio & Powell, 1991).

Baeten (2008) identified thirty-four different theories used in reward research with majority of them having an emphasis on reward mix determination, despite the extensive research into these theories, no dominant paradigm was identified.

A range of human behavioural motivational theories support the premise of employee preference holding sway over reward mix choice.

2.10 Total rewards and reward strategy

Total rewards strategy can be defined as:

"*A total rewards strategy is a statement of an organization's human resources philosophy as it relates to rewards."* (Kaplan, 2005)

Total rewards can be defined as everything that employees value pertaining to the employee-employer working relationship (Medcof & Rumpel, 2007). It serves to incorporate everything that encompasses the employee value proposition and its composition varies according to need and organisation as explained by Medcof and Rumpel (2007). This definition is supported by Kaplan (2005) who adds that this holistic concept is driven by the changing perspective of employees and what they value. Kaplan (2005) asserts that this concept integrates four major categories of rewards:

a) Compensation encompasses pay, incentives (both short term and long term, including equity) and monetary recognition programmes

b) Benefits include health and welfare, retirement and capital accumulation programs, as well as a wide variety of specialty programmes such as child-care resources, gym memberships and specialised concierge services

c) Development relates to programmes that promote learning and skill development, career enhancement and personal growth

d) Work Environment encompasses both tangible and intangible offerings that promote work / life balance and a positive work experience, such as flexible work arrangements, recognition and innovative job design.

Furthermore, Kaplan (2005) explained that rewards in the compensation and benefits categories are considered transactional rewards due to the fact that they are typically financial in nature and can be considered. On the other hand, rewards in the development and work environment fields are considered to be relational rewards as they are typically associated with the emotional aspects of an employment relationship.

Medcof and Rumpel (2007) agree that the generic components to most variations contain base pay or monthly salary, benefits (including health, retirement and

savings benefits), challenging work, training opportunities for further education, career development, flexible work schedules and quality of life integration rewards.

As there is no one perfect solution to design and implement total rewards, organisations should learn from each other and bear in mind that every organisation is unique and each should develop its own solution suited to its specific needs. Imperative that the reward strategy decision makers be cognisant of the fact that within an organisation, different employee groups may respond best to different solutions, thereby necessitating variance across the reward range (Medcof & Rumpel, 2007).

Medcof and Rumpel (2007) advised that conceptually total reward assumes that a reward strategy should support the organisational strategy and goals and that rewards should be carefully chosen and sited in such a way as to channel and direct employees' efforts into activities that help achieve the organisation's goals. This approach is only achievable when the decision-makers have an astute understanding of what employees really want and then to bargain off rewards against each other to produce the most effective set of reward categories and components with the lowest cost to the organisation (Medcof & Rumpel, 2007).

Medcof and Rumpel (2007) offered valuable insight into how an organisation can go about formulating their own version of a total reward programme. They suggest that employee reward preference surveys and other methods (for example interviews and reward workshops) be used to determine which rewards employees' value most and how the organisation can most effectively gear itself to deliver. These results should then be configured within a framework driven by the organisation's strategy and goals. In agreement with Wine et al.(2012), Medcof and Rumpel (2007) recommend that reappraisals be administered periodically in order to keep the total rewards programme current.

Any total reward program's success hinges on effective communication to employees on all the rewards they receive from their organisation. In addition to an effective communications strategy aimed at expounding the full range and value of the rewards which the organisation offers to current and prospective employees, a well-articulated employee value proposition should be designed with the goal to

attract talent and retain the most able workers. Emphasis on the uniqueness of the total reward package is key (Medcof & Rumpel, 2007; Bussin & Van Rooy, 2014).

Kaplan (2005) recommends the following six action steps to develop a total rewards strategy:

1. Understand your organisation's business strategy.
2. Align your people strategy to the business strategy.
3. Develop a total rewards road map.
4. Determine financial implications and obtain top management buy-in.
5. Implement the total rewards strategy.
6. Monitor and evaluate success (Kaplan, 2005).

The global economic downturn has prompted many organisations to tighten their monetary controls and decrease reward package value in order to stay operational. As the war for talent accelerates, Kaplan (2005) advises organisation to craft winning attraction and retention strategies in order to be uniquely positioned to win in the marketplace.

2.10.1 Total reward models

Most total reward models or variations thereof have been derived from the total reward model created and maintained by WorldatWork.

WorldatWork '*is a non-profit human resources association for professionals and organisations focused on compensation, benefits, work-life effectiveness and total rewards'* (WorldatWork, 2014).

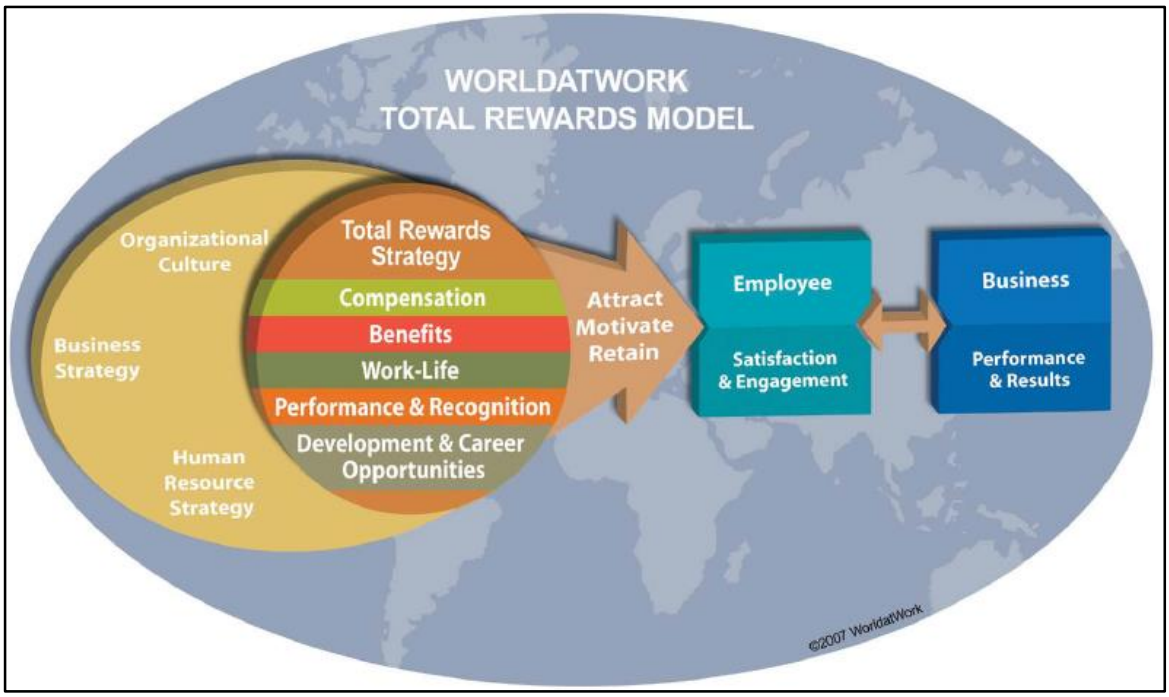

Figure 3: WorldatWork Total Rewards Model
(WorldatWork, 2011)

Toerien (2013) describes the WorldatWork Total Rewards Model definition of reward categories depicted in Figure 3 above.

Compensation is any form of remuneration including fixed and variable pay tied to levels of performance. Benefits are any ancillary programmes such as medical, retirement and savings programs. Work life refers to the structure, policies and environment that allow employees to do their jobs successfully both at work and home. Performance and recognition refer to the perception that performance is measured correctly and aligned with the organisation's goals and expectations coupled with the acknowledgement an employee receives for fulfilling his/her task thereby assisting the organisation to achieve its goals. The last category is development and career opportunities and this refers to initiatives put in place to upgrade or enhance employee skill levels and steps to ensure clear career path planning (Toerien, 2013).

Organisational context is a large determinant in the success of a total reward framework. Geographical differences infer uniqueness to organisations operating within the United States as opposed to organisations operating in South Africa.

Moore and Bussin (2012) have used an adaptation of the WorldatWork model called the total reward mix (Figure 4) to suit the local South African context.

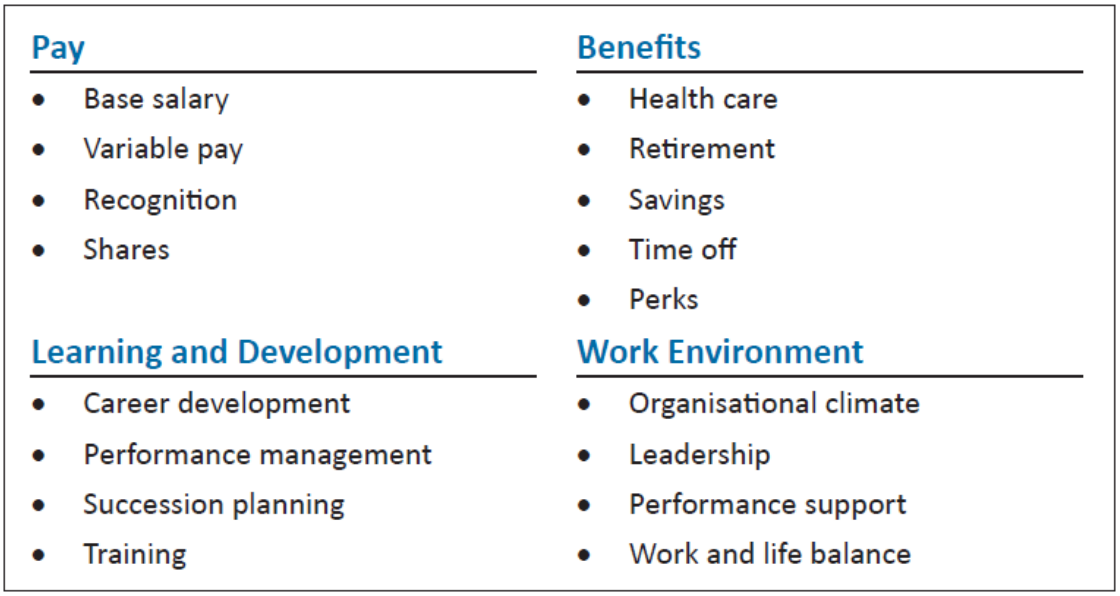

Figure 4: Total Reward Mix

(Moore & Bussin, 2012)

The model consists of four major categories; the first is the pay component of the model which includes base salary and variable pay such as incentives, commissions and bonuses. This category also contains recognition, examples of which are dinners and award clubs, whilst shares or share options are linked to a long-term incentive.

The second aspect of this reward model is benefits which consists of access to a medical aid and health care such as clinics and help lines (Moore & Bussin, 2012). The third category, learning and development, refers to career development, performance management, succession planning and training. The last category called work environment deals with organisational climate, leadership culture, performance support and work life balance. This category is not always considered as part of the reward strategy of a company (Moore & Bussin, 2012).

Moore and Bussin (2012) assert that while all organisations may have access to the four categories of the total reward mix model; the success of its implementation lies in how these components are paired and traded off to address the employees' preferences.

2.11 Summary of literature review

The literature review has provided substantial empirical evidence that proved the influence of motivation type and demographic factors present in diverse workforces and their significance when driving employee engagement and performance.

Furthermore the literature revealed that employee differences have an impact on reward preferences. This is significant in that the variations of the influencing variable affect reward mix decisions thus impacting on the efficacy and relevance of traditional remuneration policy and pay structures necessitating the need for an organisation to identify their workforce preferences and adjust their reward strategies and frameworks accordingly.

The next chapter covers the research questions and hypotheses.

CHAPTER 3: RESEARCH QUESTIONS

3.1 Introduction to research questions

The research questions are derived from the challenges and gaps that have been highlighted in the literature review and provide the direction for the research methodology to follow. The literature indicates that despite a body of knowledge emanating from previous reward and motivation studies abroad and a few within the local context there is still much to unearth on the relationship between employee motivation type and its impact on reward mix choices across organisational scenarios such as attraction, motivation and retention.

The literature reviewed identifies the need for a greater analysis on the quantitative influence of diverse South African employee demographics on reward mix determination in the South African organisational context. The research questions will provide the scope for this relationship to be uncovered.

3.2 Specific research questions

3.2.1 Research question 1:

What are the overall reward preferences of employees and do they show significant differences to their attraction, retention and motivation reward mix preferences respectively?

3.2.2 Research question 2:

Which demographic factors affect employees' reward mix preferences most?

3.2.3 Research question 3:

Is employees' perception of their motivational type an effective indicator of their reward mix choices?

3.3 Hypotheses

3.3.1 Hypothesis one:

Null hypothesis 1

There is no difference between intrinsic and extrinsic employee preferences on reward mix determination

H0: Employee preference (EP) Intrinsic EP μ reward mix = Extrinsic EP μ reward mix

Alternate hypothesis 1

There is a difference between intrinsic and extrinsic employee preferences on reward mix determination

H1: Employee preference (EP) Intrinsic EP μ reward mix ≠ Extrinsic EP μ reward mix

3.3.2 Hypothesis two:

Null hypothesis 2

There is no difference between employee gender preferences on reward mix determination

H0: Employee preference (EP) Male EP μ reward mix = Female EP μ reward mix

Alternate hypothesis 2

There is a difference between gender employee preferences on reward mix determination

H1: Employee preference (EP) Male EP μ reward mix ≠ Female EP μ reward mix

3.4 Summary of research questions

Three research questions have been defined in this chapter, the next chapter will cover the methodology to be followed to gather data and to answer the research questions.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

The previous chapters covered a detailed review of the literature and the research questions identified for the purposes of this study. The aim of this chapter is to provide an in-depth description of the research methodology, the unit of analysis and the process associated with the study. This study was a non-empirical, quantitative study and aimed to describe the relationship between the abovementioned constructs.

4.2 Research design

This research project is quantitative and followed a descriptive study which included the collection of measurable, quantifiable data. Saunders and Lewis (2012) described a descriptive study as research that strives to describe a person(s), an event or situation; questions in a descriptive study require quantitative responses. Zikmund's (2003) view is that descriptive research provides the opportunity to describe the characteristics of a population or phenomenon.

Saunders and Lewis (2012) also advise that descriptive research should be thought of as a means to an end rather than an end in itself. This means that the research report utilises description and is likely to be a forerunner to explanation.

Typical methods of descriptive research are:

- Questionnaire surveys
- Sampling
- Interviews
- Re-analysis of secondary data (Saunders & Lewis, 2012).

The selected research strategy for this research project was the survey method. Usually a researcher selects a sample of respondents from a population and administers a standardised questionnaire. The survey strategy is a popular instrument in business and management research (Saunders & Lewis, 2012). Survey method is a strategy that involves the structured collection of data from a

sizeable population as defined by Saunders and Lewis (2012, p. 115). Surveys are an effective form of data collection as it allows for the collection of data about the same things from a large number of people in a cost-effective manner (Saunders & Lewis, 2012; Zikmund, 2003).

The questionnaire used in the survey method is traditionally a written document with a set of standardised questions. The questionnaire may be completed by the respondent in a face-to-face situation like an interview or it can be administered online or by telephone (Saunders & Lewis, 2012). While most may think this to be an easy method of data collection, correct sampling, designing and piloting the data collection instrument can be very time consuming and ensuring a good response rate is integral to viable result analysis (Saunders & Lewis, 2012).

From a practical point of view, it does allow the researcher to be more in control of the data collection process. One of the drawbacks of this type of data collection is that the data collected is not likely to be very detailed as it would be bad research practice to ask too many questions on the survey hence hampering the level of detail received from respondents (Saunders & Lewis, 2012).

4.3 Universe/population and sampling

The population or universe represents the entire group of units which is the focus of the study. A sampling frame is the complete list of all the members of the total population (Saunders & Lewis, 2012).

The sampling frame for this research project comprised all the Human Resource and Reward practitioners in South Africa.

The universe/population consists of all clients listed in the 21st Century Pay Solutions Group and members of the South African Reward Association (SARA) databases.

There are 3000 people in the SARA database and 6000 people in the 21st Century Pay Solutions database.

The sampling methodology was purposive and the sample consisted of everyone in the population described above.

4.4 Unit of analysis

This study aimed to explain human behaviour so the unit of analysis will be the individual.

4.5 Measurement instrument

The data collection tool used for primary data gathering took the form of a questionnaire survey (see Appendix 1).

A detailed questionnaire was developed for this research project combining new elements as well as measuring tools previously used in past studies.

Each question or statement was measured using a seven point Likert scale with the following score ratings:

1. Extremely important
2. Moderately important
3. Slightly important
4. Neither important nor unimportant
5. Slightly unimportant
6. Moderately unimportant
7. Extremely unimportant
8. Not applicable to my job

The questionnaire comprises four parts:

The first part (Part A) clarified the purpose of the research to the respondents and included detailed instructions for completing the questionnaire. It stated that respondent participation is voluntary and that respondents may withdraw from the process at any time. Part A included an ethical declaration that the survey is voluntary and respondent information will remain anonymous and no person/s or any other identifying information will be shared in the public domain.

Part A included a set of biographical and demographically related questions in order to obtain the demographic profile for each respondent as well their perception of their motivational type (gender, age, ethnicity and motivation type where a

description was provided and allowed the respondent to choose either intrinsic or extrinsic).

The second part (Part B) consisted of a set of questions addressing both financial and non-financial reward questions used to identify reward mix that will *attract* prospective employees.

The third part (Part C) comprised of a set of questions addressing both financial and non-financial reward questions used to identify reward mix that will *motivate* current employees.

The fourth part (Part D) included a set of questions addressing both financial and non-financial reward questions used to identify reward mix that will *retain* employees. The components selected to comprise the financial and non-financial reward categories are listed in Table 2 below.

Table 2: Reward Mix Components

Financial (Extrinsic Rewards)
Base Salary/Remuneration (i.e. your fixed monthly cash payment)
Health Care Benefits (i.e. medical aid, lifestyle management, ARV and HIV/Aids support)
Retirement & Disability Benefits (i.e. provident or pension fund, counselling and options around retirement)
Savings (i.e. special rates on loans, canteen allowances, company contributions to provident or pension fund, discounts on staff schemes)
Shares or Share Options (i.e. long term incentive to reward long term effort /service)
Variable Pay components as part of the remuneration plan (i.e. commissions, annual bonuses, performance incentives, funding of tertiary qualifications)

Non-Financial (Intrinsic Rewards)
Growth Opportunities (i.e. career advancement, personal advancement plan, coach or mentor)
Leadership Style of organisation (i.e. type of leadership style in your work environment e.g. autocratic, bureaucratic, visionary, humanistic)
Organisational Climate within organisation (i.e. culture, values, strategy, remuneration philosophy, reward systems, technology, relationships, regular communication between management and staff about business progress).
Performance Support in the organisation (i.e. regular sessions with superior to give constructive feedback on my performance, managerial and infrastructure support)
Recognition within the organisation (i.e. special awards, dinners, trophies, commendation letters)
Succession planning within the organisation (i.e. identify, communicate and develop successors for more senior positions, promotion)
Time-off (i.e. study leave, sabbatical leave, time off in lieu of overtime worked)
Training opportunities (i.e. formal and informal training, linked to a development plan, to rotate and experience different types of jobs)
Work/Life Balance (i.e. opportunity to integrate work and personal life, flexible working hours, half-day leave, ability to work from home)
Quality Work Environment (e.g. perks such as on-site fitness centre, latest technology, aesthetics, dedicated parking bay, security services, canteen, uniforms, crèches, concierge services)

The survey questionnaire was pre-tested as a pilot to test for any ambiguity within the instrument and accordingly rectified. The pilot was done by using a subset within the main sample. During the pre-test, respondents' response times were measured and recorded in order to ensure that the questionnaire is not too lengthy or time consuming. The questionnaire was adjusted accordingly after results received from the pre-test pilot.

Research by Wilder, Therrien and Wine (2006) on methodological evaluations of preference assessments have discovered that the survey method was more

accurate than a verbal choice method when determining reward preferences for employees.

4.6 Data collection

The questionnaire survey was administered via a survey link (via Survey Monkey website) which was distributed electronically (via email) to all participants in the sample.

The data collection plan included the analysis of information gathered from the questionnaire answers to address the research questions presented in Chapter 3.

The data analysis techniques used to analyse the responses to the questionnaire included both descriptive and inferential statistical analysis methods.

4.7 Data analysis

From the 9000 emails distributed, 266 responses were received of which only 228 responses were viable for further analysis. The low response rate could possibly be attributed to the confidential nature of reward preference and selection.

The internet-based survey tool used, Survey Monkey, uploads the data directly into a format that is compatible with *Microsoft Excel.* This allowed effortless uploading into statistical software package called IBM SPSS which was used for the analysis of the results.

4.7.1 Descriptive statistics

Descriptive statistical methods were utilised to focus on measures of centrality and dispersion and were displayed using a combination of frequency distribution tables and bar graphs.

4.7.2 Demographic analysis

The analysis was descriptive in nature and looked at the composition of the sample. Demographic items described were age, gender, industry, department, household income, and academic qualification, number of financial dependents, level, tenure, marital status and motivation type.

4.7.3 Missing values

Missing data have challenged researchers since the beginnings of field research. The challenge has been particularly serious when research involves multiple waves of measurement on the same individuals. Missing data can occur due to non-response of incorrect entry of data (Graham, 2009).

Missing values analysis was conducted using the SPSS missing value analysis function to ascertain the validity and/or adequacy of the data variables.
In the analysis the following checks were performed:

- Test for missing data where the count is *lower* than expected for any variable
- Test whether *mean* and *standard deviation* are within reasonable ranges
- Test whether the *minimum* and *maximum* are within expected ranges.

The data clean-up process identified any missing values and incorrectly entered data points. Missing values were substituted with the average and incorrectly entered data points will be deleted where they represented inapplicable observations (Graham, 2009).
The process applied was to assess rows for excessive missing data and then to delete the observation if significant variables were missing (Norusis, 2008).
Additionally, columns were assessed for missing data and the following logic applied:

- For a continuous variable (like age), it was possible to replace missing data with the mean
- For multi-item variables, where excessive amounts of data were not missing from any one construct, the missing data was smoothed over using averages (Norusis, 2008).

4.7.4 Validity and reliability

Validity refers to the extent to which the research measures what it intends to measure. It indicates the truthfulness of the research. As indicated by Walonick (2000), generally, validity is determined by the judgement of the researcher. In

determining the validity of the research, it is noted that prior literature played a key role in the determination of the research questions and the methodology followed to answer the research questions.

Reliability in the research was tested by means of a Cronbach's Alpha test. The Cronbach's Alpha coefficient is a measure of internal consistency or homogeneity between items. Blumberg, Cooper and Schindler (2008) noted that the Cronbach's Alpha test has the most utility for multi-item scales at the interval level of measurement, and is used to estimate reliability for dichotomous items.

The reliability range for Cronbach Alpha is between 0 and 1 and internal consistency values are denoted as follows:

Cronbach's alpha	**Internal consistency**
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

(George & Mallery, 2012)

Cronbach Alpha tests were run for each individual scenario, that is, attraction, motivation and retention and then performed for the combination of all scenarios for an overall value.

4.7.5 Factor analysis

Factor analysis is a data reduction technique and most useful when identifying underlying variables, or factors, that explain the pattern of correlations within a set of observed variables (Fabrigar, Wegener, MacCallum & Strahan, 1999).

Due to the exploratory nature of the survey questionnaire it was necessary and sufficient to perform the dimension reduction factor analysis so as to ascertain the existence or non-existence of interdependence between observations to avoid autocorrelation errors.

The factor analysis was performed separately for attraction, motivation and retention scenarios. An overall factor analysis was performed for the three categories combined.

The tests employed for attraction, retention and motivation were the Kaiser-Meyer-Olkin and Bartlett's test of sphericity, The Kaiser-Meyer-Olkin test is a measure of sampling adequacy and tests whether the partial correlations among variables are small which means that it tests whether the strength of the relationship among variables is large enough to be significant enough to proceed with factor analysis of the data. Bartlett's test of sphericity tests whether the correlation matrix is an identity matrix, which would indicate that the factor model is inappropriate (Pallant, 2010).

4.7.6 Means score ranking test

The Friedman test is the non-parametric alternative to the one-way ANOVA with repeated measures. It is used to test for differences between groups when the dependent variable being measured is ordinal (Laerd, 2014). The Friedman test was used to rank reward mix components based on their mean scores.

4.7.7 Hypothesis testing

4.7.7.1 Paired sample t-test:

T-tests were used for the purpose of assessing the differences in the mean scores of two different variables. The paired samples t-test is used when quantifiable data for two variables which measure the same feature but under different conditions. The paired t-test is conducted to check for significant difference between groups (Saunders, Lewis, & Thornhill, 2011).

A paired sample T-test was conducted to check for the statistically significant difference of the overall reward preferences of employees, compared to their attraction, motivation and retention reward mix choices, respectively.

This test compares the responses given for the Attract, Motivate and Retain scenarios of the survey with those selected in the overall reward mix ranking at the end of the survey.

4.7.7.2 ANOVA

ANOVA (Analysis of Variance) tests are used to investigate whether three or more groups (categories) are significantly different. ANOVA analyses the variations within and between groups of data b comparing means (Saunders et al., 2011)

ANOVA tests were conducted to check for the influence of differing employee demographic factors on reward mix choices, the Analysis of Variance between groups and within groups was performed for each of the reward mix components to determine if there was a significant difference with respect to each of the reward mix components.

4.7.7.3 MANOVA

Multivariate analysis of variance (MANOVA) is used to investigate whether there are any differences between independent groups on more than one continuous dependent variable. In this regard, it differs from ANOVA, which only measures one dependent variable (Laerd, 2014).

MANOVA tests were conducted to check whether the employees' perception of their motivational type is an effective indicator of their reward mix choices relative to attraction, motivation and retention scenarios.

The MANOVA was conducted to test if the changes on the explanatory variables have significant effect on the reward mix components (dependent variables).

4.8 Research limitations

The sample that was taken was restricted to all clients listed in the 21st Century Pay Solutions Group and members of the South African Reward Association (SARA) databases. It should also be noted that reward mix practices and preferences may differ across geographical differences.

Responses given were limited to South African contexts and not necessarily useful for international inferences.

The time frame for the project was limited to 2014 and therefore changes to survey results is anticipated as new generation employees enter the job market and as older generations leave the job market (retire).

4.9 Conclusion

This chapter described the research methodologies used in order to answer the questions and hypotheses stated in Chapter 3. The research approach, research design, sampling methodologies and data gathering methods were examined in detail. In the following chapter, the results of the research will be presented.

CHAPTER 5: RESULTS

5.1 Introduction

This results chapter presents a broad, in-depth analysis of the descriptive and inferential and regression statistical tests in order to present an overview of the data that was used, as well as a presentation of the results derived from the response data set received.

5.2 Descriptive statistics:

Descriptive statistical methods that were utilised focused on measures of centrality and dispersion and were displayed using frequency distribution tables, bar graphs or pie charts.

5.3 Demographic analysis

This analysis is descriptive in nature and looked at the composition of the sample. Demographic items described were age, gender, industry, department, household income, and academic qualification, number of financial dependents, job level, tenure, marital status and motivation type. Significant results were highlighted where detected.

Table 3: Summary of Demographic Results

Gender distribution	**Frequency**	**Percentage**
Male	127	55.7%
Female	101	44.3%
Total	**228**	**100.0%**
Age distribution	**Frequency**	**Percentage**
18 – 28	11	4.8%
29-38	124	54.4%
39-48	62	27.2%
49-59	26	11.4%

60+	5	2.2%
Total	**228**	**100.0%**
Marital status	**Frequency**	**Percentage**
Living together	21	9.2%
Married	149	65.4%
Divorced/Widowed/Separated	11	4.8%
Single/Never Married	47	20.6%
Total	**228**	**100.0%**
Racial distribution	**Frequency**	**Percentage**
Asian	4	1.8%
Black African	62	27.2%
Indian	30	13.2%
Coloured	26	11.4%
White	106	46.5%
Total	**228**	**100.0%**
Dependents	**Frequency**	**Percentage**
None	70	30.7%
1	44	19.3%
2	53	23.2%
3+	61	26.8%
Total	**228**	**100.0%**
Qualification (Recoded)	**Frequency**	**Percentage**
Grade 12 / Matric	4	1.8%
Diploma/Certificate	26	11.4%
Undergraduate (Bachelors)	68	29.8%
Postgraduate (Honours)	78	34.2%
Postgraduate (Masters)	27	11.8%

Postgraduate (MBA)	19	8.3%
Postgraduate (PhD)	3	1.3%
CA (SA)	2	0.9%
LLB	1	.04%
Total	**228**	**100.0%**
Tenure	**Frequency**	**Percentage**
Less than 1 year	21	9.2%
1 – 3 years	54	23.7%
3 – 5 years	44	19.3%
5 – 7 years	32	14.0%
7 – 10 years	34	14.9%
10+ years	43	18.9%
Total	**228**	**100.0%**
Job Level (Recoded)	**Frequency**	**Percentage**
Admin/Clerical	3	1.3%
Full Time Student	1	0.4%
Owner/Part Owner	2	0.8%
Supervisor/Junior Management	15	6.6%
Middle Management	66	28.9%
Senior Management	69	30.3%
Executive/Director	2	0.8%
Specialist/Professional	70	30.7%
Total	**228**	**100.0%**
Monthly Income	**Frequency**	**Percentage**
R5000-R14999	2	0.9%
R15000-R24999	10	4.4%
R25000-R34999	27	11.8%

R35000-R44999	30	13.2%
+R45000	159	69.7%
Total	**228**	**100.0%**
Department	**Frequency**	**Percentage**
Accounting/Finance	22	%
Advertising/Marketing	11	4.8%
Administrative	1	0.4%
Corporate Affairs	5	2.2%
Consulting	16	7.0%
Customer Service	3	1.3%
Engineering/Technical	10	4.4%
Human Resource	97	42.5%
Information Technology	17	7.5%
Legal/Risk & Compliance	5	2.2%
Manufacturing/Operations	5	2.2%
Procurement	1	0.4%
Research & Development	4	1.8%
Sales	10	4.4%
Other	21	9.2%
Total	**228**	**100.0%**
Industry (Recoded)	**Frequency**	**Percentage**
Agriculture	2	0.9%
Banking/Financial Services	53	23.2%
Media/Broadcasting	4	1.8%

Conservation	1	0.4%
Construction/Industrial	6	2.6%
Defence/Aerospace	1	0.4%
FMCG	4	1.8%
Education	5	2.2%
Energy (Oil, Gas, Other)	25	11%
Government/Public Sector	5	2.2%
Healthcare	10	4.4%
Information Technology	4	1.8%
Insurance	1	0.4%
Manufacturing	7	3.1%
Mining	15	6.6%
Professional Services	33	14.5%
Regulatory	2	0.9%
Retail	13	5.7%
Sports	2	0.9%
Telecommunications	19	8.3%
Transportation/Logistics	7	3.1%
Travel/Leisure	1	0.4%
Other	8	3.5%
Total	**228**	**100.0%**
Motivation Type	**Frequency**	**Percentage**
Extrinsically Motivated	63	27.6%
Intrinsically Motivated	165	72.4%
Total	**228**	**100.0%**

Gender

From the sample of the 228 respondents 44.3% were female and 55.7% were male thus a gender frequency difference of 11.4%.

Age

The majority of respondents were in the age range 29 – 38 which amounted to 54.4% of the sample. As indicated in the summary table above 86.4% of the respondents are below 49 years with only 4.8% of that being contributed by the 18 – 28 age group. This shows that the sample is mostly composed of middle-aged individuals.

Racial ethnicity

With only 1.80% of the sample being Asian they were the least represented whilst 46.5%, a clear majority were White. There is a 19.30% difference between the whites (the most represented) and black Africans (second most represented) and Coloureds were 26%, Indians respondents composed 30% of the respondent sample.

Marital status

The majority of the sample were married representing 65.40% of the sample. The second most represented majority group fell in the Single/Never Married group with 20.60%. The least represented group was the Divorced/Widowed/Separated with 4.8% of the sample of 228 respondents.

Dependents

The number of dependents per respondent was recorded. As shown in Table 3 above, 30.7% have no dependents, 19.30% have one dependent, 23.2% have two dependents and 26.8% have at least three dependents. From the cumulative frequency distribution it can be noted that 73.20% of the respondents have two or less dependents.

Qualification

From the 228 respondent sample, 64% either have an Undergraduate Degree (Bachelors) or Postgraduate Degree (Honours) with each contributing 29.8% and 34.2% respectively.

Tenure

Respondents were asked to state the tenure of their current employment and as can be seen in Table 3 above there is an almost even frequency distribution of tenure between ranges 1-3 years and 7-10 years with the 1-3years range being the modal tenure (23.70%).

Job level

Respondents were requested to state the current level that best describes their current role and as can be seen in Table 3 above; 89.9% of the 228 respondents are either on the Senior Management or Specialist/Professional or Middle management levels of which 30.7% of are on the specialist/professional level and 28.9% are on the middle management level and 30.3% are on the Senior Management level.

Monthly income

The majority of the respondents have a monthly income higher than R45000 with this group representing 89.9% of the sample. The second most represented group fell in the R25000-R34999 with 13.2% of the total sample.

Department

The majority of respondents reported to work within the Human Resources department representing 42.5% of the sample.

Industry

Due to the high number of industry descriptions recorded under the ‘other’ category, the given categories in the survey were inadequate. These were recoded and tabulated into the analysis. The majority of the respondents reported to work

in the Banking/Finance industry with 14.5% respondents employed in the Consulting sector and 11% in Mining.

Motivation type

Respondents were asked to rate themselves according to their perception of their motivation type given the descriptions provided. The majority of respondents rated themselves as intrinsically motivated representing 72.4% of the sample. The extrinsically motivated group accounted for 27.6% of the total sample.

5.4 Missing values

Due to all the questions on the survey being mandatory, there are no missing values although there were unusable entries that were deleted, therefore, of the 228 respondents, there is a 0% missing values rate and every variable has less than 10% missing values rate hence all measured variables have been utilised.

5.5 Validity and reliability

For validity and reliability of the data, factor analysis and the Cronbach Alpha tests were used. Results of which are presented below.

5.6 Factor analysis

Due to the exploratory nature of the survey questionnaire it was necessary and sufficient to perform the dimension reduction factor analysis so as to ascertain the existence or non-existence of interdependence between observations to avoid auto-correlation errors.

It is interesting to note that reward component Work/Life Balance that originally made up the category intrinsic (non-monetary) rewards was excluded through the factor analysis (as factor loadings were smaller than 0.3) and are, therefore, no longer part of the reward category.

The factor analysis was performed separately for attraction, motivation and retention. An overall factor analysis was performed for the three scenarios

combined. Result values of noteworthiness and significance have been highlighted in yellow shading in the tables to follow.

Table 4: Factor Analysis - *Attract*

	Mean	Std. Deviation	Analysis N
Salary	.67	1.196	228
Growth	2.08	1.886	228
Healthcare	1.15	1.550	228
Leadership	1.22	1.542	228
Organisational Climate	1.93	1.813	228
Performance Support	2.35	1.907	228
Retirement Disability	2.64	2.025	228
Recognition	3.09	1.983	228
Savings	2.21	1.887	228
Succession Planning	1.88	1.777	228
Time Off	1.82	1.826	228
Training	1.84	1.680	228
Variable Pay	1.27	1.764	228
Quality Environment	2.57	2.015	228

Based on the measures of central tendency (averages also known as arithmetic mean) in the Table 4 above it was noted that since 0 represented extremely important and 6 represented extremely unimportant. As denoted by the yellow shading in table above; Salary was the most important variable in attracting respondents followed by Healthcare whilst Recognition was the least influential

factor in attraction. Retirement and Environment were the two factors that experienced the highest variability as indicated by their high standard deviation values. Salary with the lowest standard deviation value showed that respondents were consistent in choosing this variable as extremely important in the attraction scenario.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.766
Bartlett's Test of Sphericity	Approx. Chi-Square	800.339
	df	91
	Sig.	.000

From the table above it was noted that the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.766 which is greater than 0.6 thus indicating that grouping variables was useful for the purpose of analysing reward mixes. The Bartlett's test for sphericity showed that the sample could be used as the p-value = 0.000 which is less than 0.05, thus making it statistically significant as denoted by the value in yellow shading.

Table 5: Factor Analysis - *Motivate*

	Mean	Std. Deviation	Analysis N
Salary	.99	1.419	228
Growth	2.47	2.076	228
Healthcare	1.14	1.464	228
Leadership	1.32	1.545	228
Organisational Climate	1.91	1.804	228
Performance Support	2.72	1.944	228

Retirement Disability	2.55	1.985	228
Recognition	3.08	1.962	228
Savings	2.16	1.871	228
Succession Planning	2.01	1.796	228
Time Off	1.89	1.793	228
Training	1.85	1.875	228
Variable Pay	1.31	1.638	228
Quality Environment	2.43	1.951	228

Based on the measures of central tendency (averages also known as arithmetic mean) in the Table 5 above it was noted that since 0 represented extremely important and 6 represented extremely unimportant then Salary was the most important variable in motivating respondents followed by Healthcare whilst Recognition was the least motivating factor in motivation. Growth and Retirement were the two factors that experienced the highest variability as indicated by their high standard deviation values. Salary with the lowest standard deviation value showed that respondents were consistent in choosing this variable as the most important in the motivation scenario.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.822
Bartlett's Test of Sphericity	Approx. Chi-Square	1165.545
	df	91
	Sig.	.000

From the table above it was noted that the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.822 which is greater than 0.6 thus indicating that grouping variables were useful for the purpose of analysing reward mixes. The Bartlett's test

for sphericity showed that the sample would be used as the p-value = 0.000 which is less than 0.05, thus making it statistically significant.

Table 6: Factor Analysis - *Retain*

	Mean	Std. Deviation	Analysis N
Salary	.81	1.286	228
Growth	2.55	2.014	228
Healthcare	1.12	1.519	228
Leadership	1.22	1.625	228
Organisational Climate	1.97	1.833	228
Performance Support	2.68	2.061	228
Retirement Disability	2.46	2.029	228
Recognition	3.11	2.067	228
Savings	1.96	1.886	228
Succession Planning	1.98	1.909	228
Time Off	1.77	1.749	228
Training	1.63	1.805	228
Variable Pay	1.24	1.717	228
Quality Environment	2.32	1.973	228

Based on the measures of central tendency (averages also known as arithmetic mean) in the Table 6 above it was noted that since 0 represented extremely important and 6 represented extremely unimportant then Salary was the most important variable in retaining respondents followed by Healthcare followed shortly by Leadership and Variable pay. Recognition was the least influential factor in retention scenario.

Recognition, Performance Support and Retirement were the three factors that experienced the highest variability as indicated by their high standard deviation values. Salary with the lowest standard deviation value showed that respondents were consistent in choosing this variable as the most important in the retention scenario.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.803
Bartlett's Test of Sphericity	Approx. Chi-Square	1249.625
	df	91
	Sig.	.000

From the table above it was noted that the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.803 which is greater than 0.6 thus indicating that grouping variables were useful for the purpose of analysing reward mixes. The Bartlett's test for sphericity showed that the sample can be used as the p-value = 0.000 which is less than 0.05, thus statistically significant.

Table 7: Factor Analysis - *Overall*

	Mean	Std. Deviation	Analysis N
Salary	2.68	1.67	228
Variable Pay Short Term	3.44	1.64	228
Variable Pay Long Term	3.19	1.74	228
Benefits	2.94	1.69	228
Performance Support	4.62	1.45	228
Quality Environment	3.28	2.15	228

Based on the measures of central tendency (averages also known as arithmetic mean) in the Table 7 above it was noted that since 0 represented extremely

important and 6 represented extremely unimportant then Salary was overall the most significant variable for respondents followed by Benefits whilst Performance was the least preferred factor in determining reward mix. Quality environment and Variable pay long-term were the two factors that experienced the highest variability as indicated by their high standard deviation values. Performance with the lowest standard deviation value showed that respondents were consistent in choosing this variable as extremely unimportant.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.151
Bartlett's Test of Sphericity	Approx. Chi-Square	402.609
	df	15
	Sig.	.000

From the table above it was noted that the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.151 which is less than 0.6 thus indicating that grouping variables were not useful for the purpose of analysing reward mixes. The Bartlett's test for sphericity showed that the sample can be used as the p-value = 0.000 which is less than 0.05, thus statistically significant.

Factor Analysis: Attract + Motivate + Retain

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.854
Bartlett's Test of Sphericity	Approx. Chi-Square	6654.311
	df	861
	Sig.	.000

From the table above it can be noted that the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.854 which is greater than 0.6 thus indicating that

grouping variables were useful for the purpose of analysing reward mixes. The Bartlett's test for sphericity shows that the sample could be used as the p-value = 0.000 which is less than 0.05, thus making it statistically significant.

5.7 Cronbach Alpha

Table 8: Cronbach's Alpha Test - *Attract*

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.809	.808	14

Cronbach's Alpha value found was .809 which is greater than 0.80 thus indicated strong internal consistency among test items which is a measure of data reliability. Cronbach's Alpha based on standardised items is .808 which is also greater than 0.80 and indicated strong internal consistency among test items which is a measure of data reliability.

Table 9: Cronbach Alpha Test - *Motivate*

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.855	.857	14

Cronbach's Alpha value found was .855 which is greater than 0.80 thus indicated strong internal consistency among test items which is a measure of data reliability. Cronbach's Alpha Based on standardised items is .857 which is also greater than 0.80 and indicated strong internal consistency among test items which is a measure of data reliability.

Table 10: Cronbach Alpha Test - *Retain*

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.858	.857	14

Cronbach's Alpha value found was .858 which is greater than 0.80 thus indicated strong internal consistency among test items which is a measure of data reliability. Cronbach's Alpha Based on standardised items is .857 which is also greater than

0.80 and indicated strong internal consistency among test items which is a measure of data reliability.

Table 11: Cronbach Alpha Test - *Attract + Motivate + Retain*

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.938	.938	42

Cronbach's Alpha value found was .938 which is greater than 0.80 thus indicated strong internal consistency among test items which is a measure of data reliability. Cronbach's Alpha based on standardised items is .938 which is also greater than 0.80 and indicated strong internal consistency among test items which is a measure of data reliability.

5.8 Means score ranking test

The Friedman test is the non-parametric alternative to the one-way ANOVA with repeated measures. It was used to test for differences between groups when the dependent variable being measured was ordinal (Laerd, 2014). The Friedman test was used to rank reward mix components based on their mean scores.

Table 12: Reward Mix Mean Ranking

Attract	Mean	Motivate	Mean
Salary	13.61	Salary	15.89
Growth	24.29	Growth	26.94
Healthcare	17.63	Healthcare	17.39
Leadership	18.26	Leadership	19.06
Organisational Climate	23.35	Organisational Climate	23.16
Performance Support	26.51	Performance Support	29.16
Retirement Disability	28.12	Retirement Disability	27.71
Recognition	31.62	Recognition	31.72

Savings	25.48	Savings	24.95
Succession Planning	23.09	Succession Planning	24.06
Time Off	22.50	Time Off	23.06
Training	22.89	Training	22.66
Variable Pay	17.93	Variable Pay	18.50
Quality Environment	27.68	Quality Environment	26.91
Retain	**Mean**	**Overall**	**Mean**
Salary	14.74	Salary	28.70
Growth	27.68	Variable Pay Short Term	33.30
Healthcare	17.05	Variable Pay Long Term	32.97
Leadership	17.97	Benefits (includes Healthcare)	31.02
Organisational Climate	23.73	Performance Support	40.61
Performance Support	28.56	Quality Environment	32.45
Retirement Disability	26.98		
Recognition	31.80		
Savings	23.47		
Succession Planning	23.61		
Time Off	22.18		
Training	21.41		
Variable Pay	17.85		
Quality Environment	25.79		

Reward components that had significantly mean scores are highlighted in yellow in Table 12 above, the lower the value the higher its significance to respondents. Salary, healthcare and variable pay scored significantly across all three scenarios, attract, motivate, retain as well as the overall category.

5.9 Hypothesis testing results

5.9.1 Paired sample t-test: research question 1

A t-test was conducted to check for the statistically significant difference of the overall reward preferences of employees, compared to their attraction, motivation and retention reward mix scenarios, respectively (research question 1).

The paired sample t-test was used to determine whether significant differences between the average values of the same measurement made fewer than two different conditions existed. Both measurements were made on each unit in a sample, and the test was based on the paired differences between these two values. The usual null hypothesis is that the difference in the mean values is zero.

5.9.1.1 Paired t-test: attraction vs overall

Table 13: Attract and Overall Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Salary Attract & Salary Overall	228	-.138	.037
Pair 2	Quality Environment & Quality Environment Overall	228	.139	.036
Pair 3	Performance Support Attract & Performance Overall	228	-.118	.076
Pair 4	Healthcare Attract & Benefits Overall	228	-.019	.779

As per Table 13 above, the pair consisting of healthcare attract and benefits overall had a p-value of 0.779 which indicated that there was no significant difference found between the two thus consistency in the responses did exist.

The performance support pair had a p-value of 0.076 which indicates that there was no significant difference between the two thus consistency in the responses did exist.

Table 14: Attract and Overall Paired Samples Tests

		Mean	Std. Dev	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	Salary Attract & Salary Overall	-.77	2.04	.135	-1.04	-.50	-5.720	227	.000
Pair 2	Quality Environment Attract & Quality Environment Overall	-.70	2.73	.18	-1.06	-.348	-3.892	227	.000
Pair 3	Performance Support Attract & Performance Overall	-2.27	2.53	.167	-2.60	-1.94	-13.574	227	.000
Pair 4	Healthcare Attract & Benefits Overall	-1.79	2.31	.153	-2.0	-1.49	-11.678	227	.000

From Table 14 above there was sufficient evidence from the paired sample test that there was a significant difference in the pairs analysed which showed that attract responses differ from overall responses as calculated using mean scores.

5.9.1.2 Paired t-test: motivation vs overall

Table 15: Motivate and Overall Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Salary Motivate & Salary Overall	228	-.055	.405

Pair 2	Quality Environment Motivate & Quality Environment Overall	228	.123	.064
Pair 3	Performance Support Motivate & Performance Overall	228	-.046	.485
Pair 4	Healthcare Motivate & Benefits Overall	228	.019	.775

From the Table 15 above it was evident that the Healthcare and Quality environment pairs had high correlations with 0.775 and 0.64 respectively whereas the rest of the pairs had weak associations.

Table 16: Motivate and Overall Paired Samples Tests

					95% Confidence Interval of the Difference				
		Mean	**Std. Dev**	**Std. Error Mean**	**Lower**	**Upper**	**t**	**df**	**Sig. (2-tailed)**
Pair 1	Salary Motivate & Salary Overall	-1.69	2.25	.149	-1.99	-1.40	-11.357	227	.000
Pair 2	Quality Environment Motivate & Quality Environment Overall	-.84	2.72	.18	-1.20	-.49	-4.691	227	.000
Pair 3	Performance Support Motivate & Performance Overall	-1.90	2.48	.164	-2.23	-1.58	-11.604	227	.000
Pair 4	Healthcare Motivate & Benefits Overall	-1.80	2.21	.14	-2.09	-1.51	-12.264	227	.000

As per Table 16 above sufficient evidence from the paired sample test suggest that there was a significant difference in the pairs analysed which showed that motivate responses differ from overall responses as calculated using mean scores.

5.9.1.3 Paired t-test: retention vs overall

Table 17: Retain and Overall Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Salary Retain & Salary Overall	228	-.045	.502
Pair 2	Quality Environment Retain & Quality Environment Overall	228	.043	.521
Pair 3	Performance Support Retain & Performance Overall	228	-.074	.264
Pair 4	Healthcare Retain & Benefits Overall	228	.038	.565

As per Table 17 above it was evident that none of the pairs had a high correlation thus had weak associations.

Table 18: Retain and Overall Paired Samples Tests

		Mean	Std. Dev	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	Salary Retain & Salary Overall	-1.87	2.15	.14	-2.15	-1.59	-13.126	227	.000
Pair 2	Quality Environment Retain & Quality Environment Overall	-.95	2.86	.18	-1.32	-.58	-5.047	227	.000
Pair 3	Performance Support Retain & Performance Overall	-1.95	2.61	.172	-2.29	-1.61	-11.291	227	.000

Pair 4	Healthcare Retain & Benefits Overall	-1.82	2.23	.147	-2.12	-1.53	-12.365	227	.000

As per Table 18 above sufficient evidence gained from the paired sample test that there was a significant difference in the pairs analysed which showed that retain responses differed from overall responses as calculated using mean scores.

5.9.2 Analysis of variance (ANOVA): research question 2

ANOVA tests were conducted to check for the influence of differing employee demographic factors on reward mix choices.

Table 19: Means Gender

Gender		**Salary**	**Variable Pay Short Term**	**Variable Pay Long Term**	**Benefits**	**Quality Environment**	**Performance Support**
Female	Mean	3.00	3.90	2.96	2.67	2.67	4.71
Male	Mean	2.43	3.078	3.385	3.76	3.76	4.55

As per Table 19 above the reward mix components' mean scores according to gender were outlined. Males place more emphasis on salary (2.43) compared to females (3.00), short-term variable pay is more important for males compared to females, whilst females (2.96) place more importance to long term variable pay compared to males (3.385). Quality working environment is not as important to males (3.76) compared to females (2.76), but males (4.55) consider performance support more important than females (4.71).

Table 20: ANOVA Gender

			Mean Square	**F**	**Sig.**
Salary	Between Groups	(Combined)	18.082	6.579	.011
	Within Groups		2.749		
Variable Pay Short Term	Between Groups	(Combined)	38.036	14.867	.000

	Within Groups		2.559		
Variable Pay Long Term	Between Groups	(Combined)	10.182	3.365	.068
	Within Groups		3.026		
Benefits	Between Groups	(Combined)	.008	.003	.957
	Within Groups		2.891		
Performance Support	Between Groups	(Combined)	1.331	.627	.429
	Within Groups		2.124		
Quality Environment	Between Groups	(Combined)	66.904	15.286	.000
	Within Groups		4.377		

The ANOVA tests whether there exists a statistically significant difference in the group means calculated. Table 20 shows that there was a statistically significant difference between the groups with respect to a particular reward mix component. Groups with p-value less than 0.05 confirm statistical significance and are highlighted in yellow shading, namely; males and females with respect to salary, the difference was significant with males responding that it was more important (P-value = 0.011).

Males and females exhibited significant difference with respect to variable pay short term with males responding that it was more important (P-value = 0.000).

Males and females exhibited significant difference with respect to quality working environment with females responding that it was more important (P-value = 0.00).

Table 21: Means Age

Age		**Salary**	**Variable Pay Short Term**	**Variable Pay Long Term**	**Benefits**	**Performance Support**	**Quality Environment**
18-28	Mean	3.00	3.818	4.18	1.636	4.00	3.00
29-38	Mean	2.82	3.548	3.25	2.83	4.596	3.15
39-48	Mean	2.516	3.306	3.048	2.967	4.79	3.74

49-59	Mean	2.42	3.19	2.92	3.769	4.615	2.88
60	Mean	2.00	3.00	3.00	4.20	4.80	3.40

As shown in Table 21 above where significant values are highlighted in yellow shading; respondents who were 60 years and above showed the highest importance on salary (as denoted by lowest value in yellow shading) compared to all the other age groups followed by 49-59 year olds. The importance of salary decreased as the age groups decreased. The 18-28 year olds placed the least importance on salary as highlighted by the highest value in yellow shading (3.00).

Respondents who were 60 years and above showed the highest importance on short term variable pay compared to all the other age groups, followed by 49-59 year olds, the highest mean score of importance in all age groups. The importance of variable pay short term decreased as the age groups decreased. The 18-28 year olds have the placed the least importance on variable pay short term (3.81).

Respondents who were 49-59 years and above showed the highest importance on long term variable pay compared to all the other age groups (mean=2.92), followed by 60+ year olds but not as much importance as salary. The importance of long term variable pay decreased as the age groups decreased. The 18-28 year olds have the placed the least importance on long term variable pay (mean score =4.18)

Respondents who were 18-28 years and above showed the highest importance on benefits compared to all the other age groups. The 18-28 year olds have the placed the least importance on long term variable pay.

Table 22: ANOVA Age

			Mean Square	F	Sig.
Salary	Between Groups	(Combined)	2.334	.826	.510
	Within Groups		2.825		
Variable Pay Short Term	Between Groups	(Combined)	1.674	.612	.654

	Within Groups		2.733		
Variable Pay Long Term	Between Groups	(Combined)	3.633	1.192	.315
	Within Groups		3.047		
Benefits	Between Groups	(Combined)	11.507	4.225	.003
	Within Groups		2.723		
Performance Support	Between Groups	(Combined)	1.561	.733	.570
	Within Groups		2.130		
Quality Environment	Between Groups	(Combined)	5.055	1.088	.363
	Within Groups		4.645		

The ANOVA tests whether there exists a statistically significant difference in the group means calculated. Table 22 shows that there was a statistically significant difference between the groups with respect to a particular reward mix component. Groups with p-value less than 0.05, confirmed statistical significance highlighted in yellow shading; thus the 49-59 year old group exhibited significant difference with respect to benefits responded that it was more important. (P-value = 0.03)

Table 23: Means Racial Group

Racial Group		Salary	Variable Pay Short Term	Variable Pay Long Term	Benefits	Performance Support	Quality Environment
Asian	Mean	4.75	3.75	2.25	2.00	4.25	4.00
Black African	Mean	2.66	3.35	2.596	2.95	4.548	3.98
Coloured	Mean	2.53	3.50	3.346	2.807	4.88	3.269
Indian	Mean	2.54	3.63	2.83	2.666	4.73	3.60
White (Caucasian)	Mean	2.69	3.415	3.65	3.094	4.59	2.75
Total	Mean	2.68	3.44	3.197	2.947	4.627	3.28

From the Table 23 above Indians (2.54) and Coloureds (2.53) placed the highest importance on salary (denoted by values in yellow shading) whilst Asian respondents had the least importance mean score. Black African (2.66) and White (2.69) respondents had an almost equal mean importance score with respect to salary. All races placed an almost equal importance on short term variable pay. Black African (2.6) and Indian (2.83) respondents place a higher importance on long term variable pay. Asians responded with the highest importance on benefits with the lowest value denoted in yellow shading (2.00) and White respondents had the least importance on benefits.

Table 24: ANOVA Racial Groups

			Mean Square	F	Sig.
Salary	Between Groups	(Combined)	4.590	1.648	.163
	Within Groups		2.784		
Variable Pay Short Term	Between Groups	(Combined)	.528	.192	.943
	Within Groups		2.754		
Variable Pay Long Term	Between Groups	(Combined)	13.078	4.544	.002
	Within Groups		2.878		
Benefits	Between Groups	(Combined)	2.188	.757	.554
	Within Groups		2.891		
Performance Support	Between Groups	(Combined)	.782	.365	.833
	Within Groups		2.144		
Quality Environment	Between Groups	(Combined)	16.278	3.663	.007
	Within Groups		4.444		

The ANOVA tests whether there exists a statistically significant difference in the group means calculated. Table 24 showed that there was a statistically significant

difference between the groups with respect to a particular reward mix component. Groups with p-value less than 0.05 confirm statistical significance as denoted by the value in yellow highlight in the table above; Black African respondents exhibited significant difference with respect to variable pay long term compared to other racial groups responding that it was more important (P-value = 0.02).

Table 25: Means Marital Status

Marital Status		Salary	Variable Pay Short Term	Variable Pay Long Term	Benefits	Performance Support	Quality Environment
Living Together	Mean	3.285	3.476	3.238	2.476	4.00	3.476
Married	Mean	2.59	3.416	3.127	3.08	4.75	3.248
Separated / Divorced / Widowed	Mean	2.36	3.36	2.36	3.09	5.18	4.00
Single / Never Married	Mean	2.78	3.53	3.595	2.70	4.38	3.127
Total	Mean	2.68	3.44	3.19	2.947	4.627	3.28

As shown in Table 25 above, respondents who were separated/divorced/widowed showed the highest importance on salary compared to all the other age groups (mean value = 2.36 denoted in yellow shading), followed by the married group. The respondents who are living together have placed the least importance on salary (mean score = 3.285 denoted in yellow shading). The marital status groups all showed an almost equal importance on short term and long term variable pay, with separated /divorced/widowed showing the most importance in the long term. All the marital status groups generally placed more importance to benefits like salary as evidenced by the low mean scores. The importance placed on performance environment and quality according to marital status was generally low.

Table 26: ANOVA Marital Status

			Mean Square	F	Sig.
Salary	Between Groups	(Combined)	3.511	1.251	.292
	Within Groups		2.807		
Variable Pay Short Term	Between Groups	(Combined)	.191	.069	.976
	Within Groups		2.749		
Variable Pay Long Term	Between Groups	(Combined)	5.289	1.747	.158
	Within Groups		3.028		
Benefits	Between Groups	(Combined)	3.453	1.203	.310
	Within Groups		2.871		
Performance Support	Between Groups	(Combined)	5.586	2.693	.047
	Within Groups		2.074		
Quality Environment	Between Groups	(Combined)	2.584	.552	.647
	Within Groups		4.680		

The ANOVA tests whether there exists a statistically significant difference in the group means calculated. Table 26 showed that there was a statistically significant difference between the groups with respect to a particular reward mix component as signified by the value in yellow shading. Groups with p-value less than 0.05 confirm statistical significance, therefore the performance support respondents exhibited a significant difference with respect to marital status groups (P-value = 0.047).

Table 27: Means Dependents

Dependents	Salary	Variable Pay Short Term	Variable Pay Long Term	Benefits	Performance Support	Quality Environment

0	Mean	2.74	3.457	3.61	2.70	4.585	3.37
1	Mean	2.63	3.795	3.409	2.568	4.63	3.00
2	Mean	2.735	3.60	3.018	3.11	4.62	2.886
3	Mean	2.606	3.03	2.72	3.36	4.67	3.72
Total	Mean	2.68	3.44	3.197	2.947	4.627	3.28

According to Table 27 above, the highest importance according to number of dependents had been assigned to salary which had the lowest mean scores represented by the values signified in yellow shading. Short term, long term variable pay, performance, quality environment generally have been assigned moderate importance across the dependents groups.

ANOVA Dependents: Frequency table was omitted due to the evidence that nothing significant to report was detected. None of the dependent groups showed differences that were statistically significant as all the p-values were greater than 0.05.

Table 28: Means Monthly Income

Household Income		**Salary**	**Variable Pay Short Term**	**Variable Pay Long Term**	**Benefits**	**Performance Support**	**Quality Environment**
+R45 000	Mean	2.57	3.35	3.30	2.97	4.616	3.320
R15 000-R24 999	Mean	2.70	3.90	2.60	2.90	4.40	3.70
R25 000-R34 999	Mean	2.51	3.40	2.629	3.444	4.74	3.59
R35 000-R44 999	Mean	3.33	3.70	3.20	2.566	4.70	2.766
R5 000-R14 999	Mean	3.50	4.50	5.50	.00	4.00	1.50
Total	Mean	2.68	3.44	3.197	2.947	4.627	3.28

As per Table 28, it was observed that as the income group increases so did the importance placed on salary. The +R45 000 group placed the highest importance on salary denoted by the lowest value highlighted in yellow shading, whilst the R5 000 - R14 999 000 placed the least importance signified by the highest values highlighted in yellow. The R5 000 - R14 999 group had the highest mean score on short term and long term variable pay and this indicated that this group did not place much importance on these reward components.

ANOVA results obtained for monthly income indicated that none of the groups showed differences that were statistically significant as all the p-values are above 0.05.

Industry means and ANOVA results

The industries of respondents were diverse and there was a high importance on salary across industries. None of the groups show differences that are statistically significant as all the p-values are above 0.05.

5.9.3 Multivariate analysis of variance (MANOVA): research question 3

MANOVA tests were conducted to check whether the employee's perception of their motivational type was an effective indicator of their reward mix choices relative to attraction, motivation and retention scenarios.

A multivariate regression test (MANOVA) was performed to check the influence of motivation type on the attract reward mix components. This test was performed to test for causality between predictor variables (motivational type) and the reward mix components (dependent variables). From all the responses received, 63 respondents were extrinsically motivated and 165 were intrinsically motivated.

Table 29: MANOVA - Attract

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.791	57.545[b]	14.000	213.000	.000
	Wilks' Lambda	.209	57.545[b]	14.000	213.000	.000
	Hotelling's Trace	3.782	57.545[b]	14.000	213.000	.000
	Roy's Largest Root	3.782	57.545[b]	14.000	213.000	.000
Motivation_type	Pillai's Trace	.087	1.444[b]	14.000	213.000	.135
	Wilks' Lambda	.913	1.444[b]	14.000	213.000	.135
	Hotelling's Trace	.095	1.444[b]	14.000	213.000	.135
	Roy's Largest Root	.095	1.444[b]	14.000	213.000	.135

As per Table 29 above, the Hotelling's Trace significance value obtained for motivation type was 0.135 denoted in yellow shading. This was greater than 0.05, thus confirmed no statistical significance of motivation type on reward mix components pertaining to the attract scenario.

Table 30: MANOVA - Motivate

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.774	52.205[b]	14.000	213.000	.000
	Wilks' Lambda	.226	52.205[b]	14.000	213.000	.000
	Hotelling's Trace	3.431	52.205[b]	14.000	213.000	.000
	Roy's Largest Root	3.431	52.205[b]	14.000	213.000	.000
Motivation_type	Pillai's Trace	.113	1.939[b]	14.000	213.000	.024
	Wilks' Lambda	.887	1.939[b]	14.000	213.000	.024
	Hotelling's Trace	.127	1.939[b]	14.000	213.000	.024
	Roy's Largest Root	.127	1.939[b]	14.000	213.000	.024

As per Table 30 above, the Hotelling's Trace significance value obtained for motivation type was 0.024 highlighted in yellow shading. This was less than 0.05, thus confirming a statistically significant effect of motivation type on reward mix components pertaining to the motivate scenario.

Table 31: MANOVA - Retain

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.740	43.313[b]	14.000	213.000	.000
	Wilks' Lambda	.260	43.313[b]	14.000	213.000	.000
	Hotelling's Trace	2.847	43.313[b]	14.000	213.000	.000
	Roy's Largest Root	2.847	43.313[b]	14.000	213.000	.000
Motivation_type	Pillai's Trace	.091	1.527[b]	14.000	213.000	.103
	Wilks' Lambda	.909	1.527[b]	14.000	213.000	.103
	Hotelling's Trace	.100	1.527[b]	14.000	213.000	.103
	Roy's Largest Root	.100	1.527[b]	14.000	213.000	.103

As per Table 31 above, the Hotelling's Trace significance value obtained for motivation type was 0.103 denoted by value in yellow shading. This was greater than 0.05, thus confirmed no statistical significance of motivation type on reward mix components pertaining to the retain scenario.

5.10 Conclusion

This chapter objectively presented the results of the study using descriptive statistics to describe the sample and results. Inferential statistics were used to make inferences about the sample who participated in the study enabling the researcher to identify significant relationships and differences between the independent and dependent variables. These results were presented in terms of the research questionnaire and were reported by means of graphs and tables.

The next chapter presents an in depth analysis of the results of the research with a specific focus on interpreting the findings of the study.

CHAPTER 6: DISCUSSION OF RESEARCH RESULTS

6.1 Introduction

This chapter presents the interpretation of findings from the statistical results presented in Chapter 5. The basis of which lies in the combination of the literature reviewed in Chapter 2 and the research questions stated in Chapter 3. The intention of which is to integrate these findings into a meaningful discussion highlighting the findings that contribute value to the body knowledge this research topic resides in.

The discussion of these results is presented in the format of the research questions.

6.2 Discussion of findings: research question 1

What are the overall reward preferences of employees and do they show significant differences to their attraction, retention and motivation reward mix preferences respectively?

The results for the overall reward preferences are reported, a ranking summary of the overall preferences are displayed in Table 32 below in order of descending importance. When interpreting the means score rankings, it is important to note that the items with the smallest numbers denote the greatest significance to the respondents, this means that more respondents voted the significance higher on the items with the lowest means scores signified by values in yellow shading.

Table 32: Overall Reward Preferences

Overall Preferences	**Mean**
Salary	28.70
Benefits (includes Healthcare)	31.02
Quality Environment	32.45
Variable Pay Long Term	32.97
Variable Pay Short Term	33.30
Performance Support	40.61

Respondents ranked salary and benefits (includes medical aid, retirement funding and disability benefits, paid leave) and quality environment as the top three most important reward categories.

These findings agree with the literature which reported that salary pay (monetary compensation) are still extremely important to most employees (Horwitz et al., 2003; Kwon & Hein, 2013; Moore & Bussin, 2012; Nienaber et al., 2011)

Medical benefits (also known as healthcare in this study) were highly ranked both in the overall category as well as across the other scenarios as presented below. It is vital that this monetary reward is included as a reward mix component when designing compensation packages to ensure competitiveness to attract and retain human talent (Horwitz et al., 2003; Kwon & Hein, 2013; Misra et al., 2013)

The mean difference between quality environment and variable pay are very small indicating that both short and long term variable pay are highly ranked in importance. The paired sample t-test was performed to determine the differences in selection between the overall preferences of employees and those selected for the attraction, motivation and retention scenarios.
Table 33 below summarises the reward preference ranked in descending order of importance.

Table 33: Attract Reward Preferences

Attraction Preferences	**Mean**
Salary	13.61
Healthcare	17.63
Variable Pay	17.93
Leadership	18.26
Time Off	22.50
Training	22.89
Succession Planning	23.09
Organisational Climate	23.35
Growth	24.29
Savings	25.48
Performance Support	26.51

Quality Environment	27.68
Retirement Disability	28.12
Recognition	31.62

Findings for attraction scenario echo those found for overall preferences with salary and healthcare ranked as most important to employees looking to change jobs or consider working for a prospective employer on the basis of the reward package offered highlighted in yellow. The third highest ranked reward preference highlighted in yellow shading is variable pay (which include components such as short and long term incentives, commissions, annual bonuses, performance incentives and company funding of tertiary qualifications).

Findings for the motivation are summarised in Table 34 below ranked in descending order of importance, the lowest values highlighted in yellow denoted the most important findings.

Table 34: Motivate Reward Preferences

Motivation Preferences	**Mean**
Salary	15.89
Healthcare	17.39
Variable Pay	18.50
Leadership	19.06
Training	22.66
Time Off	23.06
Organisational Climate	23.16
Succession Planning	24.06
Savings	24.95
Quality Environment	26.91
Growth	26.94
Retirement Disability	27.71
Performance Support	29.16
Recognition	31.72

Findings for motivation scenario show similar preferences as those found with the attraction scenario. Table 35 below presents a summary of the findings for retention reward preferences in descending order of importance.

Table 35: Retain Reward Preferences

Retention Preferences	Mean
Salary	14.74
Healthcare	17.05
Variable Pay	17.85
Leadership	17.97
Training	21.41
Time Off	22.18
Savings	23.47
Succession Planning	23.61
Organisational Climate	23.73
Quality Environment	25.79
Retirement Disability	26.98
Growth	27.68
Performance Support	28.56
Recognition	31.80

Findings for retention preferences are very similar to those reported for attraction and motivation. The top three reward preferences, denoted by the values in yellow shading, across all scenarios are salary, healthcare (medical aid) and variable pay. These former two reward components are congruent with the findings for overall preferences scenario show similar preferences as those found with the attraction scenario.

In addition to means rankings given above, the results from the factor analysis performed on attraction, retention and motivation reported in section 5.6 confirm the above findings and provide consistency across results received from the various statistical tests executed in this study.

Overall findings in this study are supported by those found by local researchers where the top three ranking preferences, all of which fall into the extrinsic reward category, were in accordance to the results discussed (Nienaber et al., 2011; Snelgar et al., 2013; Toerien, 2013). The findings in this study differ from the above mentioned studies in that the top three ranking reward preferences found in this study were common across attraction, motivation and retention scenarios.

6.3 Discussion of findings: research question 2

Which demographic factors affect employees' reward mix preferences most?

Studies by local and international researchers on the influence of demographics on reward preferences assert that there is value in determining which demographic variables have the greatest impact on reward preferences so as to focus the reward mix components when designing reward strategies and compensation packages (Kwon & Hein, 2013; Snelgar et al., 2013; Vandenberghe, St-Onge, & Robineau, 2008; Wiese & Coetzee, 2013)

The present study did find differences between rewards as influenced by various demographic variables, the most significant of which is discussed. The univariate ANOVA results for research question two were found to be significantly related to importance as presented in Chapter 5.

Statistically significant relationships can be seen between gender and salary, variable pay short term and quality work environment. Statistical significance in test results indicates that salary and variable pay short term to be more important to males than females. Females, however, rated quality work environment to be more important than males did. Support for these findings is correlated by Oleson (2004) who found significant differences in certain money attitudes as well as that females tend to be more attracted and motivated to intrinsic rewards as opposed to the more overt financial rewards. Furthermore this study's findings on gender contrast to studies done by Snelgar et al. (2013) and Nienaber et al. (2011) who found that women prefer base pay and quality work environment.

With regard to the influence of age on reward mix components, statistically significant relationships between age and salary and benefits exist, respondents in

the 49-59 years exhibited significant difference between groups with respect to benefits and felt that it was rather important. Respondents who were 60 years and above showed the lowest mean scores on salary compared to all the other age groups followed by 49-59 year olds,. The importance of salary decreased as the age groups decreased. The 18-28 year olds placed the least importance on salary. These findings are supported by Nienaber et al.'s (2011) local study which found that respondents in the age group 18 years – 38 years indicated the highest mean preference score and the mean preference score progressively lowered as the respondents got older. Internationally, similar findings were reported in a public sector study by von Bonsdorff (2011) which found that age related differences were found among respondents' preference for extrinsic financial rewards. The results showed that older nurses tended to prefer financial rewards more often than younger nurses which could be related to the traditional pay increment system which rewarded tenure.

A statistically significant difference in the group means was found between Black African group and the variable pay long term component. Significantly low mean scores also show that Black African respondents place high importance on variable pay long term extrinsic reward component. Responses from Coloured and Indian respondents indicated significantly lower mean preference scores than the White respondents in both extrinsic and intrinsic reward categories with Coloureds and Indians ranking highest importance on salary. A study by Toerien (2013) on reward preferences of knowledge workers supports these findings as his findings showed that Indians indicated a higher preference for extrinsic financial rewards such as basic or fixed remuneration.

Findings for marital status tests showed a statistically significant difference between the groups with respect to respondents belonging to the Living Together group and performance support reward mix component. Respondents from the separate/divorced/windowed group scored significantly low mean preference scores for salary indicating that respondents who had previously been married place high significance on extrinsic financial rewards. These findings contrasted with those of Nienaber et al. (2011) who found no statistical significant mean differences between reward preferences and marital status.

No statistically significant different p-values were found between dependents and reward mix components although significantly low mean scores were found for respondents who had three dependents and salary.

No statistically significant different p-values were found between household monthly income and reward mix components, significantly low mean scores were found for respondents who fell in the +R45000 income category indicating that respondents with high earnings valued extrinsically financially related awards.

6.4 Discussion of findings: research question 3

Is employees' perception of their motivational type an effective indicator of their reward mix choices?

Multivariate ANOVA was conducted to determine if motivational type (intrinsic or extrinsic) are related to reward category preference for attraction, motivation and retention scenarios.

Findings for research question 3 shows that the Hotelling's Trace significance values obtained for attraction and retention scenario tests were greater than 0.05, thus indicating no statistically significant relationships exist between motivation type and reward mix preferences. Results show that a statistically significant relationship exists between effects of motivation type on reward mix components for the motivation scenario.

This indicates that respondents who selected their motivation type as intrinsically motivated during the questionnaire survey would make different reward mix choices as opposed to the extrinsically motivated respondents during the decision-making process in a motivational or employee engagement context.

Findings from research questions two and three show that the majority of respondents placed higher importance on extrinsic rewards. This is interesting as the majority of respondents perceived themselves to be intrinsically motivated which leads to the deduction then that an employee's perception of their motivation type is not always an effective indicator of reward mix choices. These findings are reinforced by the Snelgar et al.(2013) study who reported that extrinsic rewards

most strongly attracts and retains employees, though intrinsic rewards (such as performance recognition and career management) most strongly motivates employees indicating differences in reward preferences depending on motivation.

The result is further supported by an article by Kwon and Hein (2013) who reported findings from a survey performed investigating the top attraction, retention and engagement (motivation) drivers. The top engagement (motivation) drivers were clear career path, involvement in decisions that affect my work, necessary resources, career development and teamwork, all of which fall under the intrinsic rewards category in this study thus providing evidence that intrinsically motivated individuals choose intrinsic rewards during the motivation (employee engagement) scenario.

6.5 Hypotheses test results

Hypothesis	Description	Decision
Hypothesis 1	There is no difference between intrinsic and extrinsic employee preferences on reward mix determination	Reject
Hypothesis 2	There is no difference between employee gender preferences on reward mix determination	Reject

6.6 Conclusion

This chapter discussed the results for each research questions and the theory and literature reviewed in Chapter 2 as referenced. The results of this study indicate that significant differences do exist for certain demographic groups such as gender, age, racial group and marital status but not for dependents, monthly income, qualification, tenure, level, department or industry. The findings also indicate that there are differences between reward preferences between extrinsically and

intrinsically motivated employees. Additionally this study found that there are differences between males and females when making reward mix decisions.

The next chapter highlights the summary of the main findings of this research, recommendations and implications for employers and suggestions for future research.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

The previous chapter presented a discussion of the results found in this study. This chapter presents a summary of the main findings, recommendations and implications for managers and suggestions for future research.

7.2 Summary of main findings

The war for talent has become a global battle in the world of human resources, thus making competitive, flexible and sustainable total reward packages imperative. The design of these total reward frameworks need to be highly customisable in order to cater for the diversity of employee groups present in the South African workforce and their array of reward mix preferences.

Overall reward mix preferences

This study has demonstrated that there are certain overarching reward mix preferences across all employee groups and demographics. The most significant of which is competitive base salary (compensation or base pay), followed closely by benefits offered by the organisations including healthcare, retirement, disability and life style management aids. Quality of the work environment is important to South African employees who value perks such as an on-site fitness centre, latest technology, aesthetics, dedicated parking bay, security services, onsite canteen, uniforms, crèches and concierge services enabling employees to enjoy a higher quality of life and greater convenience. When attracting, motivating and retaining talent, the opportunity to earn commissions, annual bonuses, short and long term performance incentives and funding of tertiary qualifications are significant reward mix components and should not be neglected during design and creation of total reward frameworks.

The reward mix components discussed above are applicable to attracting, motivating and retaining employees and the inclusion thereof as overall reward mix

options in reward packages is bolstered when enticing, maintaining and securing valuable human talent.

The basic premise being that any total reward framework should be designed to contain the above reward mix components. All fall into the extrinsic rewards category and prove to be viable reward mix preferences despite respondents' perspective of their internal motivation drives, the majority of whom considered themselves to be intrinsically motivated.

Demographic factors and reward mix preferences

When looking at the results found for various demographic factors present in the sample group, certain differences are significant and noteworthy when designing reward frameworks and formulating reward strategy.

Male employees have a higher preference for extrinsic rewards such as competitive base salary and short term incentives than females do and females have a higher preference for quality work environment than most males do.

Certain older age groups (49 years old and more) are more sensitive to base salary and benefits than other groups such as the 18-28 year old groups are. Younger groups (30 years and under) placed less importance on salary and had greater preference for benefits (medical aid, retirement disability, lifestyle management). Older groups prefer financial rewards and should be taken into consideration when designing reward packages for older employees or those entering the sunset stage of the employment life cycle.

Disparities found in the racial group variable showed that blacks placed greater importance on variable long term incentives (such as share incentives), more than any other group with Coloureds and Indians preferring competitive base salary more than another racial group.

Reward preferences by respondents living together favoured performance support in the organisation (including regular sessions with superiors to give constructive feedback on performance, managerial and infrastructure support). This need for greater and improved communication in the workplace is significant and must be

considered when designing reward mix packages to accommodate all employees across the organisation. Respondents with 3 or more dependents placed high importance on a competitive base salary and can be attributed to the high costs and expenses of larger families and of employees with greater financial responsibilities or many financial dependents.

Motivation type and reward mix preferences

The study found that while there is no link between employees' perception of their motivational type and their 'attract' and 'retention' preferences; there are pertinent findings that indicate a link between employees' perceptions of their motivational type and their motivation preferences exists. This implies that motivating people to work and to perform better requires some creativity and flexibility in the total reward mix strategy design. Reward packages require flexibility to accommodate for various stages of employment life cycle that an employee is experiencing at any given moment.

7.3 Recommendations and implications for employers

It is recommended that managers, leaders and reward practitioners in South African workplaces review their current reward policies and compensation packages for incongruences and dissimilarities to the total rewards concept discussed throughout this study.

The recommendation is to examine current reward mix offerings and to compare this to the reward mix components preferred by employees comprising the organisation's workforce. As different companies' workforces are comprised of different employee groups and thus comprised of different demographic factors, the recommendation is to conduct a reward survey annually amongst employees to test for reward preference and compare the results to the current reward policy and reward mix packages offered.

The simplified list of reward mix components and accompanying relative rankings given in this study can form the basis of input into initial formulation of reward mix components that may comprise a primary reward mix framework. The employee survey to investigate employee preferences can then be compared to these initial

reward mix components and tweaked so as to create a more customised and focussed reward mix offering to suit the majority of employee preferences as determined by the varying demographics present in the workforce.

Changing global contexts have made imperative the need for companies to be flexible and creative when dealing with human talent. The changing dynamic of the workplace and pace of life affirms the importance for companies to recognise the case for a holistic, flexible, total rewards approach in order to address employee lifestyle and survival needs.

This study also confirms that most employees are motivated by extrinsic rewards such as competitive base salary, good healthcare benefits and comfortable, convenient employment practices and surroundings indicating the continued prevalence and effect of the declining global economy on South African work contexts. Until such time that the local economy improves, it would serve South African companies well to consider that South African employees opt for greater compensation and financial security which is a means to get ahead in the race for talent.

7.4 Suggested for future research

Although the methodology selected for this study was chosen to be the most suitable for purposes of this investigation, it does have some limitations.

It would be meaningful to conduct similar studies across other African countries and to compare them to findings reported in this study. The comparison of which would highlight the disparity (if any exist) between the effect of global economic decline on the South African employee reward preference as opposed to other African counterparts employed in other African countries.

A shortcoming of this study would be to survey a sample population across varying art, cultural and business sectors and trade industries to obtain a broader result set in determining reward preferences amongst different types of employees.

Another limitation of this study that would be useful to address in future research is to maintain reward categories and definitions of reward mix types to that of the total rewards mix concept to accommodate for misinterpretation of reward mix components amongst respondents.

An additional limitation to this study is the timeframe for the project was limited to 2014. Thus, changes to the results would be anticipated as new employees enter the workplace and older employees leave due to retirement and better job opportunities. Other changes anticipated are dependent on internal company policy, process and structural changes as well as external influences (economic and political). A recommendation would be to conduct this study over a 2 or 3 year period in order to track preferences over a period of time as to determine the temporal stability or instability of employee reward preferences amongst South African employees.

7.5 Concluding statement

This study intended to investigate the factors that influence reward mix preferences in the South African workplace context. This study also sought to investigate if employees' perception of their motivational type affects their reward mix preferences.

The study achieved these objectives by illustrating the more important reward mix components (monetary or non-monetary) as preferred by South African employees as well as the significance (or insignificance) between employee motivation type and reward mix preferences.

Furthermore, it posited that companies who adopt a more flexible total rewards strategy, catered to employee preferences will stand a better chance of procuring, maintaining and retaining valuable staffing resources.

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Appendix 1: Employee Rewards Preferences Questionnaire

Survey: Employee Preferences as a Signifanct Influence on Reward Mix

1. Welcome to My Survey

Thank you for participating in our survey. Your feedback is important!

Dear Participant,

I am conducting research on the influence employee preferences have on their reward mix selection.
The following research is being conducted for academic purposes to better understand the types of rewards preferred by employees in South Africa.

The survey and all data gathered are confidential, and you will not be asked to disclose your name. Naturally, we would like to encourage you to give the questions your due consideration and answer as accurately as possible, to ensure that the research results provide good insights, which may help companies improve the way in which they structure rewards for their employees.

You may withdraw at any time without penalty. It will require approximately 10-15 minutes of your time.
If you have any questions or concerns, please contact me or my supervisor. Our contact details are provided below.

Researcher: Ruhin Rajkumar
Contact Details: 083 212 9643 / ruhinrajkumar@gmail.com

Research Supervisor: Dr. Mark Bussin
Contact Details: 082 901 0055 / drbussin@mweb.co.za

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

***1. I have read and understood the reasons for this study and agree to participate**

◯ Agree

◯ Disagree

2. Part A - Demographic Factors

This section asks you some basic background information; kindly provide us with the following information about yourself.
Please answer each of the following questions by selecting an appropriate response

***2. Please indicate your Gender**

- ◯ Male
- ◯ Female

***3. Please indicate your Age**

- ◯ 18-28
- ◯ 28-38
- ◯ 38-48
- ◯ 49-59
- ◯ 60+

***4. Please indicate your Racial Group**

- ◯ Asian
- ◯ Black African
- ◯ Coloured
- ◯ Indian
- ◯ White (Caucasian)

***5. Please indicate your Marital Status**

- ◯ Single / Never Married
- ◯ Living Together
- ◯ Married
- ◯ Separated / Divorced / Widowed

***6. Please indicate number of Dependents you are financially responsible for**

- ◯ 0
- ◯ 1
- ◯ 2
- ◯ 3+

Survey: Employee Preferences as a Signifanct Influence on Reward Mix

***7. Please indicate your highest level of academic qualification (*completed*)**

- ◯ Grade 12 / Matric
- ◯ Diploma / Certificate
- ◯ Undergraduate Degree (Bachelors)
- ◯ Post Graduate Degree (Honours)
- ◯ Post Graduate Degree (MBA)
- ◯ Post Graduate Degree (Masters)
- ◯ Post Graduate Degree (PhD Doctorate)
- ◯ Other Qualification (please specify)

Survey: Employee Preferences as a Signifanct Influence on Reward Mix

3. Part A: Demographic Factors (continued)

This section asks you some basic background information; kindly provide us with the following information about yourself.
Please answer each of the following questions by selecting an appropriate response

***8. How long have you been working for your current organisation?**

- ◯ Less than 1 year
- ◯ 1 - 3 years
- ◯ 3 - 5 years
- ◯ 5 - 7 years
- ◯ 7 - 10 years
- ◯ 10+ years

***9. What level most accurately describes your current role?**

- ◯ Administrative / Clerical
- ◯ Specialist / Professional
- ◯ Supervisor / Junior Management
- ◯ Middle Management
- ◯ Senior Management
- ◯ Other (please specify)

***10. Please indicate your total monthly household income (gross)**

- ◯ R5 000 - R15 000
- ◯ R15 000 - R25 000
- ◯ R25 000 - R35 000
- ◯ R35 000 - R45 000
- ◯ +R45 000

Survey: Employee Preferences as a Signifanct Influence on Reward Mix

***11. Which department do you currently work in?**

- ◯ Accounting / Finance
- ◯ Advertising / Marketing
- ◯ Administrative
- ◯ Corporate Affairs
- ◯ Consulting
- ◯ Customer Services
- ◯ Engineering / Technical
- ◯ Human Resources
- ◯ Information Technology
- ◯ Legal / Risk & Compliance
- ◯ Manufacturing / Operations
- ◯ Procurement
- ◯ Research & Development
- ◯ Sales
- ◯ Other (please specify)

12. Which industry/sector do you currently work in?

- ◯ Energy (Oil, Gas, Other)
- ◯ Mining
- ◯ Construction / Industrial
- ◯ Transportation / Logistics
- ◯ Banking / Financial Services
- ◯ Retail
- ◯ Healthcare
- ◯ Media
- ◯ Travel & Leisure
- ◯ Telecommunications
- ◯ Professional Services
- ◯ Other (please specify)

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***13. Please indicate your Motivation Type**

◯ **Intrinsically Motivated** - Intrinsic motivation is defined as doing an activity for its internal satisfaction rather than for external reward. When intrinsically motivated, a person is moved to act for the fun or challenge entailed rather than because of external products, pressures, or rewards

◯ **Extrinisically Motivated** - Extrinsic motivation refers to the performance of an activity in order to attain a tangible outcome outside of him/her. When extrinsically motivated, a person is driven by external rewards such as money, fame, status and praise or any other form of external satisfaction

4. Part B: Reward Preferences - ATTRACT

Please indicate the extent to which each of the following Monetary and Non-Monetary reward categories has an impact on an Organisation's ability to ATTRACT you to work for them

*14. Please select appropriate Rating

	Extremely Important	Moderately Important	Slightly Important	Neither Important Nor Unimportant	Slightly Unimportant	Moderately Unimportant	Extremely Unimportant	Not Applicable to my Job
Base Salary/Remuneration (i.e. your fixed monthly cash payment)	○	○	○	○	○	○	○	○
Growth Opportunities (i.e. career advancement, personal advancement plan, coach or mentor)	○	○	○	○	○	○	○	○
Health Care Benefits (i.e. medical aid, lifestyle management, ARV and HIV/Aids support)	○	○	○	○	○	○	○	○
Leadership Style of organisation (i.e. type of leadership style in your work environment e.g. autocratic, bureaucratic, visionary, humanistic)	○	○	○	○	○	○	○	○
Organisational Climate within organisation (i.e. culture, values, strategy, remuneration philosophy, reward systems, technology, relationships, regular communication between management and staff about business progress).	○	○	○	○	○	○	○	○
Performance Support in the organisation (i.e. regular sessions with superior to give constructive feedback on my performance, managerial and infrastructure support)	○	○	○	○	○	○	○	○
Retirement & Disability Benefits (i.e. provident or pension fund, counselling and options around retirement)	○	○	○	○	○	○	○	○
Recognition within the organisation (i.e. special awards, dinners, trophies, commendation letters)	○	○	○	○	○	○	○	○

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Savings (i.e. special rates on loans, canteen allowances, company contributions to provident or pension fund, discounts on staff schemes)	◯	◯	◯	◯	◯	◯	◯	◯
Succession Planning within the organisation (i.e. identify, communicate and develop successors for more senior positions, promotion)	◯	◯	◯	◯	◯	◯	◯	◯
Time-off (i.e. study leave, sabbatical leave, time off in lieu of overtime worked)	◯	◯	◯	◯	◯	◯	◯	◯
Training Opportunities (i.e. formal and informal training, linked to a development plan, to rotate and experience different types of jobs)	◯	◯	◯	◯	◯	◯	◯	◯
Variable Pay components as part of the remuneration plan (i.e. commissions, annual bonuses, performance incentives, funding of tertiary qualifications)	◯	◯	◯	◯	◯	◯	◯	◯
Work/Life Balance (i.e. opportunity to integrate work and personal life, flexible working hours, half-day leave, ability to work from home)	◯	◯	◯	◯	◯	◯	◯	◯
Quality Work Environment (e.g. perks such as on-site fitness centre, latest technology, aesthetics, dedicated parking bay, security services, canteen, uniforms, crèches, concierge services)	◯	◯	◯	◯	◯	◯	◯	◯

Survey: Employee Preferences as a Signifanct Influence on Reward Mix

5. Part C: Reward Preferences - MOTIVATE

Please indicate the extent to which each of the following Monetary and Non-Monetary reward categories has an impact on an Organisation's ability to MOTIVATE you to work for them

***15. Please select appropriate Rating**

	Extremely Important	Moderately Important	Slightly Important	Neither Important nor Unimportant	Slightly Unimportant	Moderately Unimportant	Extremely Unimportant	Not Applicable to my Job
Base Salary/Remuneration (i.e. your fixed monthly cash payment)	○	○	○	○	○	○	○	○
Growth Opportunities (i.e. career advancement, personal advancement plan, coach or mentor)	○	○	○	○	○	○	○	○
Health Care Benefits (i.e. medical aid, lifestyle management, ARV and HIV/Aids support)	○	○	○	○	○	○	○	○
Leadership Style of organisation (i.e. type of leadership style in your work environment e.g. autocratic, bureaucratic, visionary, humanistic)	○	○	○	○	○	○	○	○
Organisational Climate within organisation (i.e. culture, values, strategy, remuneration philosophy, reward systems, technology, relationships, regular communication between management and staff about business progress).	○	○	○	○	○	○	○	○
Performance Support in the organisation (i.e. regular sessions with superior to give constructive feedback on my performance, managerial and infrastructure support)	○	○	○	○	○	○	○	○
Retirement & Disability Benefits (i.e. provident or pension fund, counselling and options around retirement)	○	○	○	○	○	○	○	○
Recognition within the organisation (i.e. special awards, dinners, trophies, commendation letters)	○	○	○	○	○	○	○	○

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Savings (i.e. special rates on loans, canteen allowances, company contributions to provident or pension fund, discounts on staff schemes)	◯	◯	◯	◯	◯	◯	◯	◯
Succession Planning within the organisation (i.e. identify, communicate and develop successors for more senior positions, promotion)	◯	◯	◯	◯	◯	◯	◯	◯
Time-off (i.e. study leave, sabbatical leave, time off in lieu of overtime worked)	◯	◯	◯	◯	◯	◯	◯	◯
Training Opportunities (i.e. formal and informal training, linked to a development plan, to rotate and experience different types of jobs)	◯	◯	◯	◯	◯	◯	◯	◯
Variable Pay components as part of the remuneration plan (i.e. commissions, annual bonuses, performance incentives, funding of tertiary qualifications)	◯	◯	◯	◯	◯	◯	◯	◯
Work/Life Balance (i.e. opportunity to integrate work and personal life, flexible working hours, half-day leave, ability to work from home)	◯	◯	◯	◯	◯	◯	◯	◯
Quality Work Environment (e.g. perks such as on-site fitness centre, latest technology, aesthetics, dedicated parking bay, security services, canteen, uniforms, crèches, concierge services)	◯	◯	◯	◯	◯	◯	◯	◯

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6. Part D: Reward Preferences - RETAIN

Please indicate the extent to which each of the following monetary and non-monetary reward categories has an impact on an organisation's ability to RETAIN you to work for them

***16. Please select appropriate Rating**

	Extremely Important	Moderately Important	Slightly Important	Neither Important nor Unimportant	Slightly Unimportant	Moderately Unimportant	Extremely Unimportant	Not Applicable to my Job
Base Salary/Remuneration (i.e. your fixed monthly cash payment)	◯	◯	◯	◯	◯	◯	◯	◯
Growth Opportunities (i.e. career advancement, personal advancement plan, coach or mentor)	◯	◯	◯	◯	◯	◯	◯	◯
Health Care Benefits (i.e. medical aid, lifestyle management, ARV and HIV/Aids support)	◯	◯	◯	◯	◯	◯	◯	◯
Leadership Style of organisation (i.e. type of leadership style in your work environment e.g. autocratic, bureaucratic, visionary, humanistic)	◯	◯	◯	◯	◯	◯	◯	◯
Organisational Climate within organisation (i.e. culture, values, strategy, remuneration philosophy, reward systems, technology, relationships, regular communication between management and staff about business progress).	◯	◯	◯	◯	◯	◯	◯	◯
Performance Support in the organisation (i.e. regular sessions with superior to give constructive feedback on my performance, managerial and infrastructure support)	◯	◯	◯	◯	◯	◯	◯	◯
Retirement & Disability Benefits (i.e. provident or pension fund, counselling and options around retirement)	◯	◯	◯	◯	◯	◯	◯	◯
Recognition within the organisation (i.e. special awards, dinners, trophies, commendation letters)	◯	◯	◯	◯	◯	◯	◯	◯

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Savings (i.e. special rates on loans, canteen allowances, company contributions to provident or pension fund, discounts on staff schemes)	◯	◯	◯	◯	◯	◯	◯	◯
Succession Planning within the organisation (i.e. identify, communicate and develop successors for more senior positions, promotion)	◯	◯	◯	◯	◯	◯	◯	◯
Time-off (i.e. study leave, sabbatical leave, time off in lieu of overtime worked)	◯	◯	◯	◯	◯	◯	◯	◯
Training Opportunities (i.e. formal and informal training, linked to a development plan, to rotate and experience different types of jobs)	◯	◯	◯	◯	◯	◯	◯	◯
Variable Pay components as part of the remuneration plan (i.e. commissions, annual bonuses, performance incentives, funding of tertiary qualifications)	◯	◯	◯	◯	◯	◯	◯	◯
Work/Life Balance (i.e. opportunity to integrate work and personal life, flexible working hours, half-day leave, ability to work from home)	◯	◯	◯	◯	◯	◯	◯	◯
Quality Work Environment (e.g. perks such as on-site fitness centre, latest technology, aesthetics, dedicated parking bay, security services, canteen, uniforms, crèches, concierge services)	◯	◯	◯	◯	◯	◯	◯	◯

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7. Part E: Preferences for Reward Categories

If you had the opportunity to structure your own reward package; which categories would you select as most important to you?

***17. Please rank in order of the Most Preferred (1) to the Least Preferred (7) without using a number more than once, by selecting numbers 1 to 7 next to each Reward category.**

	Monthly salary or guaranteed remuneration?
	Variable Pay (Short Term Incentives / Bonus)?
	Variable Pay (Long Term Incentives / Shares)?
	Benefits (medical aid, retirement funding and disability benefits, paid leave)?
	Performance and career management (career and development opportunities)?
	Quality work environment (fitness centre on site, medical centre on site, latest technology computers)?
	Work/home integration (your ability to balance your work and home commitments, for example a flexible work schedule, half day leave, work from home)?

Thank you for completing this questionnaire.