



COMPARING THE IMPACT OF MONETARY AND NON-MONETARY REWARD PROGRAMMES TOWARDS EMPLOYEE AND ORGANISATION MOTIVATION

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

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Abstract

Given the current economic climate, organisations and their management teams are faced with many decisions. Cost cutting policies, restructuring decisions and downsizing decisions are under consideration before implementation. Furthermore, these decisions and policies may have a negative effect on employees and could sway motivation, loyalty, morale, attitudes and views of employees.

This research considers the impact of the reward systems and programmes, monetary and non-monetary rewards, as a means of motivating employees to achieve organisations identified strategic objectives. Many organisations face the dilemma around what the ideal reward programme should be in order to increase employee motivation and at the same time achieve the organisational objectives. The purpose of this research was to discover whether a well-designed reward programme would result in the motivation of employees.

A questionnaire was developed using reward categories from the WorldatWork Total Reward Model and the Towers Perrin Total Rewards Effectiveness Blueprint. This was administered to a sample of past and present MBA students from a Johannesburg based business school in order to elicit responses around the aspects of their individual reward preferences and their organisations reward preferences. Data was gathered to understand the preferences between the various monetary and non-monetary reward categories and elements. The sample group of 180 respondents participated through a self-administered on-line survey. Statistical

analysis was conducted on the data which involved both descriptive and inferential statistics.

The results of the survey indicated that both organisations and employees recommend financial benefits as being the most important reward category. However, there was more of a preference from employees for career development, coaching/mentoring and work life balance than there was from the organisations. Furthermore it is evident from the results that organisations are utilising a combination of both monetary and non-monetary rewards, as a share of the reward package in relation to the varying needs of the labour force. Given the current economic climate, there is a major case for providing more value on non-monetary rewards to motivate employees, given the cost pressures faced by organisations. Although monetary rewards were rated as being the most important, there is an opportunity to combine them with non-monetary rewards and presented to an individual as a reward package.

The reward approach can only be maximised by organisations if they understand the needs of employees based on the understanding of employee preferences; the dynamic nature of the work force and the potential impact on external factors. It is recommended that a new reward framework be designed to incorporate the reward preferences and expectations of both the employee and the organisation whilst taking into account the effect of the external environment, the job design and the link between the expectations from the organisation and the individual.

Keywords

Motivation

Reward Programmes

Monetary

Non-Monetary

Declaration

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

Neelkamal Narsee

Signed at Sandton on the 7th day of November 2012

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This thesis is dedicated to my late grandparents, Devkaran Vasanjee Soni and Saakar Ben Narsee.

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1. Introduction

1.1. Research Objective

To compete successfully in today's worldwide economy, human capital need to be motivated by their organisations. As such, certain organisations are employing a extensive range of monetary and non-monetary reward programmes to surge employee retention and motivation, thereby enhancing organisational productivity and shareholder value. It's been argued by Boninelli and Meyer (2004) that a new model for human resource management will lead to a shift in approaches to the management of human resources, by improving employee relations.

Organisation growth and survival is progressively being determined by the way its people are treated (Lawler, 2003). Organisations are now recognising the need to create a balance among individuals influence to the organisation and the organisation's influence to the individual. Taking this into consideration, it is reasonable to assume that organisations need to have an understanding of how to motivate and what motivates employees to achieve higher levels of performance (Amos; Ristow & Ristow; 2004).

Although financial rewards are undeniably an important form of rewarding employees for their exceptional performance, other forms of recognition are often overlooked as part of an organisation's reward system (Luthans, 2002). Nienaber (2009) argues that organisations need to understand the preferences and needs of employees and offer more than just a good pay-check when responding to today's workplace

demands. According to Ferguson & Brohaugh (2009), remuneration is important to employees, however, what really impacts people are the quality of their work experience. Therefore, effective reward management involves an close understanding of employee preferences.

The management of rewards and reward programmes has broken through the monetary categories and has increasingly shown that some non-monetary rewards have been of importance in the reward structure design. Sarvadi (2005) argues for the importance of non-monetary rewards, as according to Sarvadi, organisation's sometimes miss the most important reward elements of appreciation and recognition, which are the inexpensive and high return elements to a reward programme. Wiscombe's (2002) study suggests evidence that there exists a robust relationship between non-monetary rewards and better job performance.

An organisation's reward system is an important tool that can lead to employee motivation. Understanding the impact of both monetary and non-monetary rewards, based on employee preferences, is crucial for an organisation to deliver growth and shareholder value. Lawler (2003) argues that for a reward programme to work, it must be developed with a few limitations. Lawler states that a reward programme must provide necessary rewards to motivate employees; provide employees with a clear view of their roles going into the near future; give employees the authority to influence their performance and deliver on it.

The outcome of this paper will provide evidence for organisations to construct, develop or structure an enhanced rewards programme for their employees through the development of a reward framework.

To address this need, this study will explore the impact of non-monetary and monetary reward programmes on employee motivation through an administered survey.

1.2. Research Problem

Fulfilled and motivated employees incline to be more committed and productive to their organisation (Syptak, Marsland, & Ulmer, 1999). To better employee work performance, organisations must attempt to maintain their motivated employees.

Munsamy and Venter (2009) argue that in the current world of work, where the competition for talented individuals is prevalent, capable individuals have an extensive choice of employment, in both local and international markets. Stander and Rothmann (2008) argue that it is vital for organisations to adapt to changing circumstances. Human resource management is therefore viewed as a vital source of an organisations competitive advantage. Consequently, the manner in which employees are managed in an organisation will gradually define whether an organisation will grow or continue to survive (Lawler, 2003). It is essential that organisations adapt to these changes by proposing monetary and non-monetary

rewards unique to today's workforce. To address this need, this study will explore the impact of monetary and non-monetary reward programmes on employee job motivation by understanding the preferences and insights of employees and organisations.

Motivation, as defined by Baron (1983) is a "set of processes concerned with the force that energises behaviour and directs it towards attaining some goal". In the organisational environment, motivation plays a vital role in ensuring organisational success. According to Armstrong (2007), well-motivated people become proactive when they believe they can accomplish their objectives. Consequently, it becomes the objective of organisations to examine for the signs to motivate and retain employees; or else the organisation may face difficulty to maintain its workforce.

A variety of influences motivates employees in their organisations, some of which are tangible or monetary, such as salary compensation, and some of which are intangible or non-monetary, such as a feeling of achievement (Spector, 2003). Organisations are seeking to improve retention and motivational concerns and diminish employee turnover through various monetary and non-monetary reward elements.

Monetary incentives are important because, according to Sweeney & McFarlin (2005, p. 113), "pay is one of the most important rewards that people get from working". However monetary rewards alone are not adequate. According to Drucker

(1954), people, whether managers or workers; require the rewards of prestige and pride. Roth (1989) echoes this by stating that monetary remuneration by itself no longer serves as reward for the exertion of energy. Non-financial rewards, such as a pleasant work environment, training, learning and development, role fulfilment and time-off from work, are by and large being overlooked (Chaing & Birtch, 2008). Non-monetary rewards are sometimes referred to as internal rewards, as they meet the internal needs of employees such as work and performance recognition, self-esteem and job fulfilment, thereby influencing employee motivation (Hijazi, Anwar, & Mehbood, 2007).

A partial replication study was done on to findings compiled by other researchers and resources by adapting, augmenting and developing further theories and frameworks. Thumbran (2010) in his study to determine if South African organisations are utilising non-financial rewards as a competitive advantage in attracting and retaining employees found that non-financial rewards are indeed positioned as part of the holistic total reward approach, however, organisations and individuals place primary emphasis on financial rewards. It was found that organisations utilise remuneration as the main reward component to attract employees whilst performance, recognition and career management were highlighted as the main reward components for retaining employees. Thumbran's (2010) findings did show demographic variances in terms of preferences by individuals. Thumbran, in his study, found that males had a higher inclination towards a quality work environment. He found that executive management had a higher preference for variable pay and employees with 0 to 5 years of service had a higher inclination towards work/home integration.

Thumbran (2010) suggests that non-financial rewards have the potential to improve the competitiveness of organisations in attaining and retaining the services of talented people. He states that non-financial rewards are flexible, personal and easy to use, however they are much more difficult to replicate and can be customised according to individual preferences.

The implications of Thumbran's study are that both monetary and non-monetary rewards have a place in a holistic total reward approach. However, given the cost effectiveness of non-monetary rewards, organisations need to understand employee preferences to reward elements and must make allowances based on the demographic factors of their employees in order to more effectively utilise non-monetary rewards.

Berberian (2008) in his qualitative study to consider the impact of non-monetary rewards on employee job satisfaction at a Fortune 500 institution indicated that 42% of the participants had a positive reaction to non-monetary rewards, 33% had a positive reaction to both non-monetary and monetary rewards, and 25% had a positive reaction to monetary rewards. Berberian (2008) found that the majority of the employees had positive reactions to both monetary and non-monetary forms of compensation.

Berberian concluded his research by stating that organisations should not seek to substitute monetary with non-monetary rewards, instead a combination of both forms

of rewards would be ideal. According to Berberian (2008), organisations should note the five prevailing themes that appeared from the research: (a) non-monetary rewards, (b) monetary and non-monetary forms of rewards, (c) work-life balance, (d) recognition, and (e) morale. The implications of this research are that these themes indicate an organisational environment that encourages obligation for both monetary and non-monetary types of rewards.

Kirstein's (2010) study was aimed at finding which motivation factors are seen as the most important by future business people. A questionnaire was distributed to the sample of 152 respondents from Aarhus School of Business, and 148 participants from Management and Marketing Department at University of Gdansk in Poland. Respondents were asked to rank thirteen motivation factors in the order of their importance. According to Kirstein (2010), the distribution of positions was similar in both groups. Interesting work and good wages were the most important indicated by all the respondents (Kirstein, 2010). This suggests that the respondents felt that both types of monetary and non-monetary reward were preferred. Kirstein's (2010) results suggest that future business people are motivated by factors from many different categories. Therefore, the implications of this study are that motivation as approached by students should be based on both monetary and non-monetary motivators.

Adams' (2007) study to measure work motivation amongst employees in a government department in the Western Cape Provincial Government highlighted that motivated and satisfied employees are more productive and there are improvements

in service delivery. A biographical questionnaire and the organisational motivation questionnaire (OMQ) were administered to respondents to elicit responses on how the aspects of their work, compensation, advancement, recognition, working conditions, work benefits, interpersonal relations and supervision, influence work motivation. According to Adams (2007), factors that are said to have influenced employee motivation included: achievement, recognition, work itself, responsibility, advancement, growth, the need for a serious income and being treated with respect.

According to Adams (2007), Roberts (2005) suggests that organisational policies should enhance a healthy balance between work-life management concerns, as this could definitely influence motivation and consequently, may end in increases in job performance and job productivity. These organisational policies, according to Adams (2007) may well include flexible working hours, employee assistance programmes and childcare facilities.

Are monetary rewards the best method to inspire employees or are there other cost effective non-monetary incentives? If employees are requested to select between money in remuneration, work recognition, learning, training and development or work life balance, what would their preferences be? Do organisations utilise a reward framework that takes into consideration the dynamic aspects of the workforce? Do organisations understand employee preferences to rewards?

The study assesses the impact of the reward systems, both monetary and non-monetary, as a means of motivating employees. As argued, the organisation dilemma is to understand what the ideal reward system which can be utilised to increase employee motivation and at the same time achieve the organisational objectives? The purpose of the research is to discover if various reward and incentive options have specific impacts on employees from a motivation perspective.

1.3. Research Questions

The objective of this research dissertation is to determine if organisations are utilising both monetary and non-monetary rewards within their reward programmes as a competitive advantage tool in motivating employees. The following research questions will assist in the exploration of this:

- What are the elements that form part of the reward and incentive offering to employees in organisations?
- Do various rewards and incentive options have specific impacts on employees from a motivation perspective?
- To what extent are organisations utilising non-monetary rewards and monetary rewards in their offering to motivate employees?
- What are the reward preferences by employees?

1.4. Chapter Summary

This chapter has provided an introduction and an overview of the study. The background and justification of the study were set, and the theories at hand were defined by means of reference to the literature. The chapter was concluded by a explanation of the objectives, purposes and research questions of the study. In Chapter 2 the theory underlying the constructs is presented and discussed.

2. Literature Review

2.1. Introduction

The theory builds a platform of understanding the importance of non-monetary rewards within the context of the total reward structure. This literature review will focus on the following areas:

- Theories of Motivation
- Monetary Rewards
- Non-Monetary Rewards
- The Value of Reward Programmes
- Elements of Reward Programmes
- Employee Choices and the Reward Programme Frameworks

Cascio (2003) argues that organisations cannot exist without a valuable resource, its people. Cascio (2003) further notes that it is through people that in many ways influence organisational performance.

For strategy to be executed, Meyer (2002) argues that it is imperative that the organisation obtains the right capabilities and competencies, which are the skills, knowledge and behavioural characteristics it owns in its workforce. Considering the aforementioned, it would thus make good commercial sense for the organisation to attain sufficient understanding regarding what motivates employees to satisfy their full potential (Lawler, 2003).

According to Lawler (2003), the way in which individuals are managed determines progressively whether an organisation will succeed or continue to survive. The argument from Lawler and Meyer is their belief that employees within organisations should be treated with more importance than the organisations financial capital. For an organisation to be effective, its people must be viewed as the major foundations of an organisations competitive advantage.

Organisations are continuously pressurised to enhance and improve their performance and it is through these pressures that they realise that a mutually dependent association exists between organisational performance and employee performance (Roberts, 2005).

The following section will place emphasis on the motivational theories and the impact which these theories have on enhancing employee motivation. This should offer a better understanding of not only how motivation is felt by individuals, but also what motivates them in an organisational environment.

2.2. Theories of Motivation

An often difficult material function is to motivate employees. The uniqueness of human beings as well as a wide range of internal and external factors, impacts the complex nature of motivation.

Motivation can be described as intentional and directional (Nel P.S. et al., 2001). According to Nel P.S. et al. (2001) intentional refers to 'personal choice' whilst directional refers to the 'presence of a driving force towards attaining a specific goal.' Shulze and Steyn (2003), suggest that motivation represents the complex forces and desires which provide the drive for an individual to perform a particular job.

Chiu (1999) alternatively defines motivation as a "function of an individual's personality and environment". Chiu (1999) further argues that differences in an individual's character may be meaningful in the job role motivation of that individual. If, as according to Oosthuizen (2000) it is the managers role to effectively motivate their staff and guide their performance and behaviour to realise superior organisational effectiveness, it is therefore reasonable to assume as according to Amos et al.(2004), that these managers are required to have an understanding of what and how to motivate their employees.

According to Heathfield (2008), participation of employees in the workplace may be hampered due to barriers to motivation. These include poor supervisory skills, obsolete equipment and a destructive employee attitude. To some extent, it can be assumed that these barriers do not only affect employee motivation adversely, but also affect the morale of the organisation.

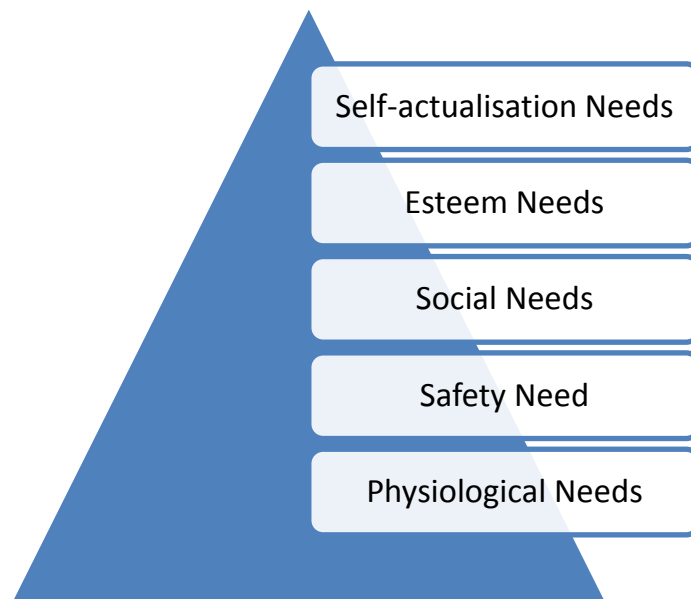
Roberts (2005) maintains that although motivation influences performance, performance if followed by rewards also has the potential to influence motivation.

Motivation is considered an important aspect in “initiating, guiding, sustaining and stopping” the employee’s ability to perform in the workplace (Amos et al., 2004).

The following section will focus on the motivational theories and the impact that these theories have on enhancing employee performance.

2.2.1. Maslow's Hierarchy of Needs

Figure 1: Maslow's Hierarchy of Needs



Source: Kreitner, R & Kinicki, A., 2004. Organisational Behaviour (6th ed.). McGraw-Hill/Irwin: New York.

Maslow suggests that “people are motivated to satisfy needs” (Maslow et al., 1998). Furthermore, these needs can be arranged in a hierarchy of importance (Maslow et

al., 1998). According to Maslow, individuals continually want improved situations. According to Maslow, people always want what they do not yet have. Maslow splits human needs into five levels namely physiological needs, safety needs, social needs, esteem needs, and self-actualisation needs. This is depicted in Figure 1 above.

The different levels of this hierarchy offer some important insights into how the employees 'needs' could be met so that reward programmes are effective.

Level 1 Needs: Physiological Needs

This level of needs is considered vital for survival and includes water, healthy food, relaxation and recreation. In the organisational workplace this physiological need can be met by a common strategy used by management to motivate employees, for example, the use of money; service benefits; job security; meals and smoking breaks; and compulsory leave for holidays etc.

Level 2 Needs: Safety Needs

This level of needs, according to Schultz (2003), includes feeling protected against both physical and psychological harm within a surrounding. Organisations may react to these needs by providing a safe, non-toxic and healthy working environment, job security and organisational benefits such as reward packages that are in compliance with the legislative and regulatory framework. Added interventions from the

organisation could possibly include appropriate salaries, benefits and job satisfaction (Grobler et al., 2006).

Level 3 Needs: Social Needs

This level of needs includes sense of fitting into an environment, relationship building, connection with colleagues and superiors, support, recognition by others and social interactions (Meyer & Kirsten, 2005). Social needs are difficult for an organisation to establish in a work environment as it becomes difficult to develop a strategy that translates these needs into an incentive to improve an employee's performance. However, Grobler et al. (2006) suggest that in the workplace these needs may be addressed by encouraging a team driven environment, providing close personal leadership from senior managers and executives and encouraging community and group participation.

Level 4 Needs: Esteem Needs

This level of needs refers to the need for self-confidence and respect from others. Intrinsic and extrinsic motivation originates from this need. The requirement for recognition and acknowledgement of who we are and what we do is highly important. The organisation could address these needs by using helpful support programmes, providing symbols for recognition and including lower level employees in strategic conversations (Grobler et al., 2006).

Level 5 Needs: Self-actualisation Needs

This level of needs refers to the opportunity to realise one's potential and to nurture into exceptional individuals. Organisations which recognise this level of need within the organisation places emphasis on opportunities for employees to address personal growth matters (Roberts, 2005). Grobler et al. (2006) suggests that organisations should, amongst others, provide opportunities for personal development and reward exceptional performance.

Maslow's Hierarchy of Needs theory has had a substantial influence on organisational approaches to motivation. The following reasons according to Roberts (2005) have resulted in Maslow's theory being very popular amongst organisations:

- Its simplicity
- Its inferences are strong and clear
- It forms settings in which employees' lower level needs can be fulfilled so that they are motivated to reach their full potential
- It offers a corridor to self-actualisation

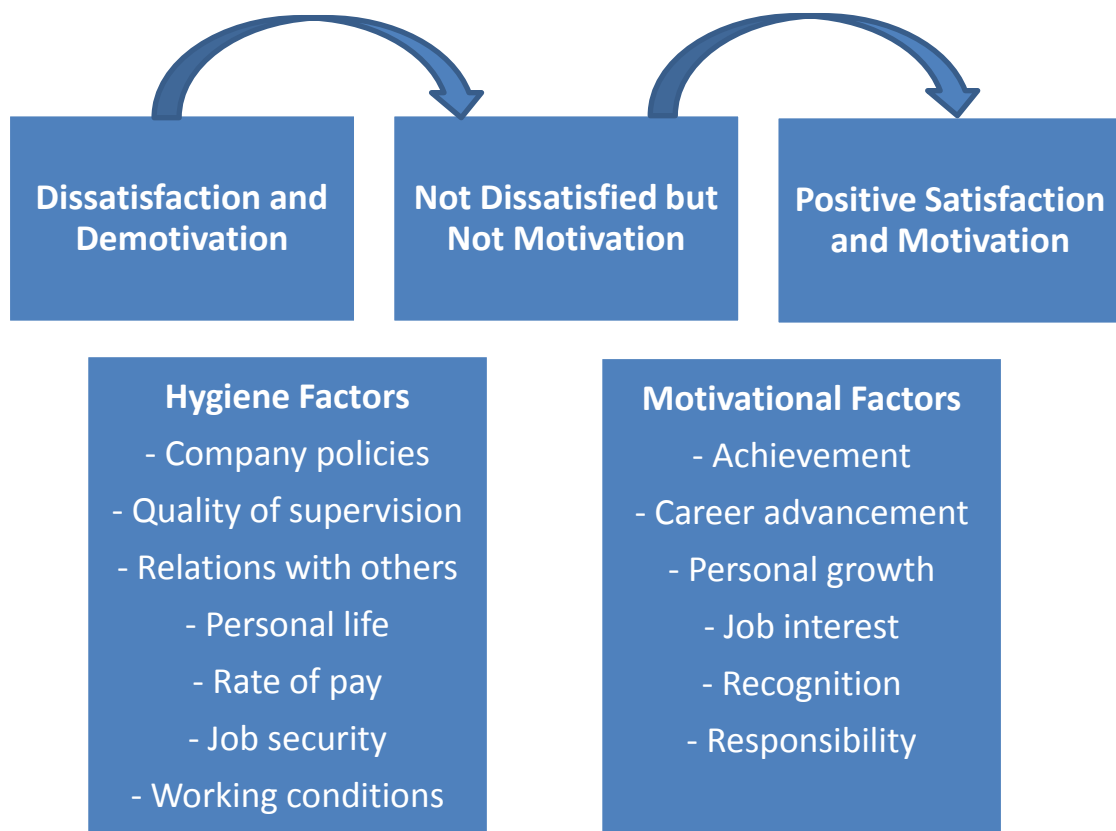
Implications

Maslow's theory highlights that organisations must identify the level of needs at which the employee is present at, and then the needs must be addressed as a drive for motivation. If the basic needs such as physiological and safety needs are not met, organisations will not be able to fulfil the other level of needs indicated. Not all employees are directed by a similar set of needs. It is through this realisation that

organisations are required to tailor reward programmes that suite an employee's needs.

2.2.2. Herzberg's Two-Factor Theory of Motivation

Figure 2: Herzberg's Two-Factor Theory of Motivation (Herzberg, 1968)



Source: Grobler et al. (2006) Human Resource Management in South Africa (3rd ed.). London: Thomson Learning.

Herzberg's two-factor theory of motivation draws on the model and theory of Maslow. In his research on motivation, Herzberg identified two factors that influenced motivation and job satisfaction, specifically hygiene and motivational factors

(Herzberg, 1968). These factors are seen to be effective in motivating the individual towards a greater work effort. This is depicted in Figure 2 above.

Herzberg defined hygiene factors (also known as dissatisfiers) as those factors closely related to the working environment and they include (Herzberg, 1968):

- Company Policy
- Quality of Supervision
- Relations with others
- Personal Life
- Rate of Pay
- Job Security
- Working Conditions

Herzberg believed that hygiene factors do not motivate employees. Herzberg's theory suggests that if hygiene factors are present in the lower level needs of physiology and safety, referred to in Maslow's Theory of Motivation, these needs are likely to be met. These factors are perceived to be acting as motivation for individuals to reach superior performance and effort. If the hygiene factors are ineffectively met, they cause dissatisfaction, however, if effectively met, the employee is neither dissatisfied nor satisfied. The employee is thus not dissatisfied but not motivated.

It is clearly important that organisations address the hygiene factors before they introduce motivation into the employee's job. Examples of motivational factors in Herzberg's theory are (Herzberg, 1968):

- Achievement
- Job Interest
- Personal Growth
- Recognition
- Career Advancement
- Responsibility

Motivational factors (also known as satisfiers) places emphasis on the work itself by providing opportunities for the satisfaction of higher order needs or growth needs as referred to in Maslow's Theory of Motivation. Furthermore, motivational factors predominantly refer to the environment and assist to avert job frustration, while not having a noteworthy influence on positive attitudes.

Herzberg found that some characteristics inclined to be regularly related to job satisfaction. Factors such as accomplishment, acknowledgment, accountability, progression, and development appeared to be connected to job satisfaction. Steyn (2002) maintains that this theory speculates that it is not extrinsic factors (for example salary, organisation benefits, working conditions, and job security) which

motivate employees, but rather intrinsic factors (for example achievement, recognition, responsibility).

Herzberg reasoned that the opposite of satisfaction was not dissatisfaction. He realised that eliminating dissatisfying features from a job does not inevitably make the job satisfying. Motivators are factors which produce real satisfaction. According to Schulze & Steyn (2003), although hygiene factors are not motivators, they are a prerequisite for motivation (Schulze & Steyn, 2003).

Herzberg's motivational factors are the factors that motivate employees to achieve to their best potential. They are a vital part of the job itself and include factors such as the type of the work, the individuals feeling of accomplishment, level of accountability, individual growth, appreciation for a job and positive criticism (Schultz, 1982). Nelson and Quick (2003) suggest that hygiene factors have worth and the existence of motivators in the work-place are vital to improve employee motivation.

Implications

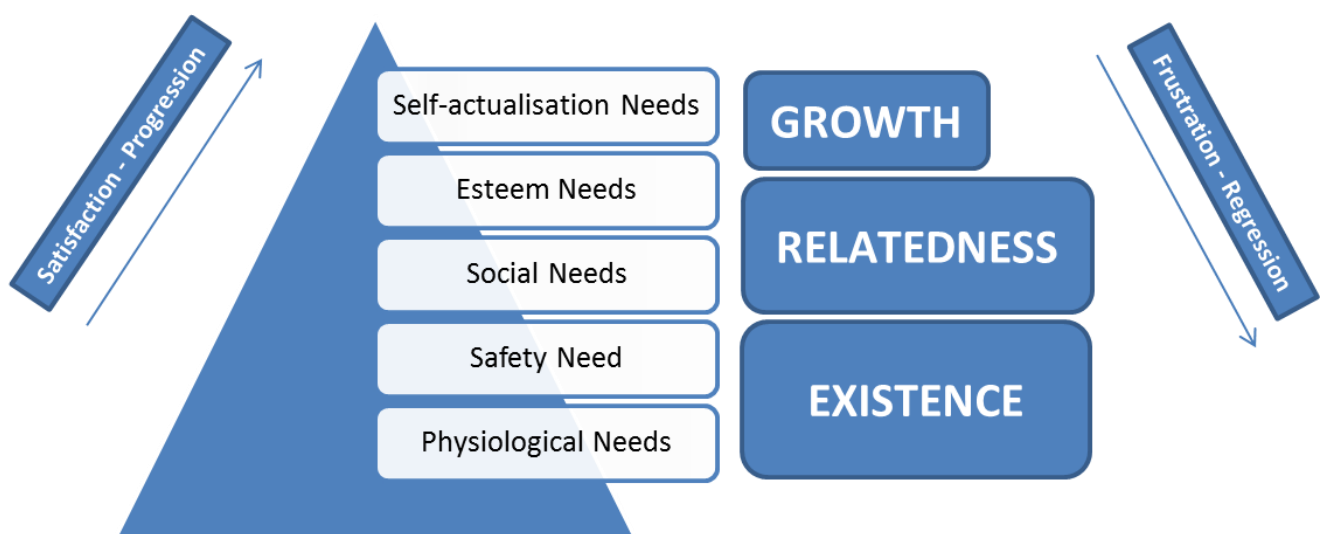
Herzberg's Two-Factor theory suggests that organisations must focus upon safeguarding the suitability of the hygiene factors to elude employee dissatisfaction (Herzberg, 1968). Furthermore, organisations must make sure that the job roles are engaging, exciting and fulfilling so that employees are motivated to work. According to Nel et al. (2001), it is important that an organisation give priority to hygiene factors

before presenting motivators. According to the theory, hygiene factors are factors which are significant for the existence of motivation in any organisation (Herzberg, 1968). These however, do not lead to positive satisfaction over the long-term. However if these factors are lacking, they then lead to employee dissatisfaction.

Organisations must not only offer hygiene factors to avoid employee demotivation, but also must offer factors essential to the work itself for employees to be satisfied with their jobs. Implications of this in the workplace suggest that the job role should have adequate challenge to utilise the full capability of the employee. Employees who display growing levels of strong capability should be given more responsibility.

2.2.3. Alderfer's ERG Theory of Motivation

Figure 3: Alderfer's ERG Theory of Motivation



Source: Amos et al. (2004). Human Resource Management (2nd ed.). Lansdowne: Juta & Co. Ltd.

Although Alderfer accepted that Maslow's theory contributed to understanding human motivation, according to Nelson & Quick (2003), Alderfer was of the opinion that the identification and categorisation of needs was inaccurate. Alderfer's theory categorises needs in three groups which describe existence (E), relatedness (R) and growth (G). He has re-categorized Maslow's hierarchy of needs into three simpler and broader levels of needs:

Level 1 Needs: Existence Needs

Existence needs include the need for simple requirements. Organisations can fulfil these needs through remuneration benefits, medical aid benefits, a non-toxic working setting, and some degree of job safety. Existence needs relates to tangible goals such as being able to purchase food and pay for accommodation (Schultz, 1982).

Level 2 Needs: Relatedness Needs

Relatedness needs include the determination individuals have for preserving noteworthy personal associations, receiving recognition and acknowledgement. The needs in this category are comparable to those of social needs in Maslow's theory; therefore these needs could also be addressed by promising a team dynamic, providing leadership and encouraging group participation (Grobler et al., 2006).

Level 3 Needs: Growth Needs

Growth needs include the need for development, personal growth and progression. Maslow's self-actualisation needs and component of esteem needs fall under this category.

The importance of the three levels of needs may vary for each individual. The variance between Maslow's theory and Alderfer's ERG theory is that, the latter states that at a given point of time, more than one need may be functioning. The ERG theory further shows that, if the realisation of a higher level need does not occur, there is an increase in the aspiration for satisfying a lower level need. This is in contradiction to Maslow's theory. According to Maslow, an individual remains at a specific need level until that need is satisfied, the individual then moves up to the next need level.

According to ERG theory, if a higher level need increases, an individual may regress to increase the satisfaction of a lower level need. This is termed the frustration regression aspect of the ERG theory. For example, when growth needs intensify, an individual may be motivated to achieve the relatedness needs and if there are problems in achieving relatedness needs, then the individual may be motivated by the existence needs. Therefore, according to Amos et al. (2004), frustration can result in regression to a lower-level need. Amos et al. (2004) further argue that it should explain challenges with employee performance and lead managers to addressing blockages to gratification of needs.

Whilst Maslow's hierarchy theory is inflexible as it undertakes that the needs follow a specific and methodical order, moving up the pyramid and except a lower level need is fulfilled, an individual cannot continue to the higher level need. Alderfer's ERG theory of motivation is more flexible. Alderfer observed the needs as a range rather than distinguishing them as a hierarchy. According to Alderfer, individuals can work on growth needs even if their existence or relatedness needs remain unfulfilled. Alderfer's ERG theory suggests that satisfaction of a need may escalate its intensity. According to Schultz (1982), this makes a challenge for the proposing of rewards in the work environment, in terms of the organisation's need to be persistently innovative and resourceful with such programmes.

Implications

Organisations must appreciate that an employee has several requirements/needs that must be satisfied at the same time. According to the ERG theory, if the organisation focuses exclusively on one requirement at a time, this may not successfully motivate the employee. The frustration-regression aspect of ERG theory has an auxiliary influence on workplace motivation. For example, if an employee is not provided with development or learning opportunities in an organisation, the employee may revert to meeting the relatedness need such as socialising needs. However, if the environment or circumstances do not permit, the employee may revert to the need for monetary rewards to satisfy those socialising needs. The earlier the organisation comprehends and determines this, the more steps it will take

to fulfil those needs which are unfulfilled until such time that the employee can again pursue growth.

2.2.4. Expectancy Theory of Motivation

According to Vroom's Expectancy theory (1964), "an individual will act in a certain way based on the expectation (belief) that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual." Vroom's Expectancy theory is written as a formula:

Valence x Expectancy x Instrumentality = Motivation

- Valence is the total aspiration by the individual to achieve a goal by understanding what the reward entails. It is the level of importance that the individual places on the expected result of that goal. For the valence to be positive the individual must want to complete the goal to reach the expected outcome.
- Expectancy is the conviction from the individual that the effort placed in the workplace will result in the task being completed. Expectancy is related to performance on how hard an individual will have to work to complete the goal.

This is affected by such things as:

- Having the specific resources accessible
- Having the correct capabilities and competencies to do the job
- Having the essential support to get the work done

- Instrumentality is the conviction that the reward will be acknowledged and once the goal has been completed. This is affected by such things as:
 - Understanding of the relationship between performance and results
 - Conviction in the individuals who decide on which individual gets rewarded and to what extent they are rewarded
 - Transparency of the performance and reward process

Motivation is the product of valence, expectancy, and instrumentality. It can be thought of as the strength of the drive towards a goal (Vroom, 1964). Therefore, Vroom's expectancy theory of motivation is not about self-interest in performance and rewards but about the links individuals make to the expected goals and the influence they feel they can make towards those goals (Vroom, 1964).

For example, if an individual wants a promotion within their organisation, then a promotion has a high valence for that individual. If the individual believes that a strong performance will result in good reviews by his superiors, then the individual has a high expectancy. However, if the individual believes the organisation will not promote, then the individual has low instrumentality, and will not be motivated to perform. This essentially means that individuals can perform at levels that result in the greatest benefit, to their choice.

According to Schultz (1982), employees who believe that increased work effort will lead to rewards such as a increases in remuneration and advancement opportunities, will choose to work hard. Vroom's theory of Expectancy argues that in

such an organisational culture, there should be high motivational levels. This theory links individuals' motivation to performance and rewards. Individuals are motivated by the promise of rewards that are tied to goals.

Implications

Vroom's expectancy theory contrasts from the content theories of Maslow, Herzberg and Alderfer. The theory does not offer recommendations on what motivates individuals at the workplace. As an alternative, it provides a method of 'cognitive variables' that reveals individual differences in job motivation. Employee behaviours are influenced by their beliefs and perceptions. They do not act because of strong internal drives, unmet needs, or the application of rewards. From an organisational viewpoint, the theory does have some significant implications for motivating employees. Employees who place more effort will profit from superior job performance. Improved job performance will result in organisational rewards, such as salary increases, promotions and recognition. In order to improve the 'performance outcome' connection, organisations should use frameworks that link rewards to performance. Organisations must guarantee that the rewards provided are justified and sought by the employees. In order to develop the 'effort performance' connection, organisations must look at training and development to improve their employee's skills, competencies and boost their belief that effort placed will lead to individual growth.

2.3. Monetary Rewards

Monetary rewards is a means to recruit and retain valuable employees, however, it is not recognised if better job performance and satisfaction are the results of such initiatives (Adeogun, 2008). Armstrong (2007) suggests that monetary rewards are motivators because it satisfies needs. Armstrong (2007) states, that money is essential as it is required to satisfy basic needs of survival and security. In the organisational employee relationship, according to Mitchell & Mickel (1999), companies pay employees in exchange for their labour. Milkovich and Newman (1993) suggest that money is used by organisations as an attraction, motivation, and retention tool. Organisations use money to reward and recognise, and they withhold it as punishment.

According to Ross and Zander (1957), in order to attract and retain employees in an organisation, their needs must first be satisfied. Those needs would include a reasonable competitive salary and other competitive benefits. According to Kirkcaldy & Furnham (1993) and Tang (1992), money is related to:

- Achievement and recognition
- Status and respect
- Freedom and control
- Power

Given the above, Kirkcaldy & Furnham (1993) and Tang (1992) argue that money is therefore an aspect of motivation because of what it stands for.

Authors suggest that monetary rewards are more important in individual's real selections than in their answers to the question about the significance of monetary rewards as a motivator. This leads to underestimation of monetary rewards as a motivating factor in the organisational environment.

Results about the importance of monetary rewards as a motivator come from Agarwal's (2010) study based on a literature review on motivation and executive compensation. Agarwal (2010) states that money is still the most crucial motivating factor for employees and that it makes them perform well in the company. Agarwal agrees that non-monetary rewards motivate but, after a certain point in an individual's career, money has the greater significance.

A case study conducted on a Taiwanese construction firm indicated that monetary compensation remains a powerful motivator for workers (Huang et al., 2006). The authors refer to Lazear (1998) in stating, "Wage levels have significant influence on retention rates" (p. 9).

A contrasting view from Nel et al. (2001) suggests that whether individuals distinguish money as a motivator or not depends on what they distinguish as motivation. The motivation theories cited, suggest that motivation is an inner driven aspiration to achieve a goal. Herzberg's hygiene-motivator theory, as referred to in Figure 2, suggests that monetary rewards, such as compensation, organisational benefits or working conditions do not motivate, they simply confirm that performance is at a satisfactory level. Nel et al. (2001) further suggests that non-monetary

rewards, such as accountability, progression, criticism, acknowledgment and job prospects motivate employees to improved performance, more so than merely earning a salary.

2.4. Non-Monetary Rewards

Although monetary rewards can be seen as an employee motivator, it is not the only cause of motivation. “The management of remuneration was once straightforward with a strong link between job and pay” (Bussin, 2003). It is not that simple anymore. Organisational designs, specifically compensation designs, which focus mainly on compensation benefits, fail to influence a source of motivation that can lead individuals to perform at greater levels (Nel et al., 2001).

Monetary rewards, organisational benefits, and other various rewards have been used to entice employees to accomplish organisational objectives worldwide (Chiu, Luk, & Tang, 2002). Zobel (1999) states, the greatest incentives over the long run are non-monetary incentives. Furthermore, Lawler (1969), states that while monetary rewards are significant in the short term, non-monetary rewards in the form of meaningful work and recognition incline to sustain motivation in the long term.

In Maslow on Management, (p. 72) Maslow et al. (1998) refers to money with the following statement:

“Finally I call attention to the question of levels of pay and kinds of pay. What is crucially important is the fact itself that there are many kinds of pay other than money pay; that money as such steadily recedes in importance with increasing affluence and with increasing maturity of character, while higher forms of pay (Meta pay) steadily increase in importance. Furthermore, even where money pay continues to seem to be important, it is often so not in its own literal, concrete character, but rather as a symbol for status, success, and self-esteem with which to win love, admiration, and respect.”

Manolopoulos (2008) argues that there are two types of motivators that will influence employee motivation at work: extrinsic and intrinsic. Non-monetary rewards or intrinsic motivation are the factors such as work recognition, opportunity for career advancement and the opportunity for further learning and development. Mathauer and Imhoff (2006) state that non-monetary rewards include no direct transfers of cash or cash equivalents such as vacations, token awards or entertainment. Consequently, intrinsic rewards are the ones that do not involve money.

According to Hijazi, Anwar & Mehbood (2007), organisations face negative consequences, when they ignore the importance of non-monetary rewards on employee retention. In their study on incentives in health care industries, Llewellyn, Eden and Lay (1999) defined non-monetary incentives as status, the liking of work, job advancement and medical aid benefits offered to employees. Woodruffe (2006) cited examples of non-monetary rewards as:

- Advancement
- Autonomy
- Civilised treatment
- Employer commitment
- Environment
- Exposure to senior people
- Praise being awarded
- Available support
- The feeling of being trusted
- The feeling of working for a good and reliable organisation

Nelson (2004) argues that individuals assume work-life balance, flexibility, job participation, significance in their role, and more personalised acknowledgment.

Rynes, Gerhart and Minette (2004) found that money is not a motivator for most individuals and not in every situation, in their study on the importance of pay in employee motivation.

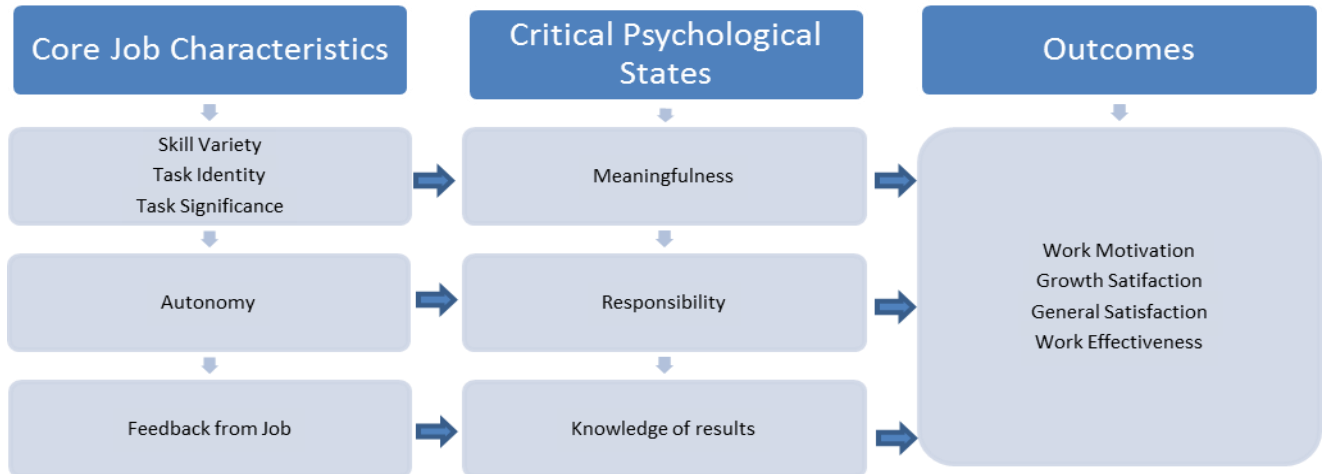
McClelland (1968, p23) argues that “money isn’t nearly so potent a motivating force as theory and common sense suggest it should be”. The results that support McClelland’s statement come from a McKinsey Quarterly survey conducted in June 2009 (Dewhurst, Guthridge, & Mohr, 2009). 1047 Responses were received from executives, managers, and employees around the world. The responses showed that three non-monetary motivators (praise from immediate managers, leadership attention and a chance to lead projects or task forces) were more effective

motivators than the three highest-rated monetary incentives (cash bonuses, increased base pay and stock or stock options).

Mathauer & Imhoff's (2006A) studies on health workers' motivation showed that non-monetary motivators play an important role in employee's motivation. The examples stated support the research that money alone is not as good motivator as it is said to be. There are non-monetary rewards that are equally as effective if not more that organisations could use depending on the employee preference. The literature does indicate that both monetary and non-monetary rewards have a place in the motivation of employees; however, understanding employee preferences is the key competitive advantage for organisations.

Non-monetary motivators that play an important role in shaping employees' conduct are job designs. Oldham and Hackman introduced The Job Characteristic Model (Figure 4). This model based on Vroom's expectancy theory, highlights that through the existence of certain attributes in jobs can increase the chance that individuals will find the job and the role meaningful and will experience responsibility for work outcomes (Oldham & Hackman, 2010). If this is experienced by individuals it results in their motivation to perform better.

Figure 4: The Job Characteristic Model



Similar results were observed by Lawler (1969) in his paper about job design and employees' motivation. According to Lawler, employee's motivations may be influenced by changes in job design. Lawler (1969) presented three characteristics of job designs that could potentially lead to employee's assumptions that their performance would bring non-monetary rewards. These were:

- Employees must receive meaningful feedback on their performance evaluation
- The job must necessitate using employee's abilities that employee' that may result in the feeling of achievement
- Employees must have control over setting their goals

Another tool to motivate employees is recognition. Recognition is a reward for employee's performance that is defined as "acknowledgement, approval and genuine appreciation" (Luthans & Stajkovic, 2000, p1).

In 2005 a survey conducted on 1002 employees showed that managers do not meet employees' needs regarding recognition. This survey was conducted by the Maritz Pool Survey (<http://www.maritz.com/Maritz-Poll/2006/Maritz-Poll-Bosses-Not-On-the-Same-Page-as-Employees-Regarding-Recognition.aspx> - Retrieved on September 12th 2012). Individuals' desire recognition as it is powerful tool used to motivate and to increase job performance.

2.5. Monetary and Non-Monetary Implications

There is a strong backing for money as a motivating factor. However, there are researchers who completely disagree with money being the only key motivator stating that money does not significantly affect employee's motivation. Non-monetary rewards if used correctly are equally as important. Furthermore, there are researchers whose findings show the significance of management style and the dialect used by senior managers, directors and executives in the organisation in increasing their employee's performance. These researchers suggest that job design and recognition are important tools in motivating employees. The key question is what do employees themselves think that motivates them the most?

2.6. The Value of Reward Programmes

Factors such as knowledge work, corporate governance, executive pay and performance, globalization and the increased importance of employing the most talented people all contribute to the complex design of reward programmes (Gross & Friedman, 2004).

Mulvey and Ledford (2002) define reward programmes as “powerful management tools for attracting, motivating, and retaining employees.” Yiamiis, Loannis and Nikolaost (2009) state that reward programmes are considered to be important tools not only for the motivation of employees, but also for driving skills growth and developing an organisation’s culture. They further state that reward programmes must be suitable in the management style of any organisation and must support preferred behaviours and culture.

Regardless of whether the reward is monetary or non-monetary, according to Abendschein (2004), high quality employees would be attracted to such organisations, and have an aspiration to stay longer with an organisation when reward and recognition programmes are used.

According to Kerr-Phillips and Thomas (2009), the impact of cultural and language diversity, affirmative action and income level gaps and education, need to be dealt with effectively by South African organisations, managers and leaders. South African organisations need to take initiatives and modify their existing reward programmes to

account for changes in employee demographics and preferences. Therefore motivational strategies for employees, including monetary and non-monetary rewards, must address the areas of interest and areas of uncertainty in the current workforce population.

According to Furnham (2005), it does not matter what individuals are paid, if they believe, that they are not justly paid, they become demotivated. Furnham (2006) writes that business psychologists cite at least three reasons why money is more likely to cause dissatisfaction than satisfaction:

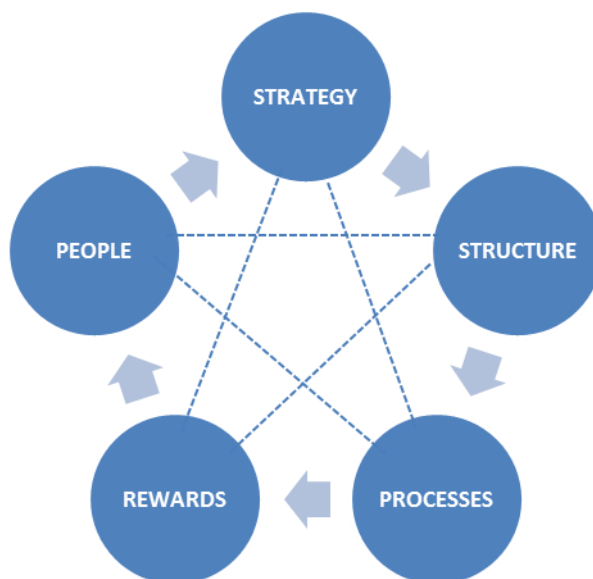
- No clear correlation exists between pay and performance
- Comparative salary leads to pay satisfaction not necessarily absolute salary
- Lifestyle gains maybe more attractive than financial rewards

Galbraith (1977) theorises, in trying to develop the perfect reward programme, that there are no perfect reward programmes that would be effective for all types' of individuals. Galbraith (1977) states that organisations must design reward programmes to eliminate the goal limitations to job performance because they cannot rely upon the planned and impulsive selection of the behaviour which will produce the best effective job performance. For this reason, reward programmes are connected to organisational design.

Galbraith (1977) argues that integration and correct fit is required among the reward policy, individuals, responsibilities, structure, and the information structure. Galbraith describes the Star Model highlighted in Figure 5 below and its five components: strategy, structure, processes, rewards, and people. Galbraith's Star Model describes the integration of the five components and its importance in affecting employee behaviour. Galbraith (1977) reiterates that organisations should attempt to match individual personality and job requirements to gain the wanted performance.

Galbraith (1977) defines the theory of reward systems as being that there is no one best approach but that any approach is not similarly effective under all conditions. In designing a reward programme, the preferred behaviour is based on the responsibilities involved. The reward programme is related to the preferred behaviour.

Figure 5: Galbraith's Star Model



In relation to reward, like Herzberg, Galbraith (1977) utilised the terms extrinsic and intrinsic rewards. Galbraith refers to extrinsic reward as, “artificially added”, while intrinsic is referred to as, “natural consequence”. The rewards delivered to employees must meet or exceed the expectancy levels of the beneficiaries. Galbraith (1977) argues individuals will always desire more of the same even though the individual is fulfilled with a reward.

Attracting the right employees to contribute to the organisations objective is important. As such, reward programmes are aimed to be used to motivate and individuals to contribute to the organisation’s growth.

Patricia and Jay (2000a) state that individuals work for more than just monetary remuneration, these individuals are also looking for an organisation which has a vision of where it is going and how it plans to get there, they want to get growth in acquiring skills and competencies that prepare them to add value. Therefore, tailored combinations of monetary and non-monetary rewards are important to providing a complete reward package to an individual.

Employers and designers of reward programmes, sometimes have varying definitions of what constitutes value (Hiles, 2009). It is with that in mind that Hiles (2009) recommended that organisations go beyond the economic value and consider the full list of possible sources of value that can be offered. The following are considered:

- Knowledge of the worth of the reward package
- Effectively designed defaults
- Ease of understanding
- Information about programmes
- Easy to use and compliant
- Low cost
- Streamlined choice
- Consistent with individual observations of a positive organisation brand

2.6.1. Implications

The literature highlights that there is major value in developing, designing and utilising reward programmes. These programmes are considered to be significant tools for motivating employees. However for the reward programme to be effective, it must suite the management style of any organisation and must support the desired behaviours and culture of the organisation. Furthermore, the literature states that these programmes must be modified and tailored to suite the individual needs, demographics and preferences. By developing a programme that has the correct consistency of monetary and non-monetary reward elements or intrinsic and extrinsic reward elements, organisations could be able to motivate their people as well as keep costs down.

2.7. Elements of Reward Programmes

Motivating employees within an organisational setting requires a complex model or framework. The factors of influence to be considered within an organisation are the management of rewards, the management of compensation and the management of incentives. Compensation is defined by Meyer & Kirsten (2005) as the monetary and non-monetary rewards provided to employees by organisations for use of their capabilities to achieve objectives.

Armstrong and Murlis (1991) suggest four areas that should be addressed in a reward management system:

- Pay structures – Defining the levels of compensation in an organisation by joining the outcomes of job evaluations and market surveys
- Employee benefits - Fulfilling the wants of employees for personal security and providing compensation in forms of non-monetary rewards
- Non-monetary rewards - Satisfying employees needs for challenge, accountability, influence in decision making, acknowledgment and career opportunities
- Performance management - Providing the foundation for formal reviews session of performance against targets, leading to training and development programmes that drives growth for the employee

Rewards that are intangible are often not included in the remuneration or total cost to company package but do add value to the employee. Nienaber (2009) suggests that the reward programmes combine the following elements within its major categories:

- Transactional rewards – These are rewards such as remuneration and benefits
- Relational rewards – These are rewards such as recognition, status, learning and development, challenging work, employment security and the work environment

Nienaber (2009) suggests that given the broader definition of rewards, there is a move away from the traditional perception of rewards being only remuneration towards rewards that are more comprehensive and integrated. Sarvadi (2005) supports this statement, suggesting that a strategic reward programme creates a balanced offering to individuals. Sarvadi (2005) further suggests that a reward system should incorporate elements such as compensation, benefits, recognition and appreciation.

The most common challenge in organisations today is that recognition appears to be lacking from organisations. Although these forms of non-monetary rewards are considered to be low cost and high benefit elements of a reward programmes, they seem to be lacking from organisations (Sarvadi, 2005). Wiscombe (2002) argues that adequate evidence exists of a significant correlation between non-monetary rewards and greater job performance.

2.7.1. Implications

Recognition has been argued by Romano (2003) and Sarvadi (2005) to be imperative for organisations to increase levels of employee motivation, without the high costs. According to Giles (2004), it would benefit any organisation to establish which factors would increase the motivation within an employee, as these would be valuable to those who are responsible for designing rewards programmes. The literature clearly shows that both monetary and non-monetary rewards have a place within a reward programme or framework and should be carefully adjusted by the organisation based on employee preferences.

2.8. Employee Choices and the Reward Programme Models

2.8.1. Employee Choices

Worldatwork, the Total Rewards Association of U.S., describes total rewards as all of the tools available to the employer that may be used to attract, motivate and retain employees (Worldatwork, 2006). Total rewards include everything the employee perceives to be of value resulting from the employment relationship (Worldatwork, 2006).

According to Fernandes (1998), the most important features of reward systems include salaries, variable pay, pension benefits, disability benefits, medical aid, leave entitlement, motor vehicle structures, share schemes, housing bonds etc. Patricia and Jay (2000a) completed an analysis of reward components which refer to

individual growth, compelling future, total pay and positive workplaces. They argue that individuals work for more than just remuneration; people are also looking for an organisation which has a strong vision of where it is going and how it plans to get there. People want to gain growth in acquiring skills and competencies that prepare them to add value in their roles. Therefore, combinations of basic pay, variable pay, acknowledgment and recognition are essential to providing a complete reward package (Patricia & Jay, 2000b).

Research conducted by the Saratoga Institute (Saratoga PWC, 2006) recognised employment practices which would aid retention and motivation. The five most important influencers of employment retention and motivation according to this research were:

- Culture and work environment
- Training and Development
- Supervisor roles
- Career Growth
- Earnings Potential

A survey conducted in February 2005 by WorldatWork and the National Association for Employee Recognition aimed at identifying trends in employee recognition. The survey stated that the key reasons for creating recognition programmes included (Trends in Employee Recognition, 2005):

- Creating a positive work environment

- Motivating high performers
- Reinforcing desired behaviour and
- Creating a culture of recognition

The findings show that the successes of an employee reward programme are related to the employee satisfaction surveys. The study revealed that 55% of the respondents believed that their senior management viewed recognition programmes as an investment, whilst 13% of the respondents thought that management viewed recognition programmes as an expense (Trends in Employee Recognition, 2005).

A South African study on retention perspectives of individuals in organisations conducted by Kerr-Phillips and Thomas (2009) emerged the following themes:

- Development according to value and not race
- Being part of a high performance work culture
- Growth associated with training and leadership development programmes
- Being exposed to all parts of the organisation
- Being valued based on capabilities and competencies
- Being recognised for work contribution

What was highlighted by the study was that although remuneration packages were highlighted as being important by the participants as an aspect that attracts them to an organisation, it was not a major factor that would promote their retention and motivation. Money does allow individuals to buy the things they want, however it is

not the one and only factor that makes individuals motivated to work. (Kohn, 1993) argues that increased employee performance is not linked to more pay.

In contrast to the views of Kohn, Turner (2006) in his study on factory workers found that the relationship between monetary incentives and performance was not significant, however when the same study was conducted on service businesses, the finding turned out to be quite significant. Darmon (1974) in his study on salesmen has provided evidence that financial incentives do have an effect on human behaviour and performance.

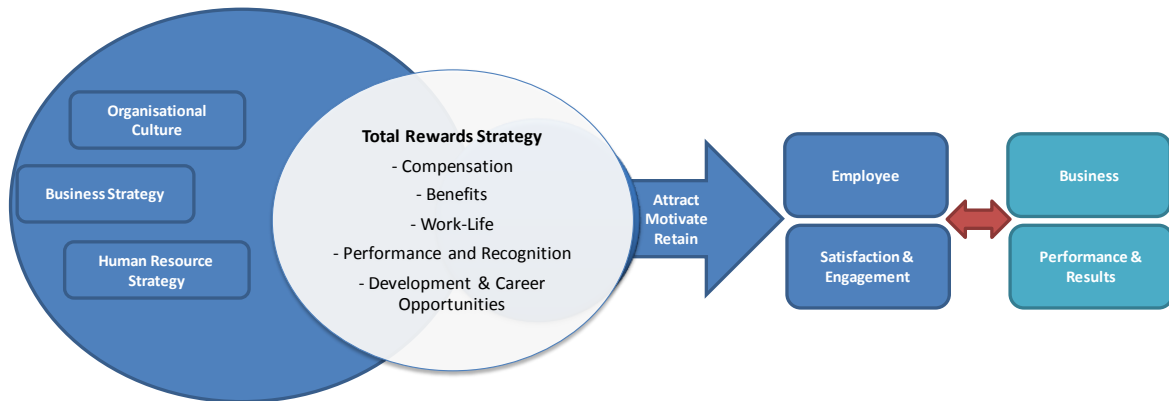
Kontodimopoulos, Paleologou and Niakas (2009) concentrated on health care professionals to examine their motivating factors; monetary or non-monetary rewards. They found that monetary rewards were the strongest motivating factor, but only to professionals in managerial positions. Manolopoulos (2008), in focusing on the public sector in Greece, comparing monetary rewards and non-monetary rewards found that monetary rewards were more motivating than non-monetary.

2.8.2. Reward Programme Frameworks

A number of reward programme frameworks, models and systems have been developed over the past few years. They have been adapted and modified by organisations with the aim of benefitting the employee and organisational objectives. In trying to understand some of the general elements used within reward programme models, this portion of the chapter will present some of the models and frameworks developed.

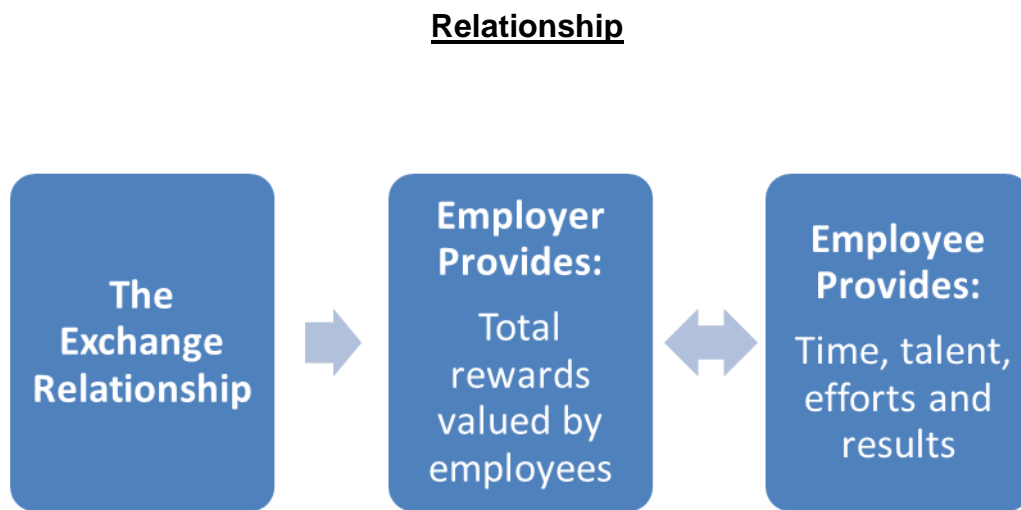
2.8.2.1. WorldatWork Total Rewards Model

Figure 6: WorldatWork Total Rewards Model (2007)



The WorldatWork Total Rewards Model is a framework for organisations to develop strategies to attract, motivate and retain employees. Refer to figure 6. According to WorldatWork (2007), this framework offers the organisational and environmental context in which rewards strategies exist. The framework establishes the relationship between employees and organisations concentrating on the employee's contribution of skills, competencies and capabilities to drive organisation results as shown in the exchange relationship below in Figure 7. This area of the framework is crucial for organisations to understand the needs of employees based on employee preferences.

Figure 7: WorldatWork Total Rewards Model (2007) – The Exchange



There are five elements of the model. These elements represent a “toolkit” from which an organisation selects to offer and align a value proposition that creates value for both the employee and the organisation. The framework also considers the external influences on an organisation, such as (WorldatWork, 2007):

- Legal/regulatory issues
- Cultural effects
- Competition
- Macro and micro-economic issues

Understanding these external factors is crucial for the organisation in motivating employees. Given the current economic climate in South Africa for example, such as rise of fuel prices and food inflation, organisations are required to adapt their reward systems to cater for these external shocks.

The elements under the total rewards strategy, as defined by WorldatWork (2007) are:

- Compensation
- Benefits
- Work-Life
- Performance and Recognition
- Development & Career Opportunities

These elements are not mutually exclusive and can be used by organisations and practitioners as a value proposition tool for employees. The questionnaire developed to conduct the research partially uses the WorldatWork Total Rewards Model.

2.8.2.2. Hay Group Total Rewards Framework

Figure 8: Hay Group Total Reward Framework



The Hay Group Total Reward Framework, refers to Figure 8, (www.haygroup.com/za/services - Retrieved on September 15th 2012), takes strategy as a starting point and focuses on the total rewards, which consist of both tangible and intangible rewards. The framework takes into account the needs of both organisation and employee, which allows for a balanced approach ensuring that the organisation's wellbeing is provided for, while also ensuring that the employees are involved and encouraged. This framework is significant at a time when organisations are under cost pressures and when they are focused on doing more with less.

2.8.2.3. Towers Perrin Total Rewards Effectiveness Blueprint

Figure 9: Towers Perrin Total Rewards Effectiveness Blueprint



Towers Perrin (www.towersperrin.com - Retrieved on September 15th 2012) framework has shown that it is essential for organisations to be willing to setup an extensive range of reward elements. These reward elements are centred on the understandings about organisation demographics, job roles, regional nuances and industry sectors.

The accurate insights into the characteristics that drive employee behaviours and motivation can therefore allow the organisation to effectively focus on important segments and modify its reward programmes and investments accordingly.

Workforce insights can also disclose gaps in an organisation’s ability to motivate talent in emerging markets.

Furthermore, according to Towers Perrin, employee research specific to the organisation can help internalise the organisation's understanding of talent issues, for example, what are the unique aspects of their current employee's needs and preferences. The Towers Perrin blueprint splits up relational and financial rewards and makes mention of employee and organisational insights in creating value propositions. The questionnaire developed to conduct the research partially uses the Towers Perrin Total Rewards Effectiveness Blueprint.

2.8.3. Implications

It is evident from the three frameworks discussed in the literature that a combination of reward elements are used and can be used when designing a reward programme. It is also clear that there are combinations of reward elements comprising of both monetary and non-monetary rewards that organisations can use to motivate and engage employees. Understanding the external environment in relation to the organisation and understanding employee preferences are key aspects that were mentioned. It would be interesting to see how the learning and development reward element; the performance and recognition reward element and work life reward elements compare from a weighting perspective in motivation compared to the tangible monetary rewards. Depending on the type of individual or demographic nature of the individual; his or her job role and their position in the organisation, certain reward elements are noted as being more important than others.

2.9. Conclusion

This chapter argued a number of theories related to motivation and employee motivation. This chapter looked at how motivation has an effect on employee performance and reward systems within organisations. Shultz et al. (2003) argues that each of the theories discussed contributes in its own unique way to enhance the understanding of employee motivation in the workplace. By grasping these theories, organisations should recognise that they have a critical role to play in supporting employees in the management of motivation levels, by ensuring that the reward programmes are designed to assist both organisations and employees in creating sound value propositions. Lawler (2003) supports this and argues that an employee that is motivated; rewarded and feels recognised would feel at least moderately satisfied, and this would have the potential to lead to greater job satisfaction, increased employee motivation and increased individual and organisational performance.

The chapter looked at both monetary and non-monetary rewards. Chiu, Luk, & Tang, (2002) argue that the money is “in the eye of the beholder”. Both monetary and non-monetary rewards offer different motivation to employees. Chiu, Luk, & Tang, (2002) agree with this statement as, according to them, employees differ in their valuation of various benefits. It can therefore be argued that organisations must develop reward programmes that give employees flexibility and options that provide the most value to both the employee and the organisation. According to Chiu, Luk, & Tang, (2002), human resource managers need to recognise the most vital reward elements that fulfil employee needs.

Finally the chapter looked at reward programmes and what they entailed.

Understanding what influencers and drivers are from an organisational and employee perspective is important when designing a reward programme that is best suited to create value for the key stakeholders.

3. Research Questions

The research objectives seek to analyse whether designing a reward programme with the joint focus on both monetary and non-monetary rewards will result in increased employee motivation. To address this need, this study will explore the impact of non-monetary and monetary reward programmes on employee motivation through an administered survey. This research study has used quantitative analysis to answer the following research questions:

- What are the elements that form part of the reward and incentive offering to employees in organisations?
- Do various rewards and incentive options have specific impacts on employees from a motivation perspective?
- To what extent are organisations utilising non-monetary rewards and monetary rewards in their offering to motivate employees?
- What are the reward preferences by employees?

4. Research Methodology

4.1. Introduction

This chapter refers to the design of the quantitative study. It incorporates the objectives of the study, the research questions, the population surrounding the study, the data collection methods and process, the validity and reliability of the instrument, the data analysis techniques and the research advantage and limitations.

4.2. Research Design

Zikmund (2003) argues that a research design “is a master plan specifying the methods and procedures for collecting and analysing the needed information.” The research design is quantitative and descriptive in nature. A descriptive research design according to Isaac & Michael (1977) is used to describe methodically the details and features of a given population, accurately and truthfully. This type of research involves testing the validity of hypotheses through a collection of data. It does not make implications nor try or seek to explain relationships.

Furthermore, the research design will be causal in nature. Zikmund (2003) in his study states that the main purpose of causal research is to “determine the cause and effect relationships among variables.” In this method one aims at determining the cause of, or reason for groups of individuals being different in behaviour or status. The researcher attempts to identify the major factor that causes the individual to behave differently as compared to other individuals.

The research design of the study is a quantitative survey to assess whether non-monetary rewards have an impact on job motivation. Quantitative research uses mathematical measures and statistical techniques to determine relationships and differences among large samples of target populations (Shao, 1999). Shao, further states that highly structured, quantitative research involves designing questions with a choice of specific responses so that the response can be measured and analysed mathematically.

Survey research approach advantages include time saving, cost savings, absence of evaluator bias, accurate outcomes, privacy for participants, and that the samples need not be very big in relation to the population (Salkind, 1997). The disadvantage of this design is that findings can only be generalised to the sampled population at the time of the survey (Dooley, 1995).

The research study conducted a replication study to prove and or disprove previous research done within this area. A replication study is “deliberate repetition of research procedures in a second investigation for the purpose of determining if earlier results can be confirmed” (Polit & Beck, 2008). A replication study involves restating a study using similar methods but with altered respondents (Hani, 2009).

Hani (2009) further states that a replication study is possible and should be carried out when the original research question is important and can contribute to the body of information supporting the discipline and if the replication study carries the

potential to empirically support the results of the original study, either by clarifying issues raised by the original study or extending its capacity to be generalised.

The sample for this study consists of past and present MBA students from a Johannesburg based business school. The unit of analysis will be organisations across various industries within South Africa.

4.3. Population

The population will consist of any middle to senior level manager or professional who is employed by an organisation in South Africa and who has experienced a reward programme consisting of elements from either a monetary, non-monetary category or both categories of rewards.

4.4. Sampling

The most basic sampling decision that has to be made is who or what the population of interest is (Czaja & Blair, 2005). According to Zikmund (2003), sampling is a “procedure that uses a small number of items or a portion of a population to make a conclusion regarding the entire population.”

A common goal of quantitative survey research was to collect data that is representative of a population. The researcher used information gathered from the

survey to specify findings from a drawn sample back to a population. This is done within the limits of random error. Wunsch (1986) stated that two of the most consistent flaws included “(1) disregard for sampling error when determining sample size, and (2) disregard for response and nonresponse bias.” Therefore according to Bartlett, Kotrlik, & Higgins (2001), within a quantitative survey design, determining sample size and dealing with non-response bias is vital.

One of the real advantages of quantitative methods is its ability to use smaller groups of people to make inferences about larger groups that would be expensive to study (Holton & Burnett, 1997).

As indicated, the sample will be extracted from past and present MBA students from a Johannesburg based business school. The sample was segmented by six demographic categories, specifically age, gender, racial grouping, job tenure, education level and seniority. There were restrictions on participants. Participants who were not currently employed by an organisation were not permitted to participate in the survey. Participation was voluntary and there was a confidentiality clause stated within the cover letter of the questionnaire. All of this assisted in securing the sizeable sample.

Zikmund (2003) identifies two basic sampling techniques: probability and non-probability sampling. According to Zikmund, a probability sample is defined “as a sample in which every member of the population has a known, non-zero probability

of selection.” Zikmund states that if sample units are selected on the basis of personal judgement, the sample method is a non-probability sample. Non-probability sampling will be used in this study to select respondents who will be targeted with the questionnaire.

A convenience sample is used where the researcher is interested in getting an inexpensive approximation of the truth. Although the sampling technique is a convenience sample, the database was representative of a wide range of respondents from different gender and age groups, different job levels and across various industries. The technique was therefore, considered appropriate for the study undertaken.

4.5. Data Collection

The tool that has been chosen to collect data was a self-administrated questionnaire (Refer to Appendix 1). This type of data collection does not require an interviewer. Respondents were asked to fill in the questionnaire and they were able to read the instructions on their own. The questionnaires were distributed via an e-mail with a link to an online survey on the internet, through Survey Monkey. Arguably Survey Monkey is the world's leading provider of web-based survey solutions, trusted by millions of companies, organisations and individuals alike to gather the insights they need to make more informed decisions (<http://www.surveymonkey.com/mp/aboutus/> - Retrieved on May 23rd 2012).

4.5.1. Data Collection Process

A questionnaire was developed and designed to survey the following areas:

a) Demographic factors of the participants (PART 1)

Emphasis is placed on the respondent's gender, age, racial group, educational qualification, job role and position within the organisation.

b) Reward Preferences (PART 2)

Part 2 focuses on the organisations preference for the specific monetary and non-monetary rewards within the key categories highlighted. The questions in this section are based on the WorldatWork (2007) organisation's classification of total rewards.

The WorldatWork Total Rewards Model (www.worldatwork.org/totalrewards - Retrieved on the 23rd May 2012) utilises the following reward categories in its model as shown in Figure 10:

Figure 10: WorldatWork Total Rewards Model – Total Rewards Strategy

Total Rewards Strategy

- Leveraging Five Elements to Attract, Motivate, Retain
 - Compensation
 - Benefits
 - Work-Life
 - Performance and Recognition
 - Development and Career Opportunitites

The model depicts elements that comprise of reward elements. It provides the organisational and environmental setting in which rewards strategies exist. The framework highlights the desired outcome of motivating employees.

The elements represent the tool kit from which an organisation can choose to offer and align a value proposition that creates value for both the organisation and the employee. The questions in this section are based on the WorldatWork organisation's classification of total rewards. WorldatWork was chosen as it reflected a holistic view on total rewards through its mix of monetary and non-monetary reward elements.

Part 2 is broken into 7 categories of the total reward framework which is:

- Financial Benefits
- Organisation Benefits

- Work Performance, Recognition and Involvement
- Career Development Management and Coaching/Mentoring
- Work life balance
- Work environment
- Learning opportunities

The importance of reward preferences is measured using a 5 point Likert Scale ranging from 'Very Important' to 'Unimportant'. Likert developed the principle of measuring attitudes by asking people to respond to a series of statements about a topic, in terms of the extent to which they agree with them, and so tapping into the cognitive and affective components of attitudes (McLeod, 2008). Zikmund (2003) states that this scale allows respondents to indicate their attitudes by checking how strongly they agree or disagree with carefully constructed statements that range from very positive to very negative toward the attitudinal object.

The 5 point Likert Scale was used according to Mogey (2007), so that each specific question can have its response analysed separately, or have it summed with other related questions to create a score for a group of statements.

c) Organisational preference to reward categories (PART 3)

This part enables respondents to determine which reward category has the greatest impact on an organisation's ability to motivate its employees.

d) Individual preferences to reward categories (PART 4)

This part enables to respondents to rank their own reward structure based on the reward categories using an ordinal scale. The respondents are required to rank their preference from 1 to 7: 1 = most preferred; 7 = the least preferred. Zikmund (2003), states that the ordinal scale arranges alternatives to their magnitude in an ordered relationship.

The data was analysed using the following statistical techniques. Descriptive and inferential statistics were used to analyse the data and to understand the characteristics of the sample group. The following was used:

- Mean – Describes the central tendency of the data
- Variance – Shows a relation that a set of scores has to the mean of the sample. This describes the dispersion of the data
- Standard Deviation - This describes the dispersion of the data. It is a direct form of variance
- Mode – Is the valid data value that occurs most frequently (Norusis, 2005)
- Median – It is the middle value when observations are ordered from smallest to largest (Osterloh, Frost, & Rota, 2001)
- Skewness – Is a measure of symmetry of a distribution; in most instances the comparison is made to a normal distribution (Norusis, 2005)
- ANOVA – One way and two way analysis of variance tests (ANOVA) will be conducted to understand whether there are meaningful differences between the reward categories and the different demographic variables

- Tukey-Kramer's - is appropriate when all, or many pairwise comparisons are of interest

4.6. Survey Pre-Test

The survey was pre tested with a group of 5 people for inputs and comments. Inputs were further received by a statistician and the research supervisor. Following the feedback received, the questionnaire was revised and some of the questions were rephrased. The Likert Scale was reviewed and certain question descriptions were restated and amended.

4.7. Research Advantages and Limitations

The advantage of an internet based survey is it is low cost and it has the ability to cover a large group of respondents.

The limitations of this research are that the response rates may regularly be low when conducting a survey by email. The period for data collection is long and respondents might be not motivated to fill out the survey when they receive an email or may simply forget about it. As a result a response bias may occur if some of subgroups of respondents are more likely to co-operate than others. A further limitation to this survey was the fact that the same respondents participated in answering both the employee/individual preference to reward categories and the

organisation preference to reward categories, which may have resulted in some bias to the responses given.

4.8. Chapter Summary

The chapter attempted to discuss and describe the design of the research, including the research description, the research instrument and the procedure used to obtain the data. Furthermore, this chapter identified and provided insight into the statistical analysis techniques employed (descriptive and inferential analyses) and the relevance in testing the hypotheses of this study. This chapter looked at the research plan for the study, starting off with the research methodology, then the target population and sample, and finally the research instrument and its design. The following chapter presents the research results from the information gathered from the questionnaire.

5. Presentation of Results

5.1. Introduction

The purpose of this chapter is to present the results that were obtained after applying the statistical techniques outlined in Chapter 4. Conclusions are then drawn on the basis of the obtained results

This chapter presents a detailed analysis of results through descriptives, frequencies and inferential statistics. The response sample consisted of 180 respondents out of 415 respondents of which 18 respondents were not able to receive the questionnaire. The measuring instrument was a questionnaire consisting of four key elements. Part 1 dealt with seven demographic items. Part 2 focused on the different reward elements and components utilised by organisations and their preferences. Part 3 focused on the impact of an organisations ability to motivate its employees. Part 4 focused on individual preferences for specific reward categories.

5.2. Response Rate

The response was as follows:

Questionnaire Responses:

	Questionnaires Sent	Failed Responses	Responses Received	Response Rate
MBA Group	405	18	180	47%

A total of 405 emails were sent to the selected sample of past and present MBA students from a Johannesburg based business school. Of the 405 emails sent with the survey questionnaire link attached, 18 emails bounced back from the sample size. A total of a 180 responses were received from the targeted respondents. The response rate from the respondents was 47%. This response rate was reasonable. The questionnaire was developed and distributed on the Survey Monkey website and e-mail facilities were used to send out the online link of the questionnaire to the selected respondents. Reminders were sent out in a similar way. The reminders assisted in improving the response rate.

5.3. Analysis of the Demographic Profile

PART 1 of the questionnaire requested respondents to provide their demographic profile, which is analysed in the following section.

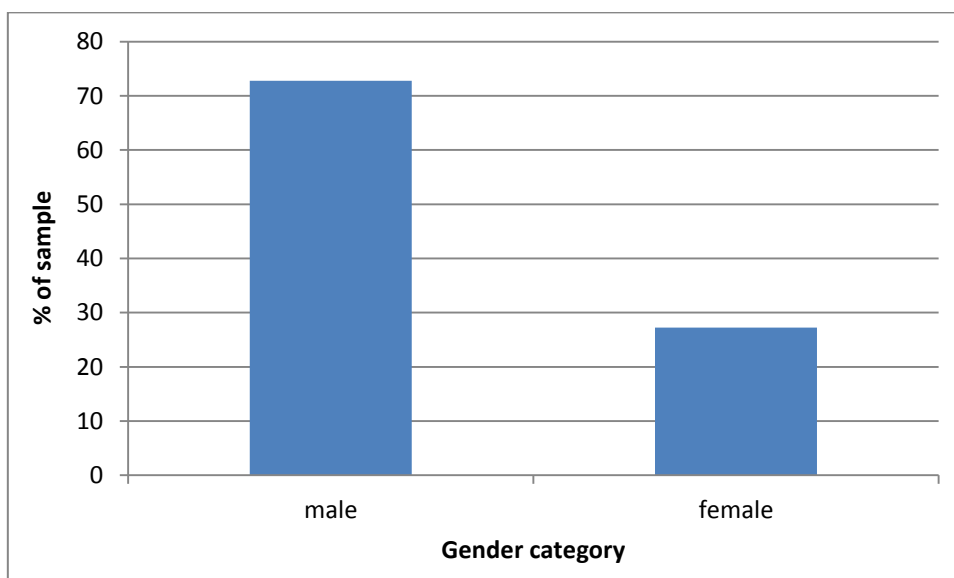
5.3.1. Gender Profile

There was a higher response rate from males at 73% compared to the women with a response rate of 27%. The table and chart below depicts the gender profile of the sample.

Table 1: Gender Profile

Gender	Frequency	Percent
male	131	72.78
female	49	27.22

Chart 1: Gender Profile



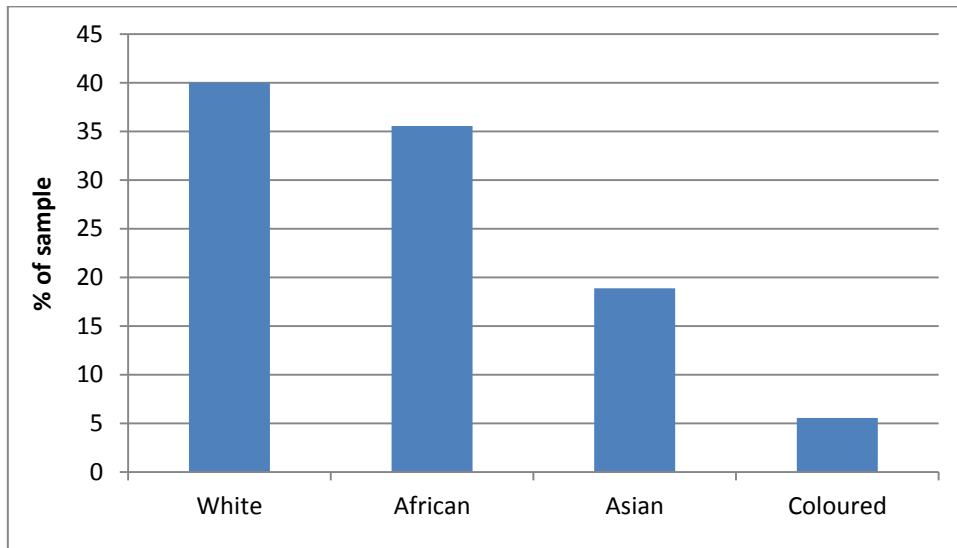
5.3.2. Ethnicity Profile

The ethnic make-up of the sample showed that there was a higher response rate from White and African respondents at 40% and 36% respectively. The table and chart below depicts the ethnic profile of the sample.

Table 2: Ethnicity Profile

Race	Frequency	Percent
White	72	40.00
African	64	35.56
Asian	34	18.89
Coloured	10	5.56

Chart 2: Ethnicity Profile



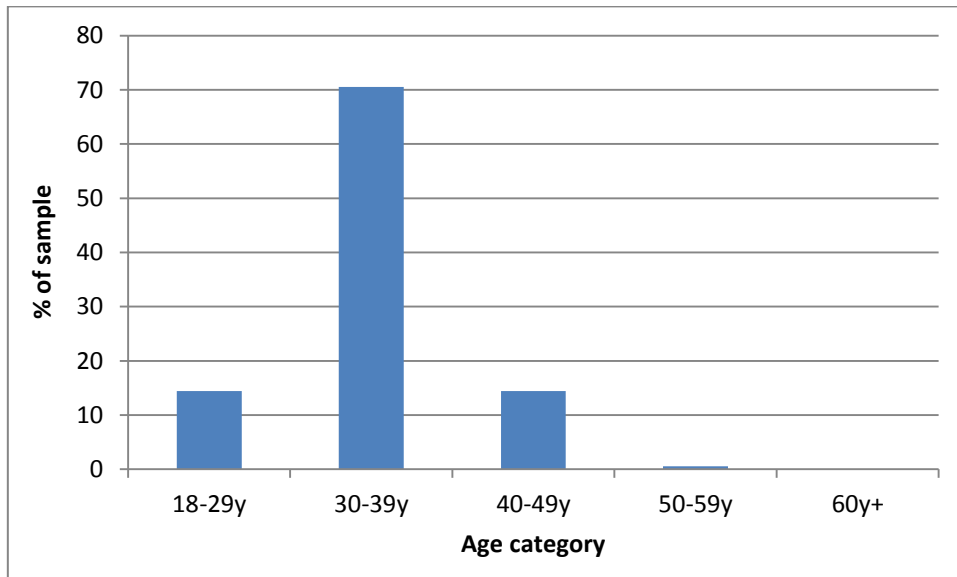
5.3.3. Age Profile

The majority portion of the sample fell within the age group of 30 and 39 years, which contributes 71% of the sample. The second largest portion of the sample fell within the age groups of 18 and 29 years and 40 and 49 years, which each contributed to 14% of the sample. The table and chart below depicts the age profile of the sample.

Table 3: Age Profile

Age	Frequency	Percent
18-29y	26	14.44
30-39y	127	70.56
40-49y	26	14.44
50-59y	1	0.56
60y+	0	0.00

Chart 3: Age Profile



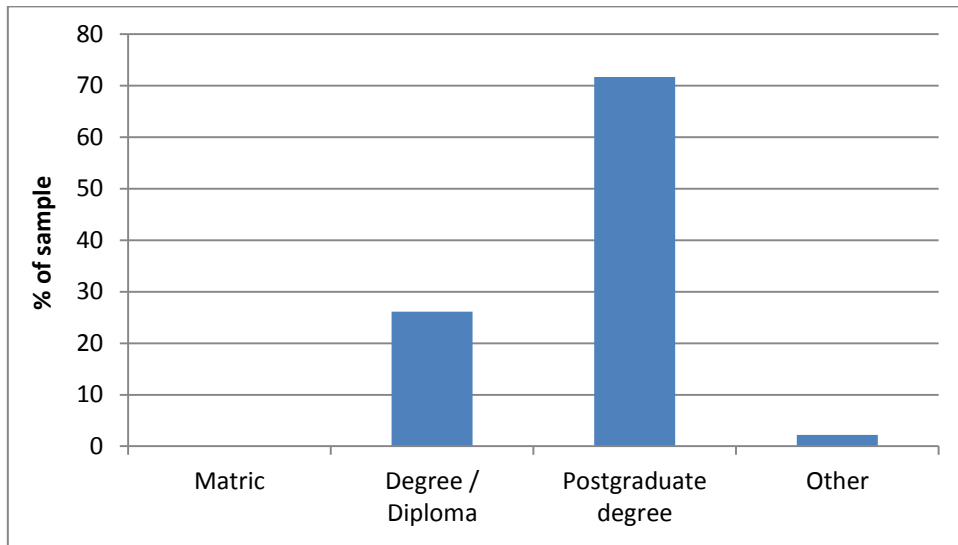
5.3.4. Education Profile

72% of the respondents have reported to have a post graduate degree, whilst 26% of the respondents have reported to have a degree/diploma. Of the total 180 respondents, 98% have reported to have a tertiary education. The table and chart below depicts the age profile of the sample.

Table 4: Education Profile

Qualification	Frequency	Percent
Matric	0	0.00
Degree / Diploma	47	26.11
Postgraduate degree	129	71.67
Other	4	2.22

Chart 4: Education Profile



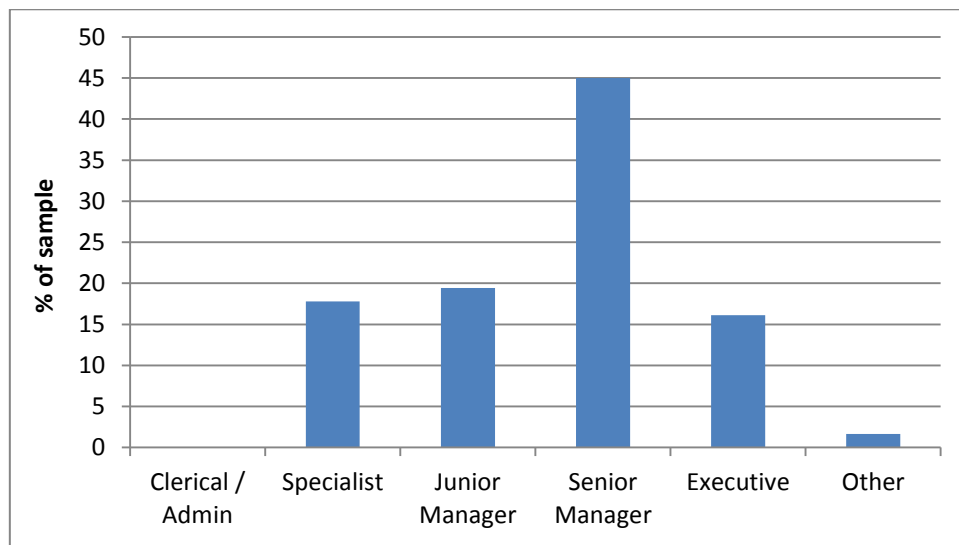
5.3.5. Job Level Profile

45% of the respondents have reported their job level profile to be that of a Senior Manager, whilst 19% of respondents have reported their job level profile to be that of a Junior Manager. The table and chart below depicts the job level profile of the sample.

Table 5: Job Level Profile

Position	Frequency	Percent
Clerical / Admin	0	0.00
Specialist	32	17.78
Junior Manager	35	19.44
Senior Manager	81	45.00
Executive	29	16.11
Other	3	1.67

Chart 5: Job Profile Level



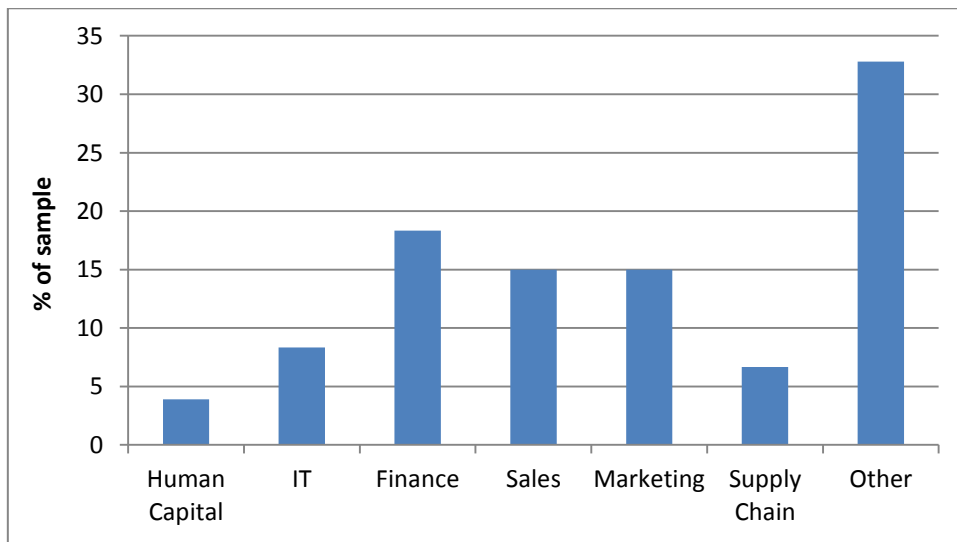
5.3.6. Job Role Profile

The most frequent category respondents reported was ‘Other’ which tells us that the given categories in the questionnaire were not adequate as the respondents opted to utilise the ‘Other’ category. ‘Other’ contributed to 33% of the sample whilst Finance, Sales and Marketing contributed to 18%, 15% and 15% respectively. Table 6 and Chart 6 below depict the job role profile of the sample.

Table 6: Job Role Profile

Role	Frequency	Percent
Human Capital	7	3.89
IT	15	8.33
Finance	33	18.33
Sales	27	15.00
Marketing	27	15.00
Supply Chain	12	6.67
Other	59	32.78

Chart 6: Job Role Profile



Due to the high percentage of the job role profile descriptions given under ‘Other’. These were tabulated and re-coded in the analysis, Refer to Table 7.1. These were grouped into a number of new role descriptions and some were combined with existing role categories. There is an even mix of respondents within the Finance, Marketing and Sales job role profile contributing to 18%, 15% and 15% respectively. 12% of respondents reported Supply Chain and Operations and 9% reported Technical as a job role profile under ‘Other’. Table 7.2 and Chart 7 below depict the re-coded job role profile descriptions of the sample.

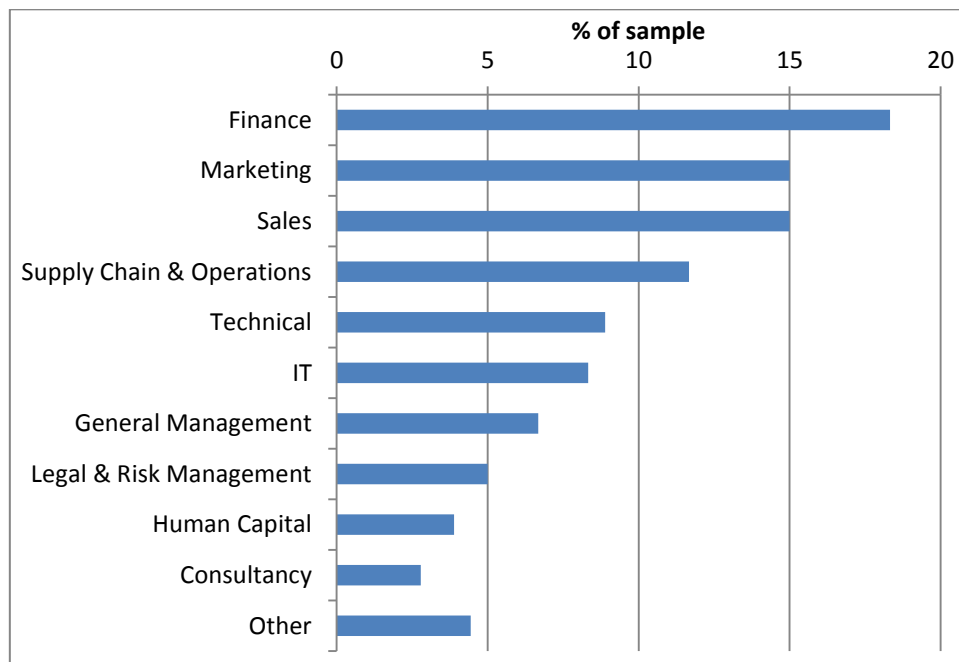
Table 7.1: Re-coded Job Role From Other

Role_other	Frequency	Percent	Re-coded Role
analyst	1	1.69	Other
analytics	1	1.69	Other
audit	3	5.08	Legal & Risk Management
business development	3	5.08	General Management
business owner	1	1.69	General Management
construction	2	3.39	Technical
consultant	1	1.69	Consultancy
consulting	3	5.08	Consultancy
consulting engineering	1	1.69	Technical
engineer	1	1.69	Technical
engineering	7	11.86	Technical
engineering - functional head	1	1.69	Technical
environmental	1	1.69	Other
general management	4	6.78	General Management
gm	1	1.69	General Management
gneral management	1	1.69	General Management
legal	2	3.39	Legal & Risk Management
legal and regulatory	1	1.69	Legal & Risk Management
management consulting	1	1.69	General Management
management information	1	1.69	General Management
medical	1	1.69	Other
mining / technical services	1	1.69	Supply Chain & Operations
operational compliance and risk	1	1.69	Supply Chain & Operations
operations	4	6.78	Supply Chain & Operations
production or operations	1	1.69	Supply Chain & Operations
project consulting	1	1.69	Consultancy
quality assurance	1	1.69	Technical
regulatory compliance	1	1.69	Legal & Risk Management
research	2	3.39	Technical
risk	2	3.39	Legal & Risk Management
science	1	1.69	Technical
strategy	2	3.39	Other
strategy and implementation	1	1.69	Other
sustainability	1	1.69	Other
technical	1	1.69	Supply Chain & Operations
technical manager	1	1.69	Supply Chain & Operations

Table 7.2: Re-coded Job Role Profile Descriptions

Role_coded Role	Frequency	Percent
Finance	33	18.33
Marketing	27	15.00
Sales	27	15.00
Supply Chain & Operations	21	11.67
Technical	16	8.89
IT	15	8.33
General Management	12	6.67
Legal & Risk Management	9	5.00
Human Capital	7	3.89
Consultancy	5	2.78
Other	8	4.44

Chart 7: Re-coded Job Role Profile



5.3.7. Job Tenure at Current Organisation

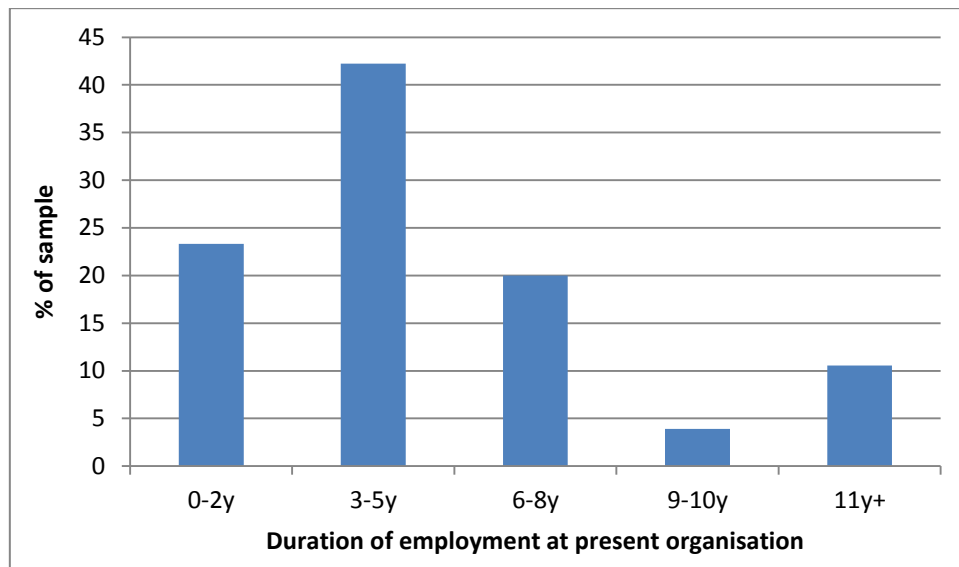
42% of the respondents reported to have had been employed in their current organisation between 3 and 5 years. 23% of the respondents fall within 0 and 2

years and 20% fall within 6 and 8 years. The table and chart below depicts the job tenure profile of the sample.

Table 8: Job Tenure

Tenure	Frequency	Percent
0-2y	42	23.33
3-5y	76	42.22
6-8y	36	20.00
9-10y	7	3.89
11y+	19	10.56

Chart 8: Job Tenure



In summary, the majority of the respondents were males and of non-white ethnicity. The majority of the respondents fell within the age group of 30 – 39 years with a post graduate degree. The majority of these respondents were senior managers who worked within the Finance, Sales and Marketing professions. Finally, the majority of the respondents have been working for 3 and 5 years in their respective companies. The implications of this will be discussed later.

5.4. Analysis of the Reward Preferences

PART 2 of the questionnaire was aimed at determining how important various rewards were to the respondent's organisation from a motivation perspective. Respondents were required to indicate their organisation's preference on the scale provided by ticking the appropriate box. In this case, the respondents were required to 'put themselves in their organisation's shoes' and consider what the reward preference on motivation would be from an organisational perspective. The questions in this section are based on the WorldatWork organisation's classification of total rewards.

The tabulation of the raw scores for each reward preferences is highlighted in the table below. The reward preference with the highest percentage is marked in bold and that with the second highest percentage is marked in blue. This is highlighted in Table 9.

The top two and bottom two categories were collapsed; those deemed unimportant and of little importance were collapsed into unimportant; and important and very important were collapsed into important; to give an overall indication of the importance and unimportance, respectively, of each reward preference. A combined percentage of 60% or more was selected as being highly indicative of importance or unimportant for specific reward preferences and the highlighted in yellow. The results are shown in Table 9.

Table 10 highlights the benefits which more than 60% of the respondents scored in the top two categories (Important / Very Important). Financial benefits scored the highest, followed by Organisation and Work Performance Recognition benefits.

Table 9: Results of Section 2 Reward Preferences

	N	% of sample						Unimportant (Bottom 2 Box)	Important (Top 2 Box)
		Unimportant	Of Little Importance	Neither Unimportant nor Important	Important	Very Important			
FINANCIAL BENEFITS									
Basic Salary	180	1.1	2.8	8.3	51.7	36.1	3.9	87.8	
Performance Bonuses	180	0.6	5.0	3.9	37.2	53.3	5.6	90.6	
ORGANISATION BENEFITS									
Medical Aid Benefits	180	6.7	5.0	7.8	49.4	31.1	11.7	80.6	
Retirement Funds	180	6.1	2.8	11.1	43.3	36.7	8.9	80.0	
Cell Phone Benefits	180	11.1	17.2	26.1	38.3	7.2	28.3	45.6	
Fuel Benefits	180	14.4	19.4	24.4	32.8	8.9	33.9	41.7	
WORK PERFORMANCE RECOGNITION & INVOLVEMENT									
Full appreciation of work done	180	0.0	5.6	11.1	47.2	36.1	5.6	83.3	
Feeling of being well informed	180	0.0	9.4	8.3	43.9	38.3	9.4	82.2	
Freedom to plan and work independently	180	1.1	8.9	9.4	31.7	48.9	10.0	80.6	
Participation in goal setting	180	1.1	8.3	8.9	41.1	40.6	9.4	81.7	
CAREER DEVELOPMENT MANAGEMENT & COACHING/MENTORING									
Promotion and growth in the organisation opportunity	180	2.2	8.9	11.1	32.8	45.0	11.1	77.8	
Leadership training	180	3.3	11.1	16.7	36.7	32.2	14.4	68.9	
Mentorship programs	180	6.7	15.0	18.9	33.3	26.1	21.7	59.4	
Internships	180	7.8	23.3	33.3	28.9	6.7	31.1	35.6	
Secondments	180	10.6	15.6	36.1	30.6	7.2	26.1	37.8	
Clear career path	180	6.7	13.3	17.8	33.9	28.3	20.0	62.2	
Overseas assignments	180	16.7	19.4	27.8	26.7	9.4	36.1	36.1	
Job rotation	180	13.9	18.3	28.9	27.2	11.7	32.2	38.9	
Succession Planning	180	6.7	12.2	17.2	37.2	26.7	18.9	63.9	
WORK LIFE BALANCE									
Flexible working hours	180	5.0	10.6	11.7	41.1	31.7	15.6	72.8	
Alternative work sites/work at home	180	8.9	13.9	18.9	37.2	21.1	22.8	58.3	
Employee Wellness and Health Programs	180	6.1	11.1	26.7	37.2	18.9	17.2	56.1	
Onsite childcare services	180	33.9	19.4	28.3	12.2	6.1	53.3	18.3	
24 Hours Wellness Line	180	19.4	18.9	23.9	29.4	8.3	38.3	37.8	
Paid Maternity Leave	180	9.4	7.2	19.4	41.7	22.2	16.7	63.9	
WORK ENVIRONMENT									
Good working conditions (such as light, temperature, cleanliness, low noise level)	180	0.6	5.6	10.6	53.3	30.0	6.1	83.3	
Organisation close to amenities	180	1.7	13.3	26.7	43.9	14.4	15.0	58.3	
Eating and Smoking facilities	180	12.2	13.9	23.3	39.4	11.1	26.1	50.6	
Parking Availability	180	1.1	8.3	17.8	44.4	28.3	9.4	72.8	
LEARNING OPPORTUNITIES									
Scholarships	180	8.3	10.6	17.2	42.2	21.7	18.9	63.9	
Full Time/Part time study re-imburement	180	6.7	3.3	18.3	42.8	28.9	10.0	71.7	
Company in house training and development	180	3.3	10.0	17.2	43.3	26.1	13.3	69.4	
Overseas seminars/conferences	180	12.8	15.0	26.1	31.7	14.4	27.8	46.1	

bold = category with highest percentage

blue = category with second highest percentage

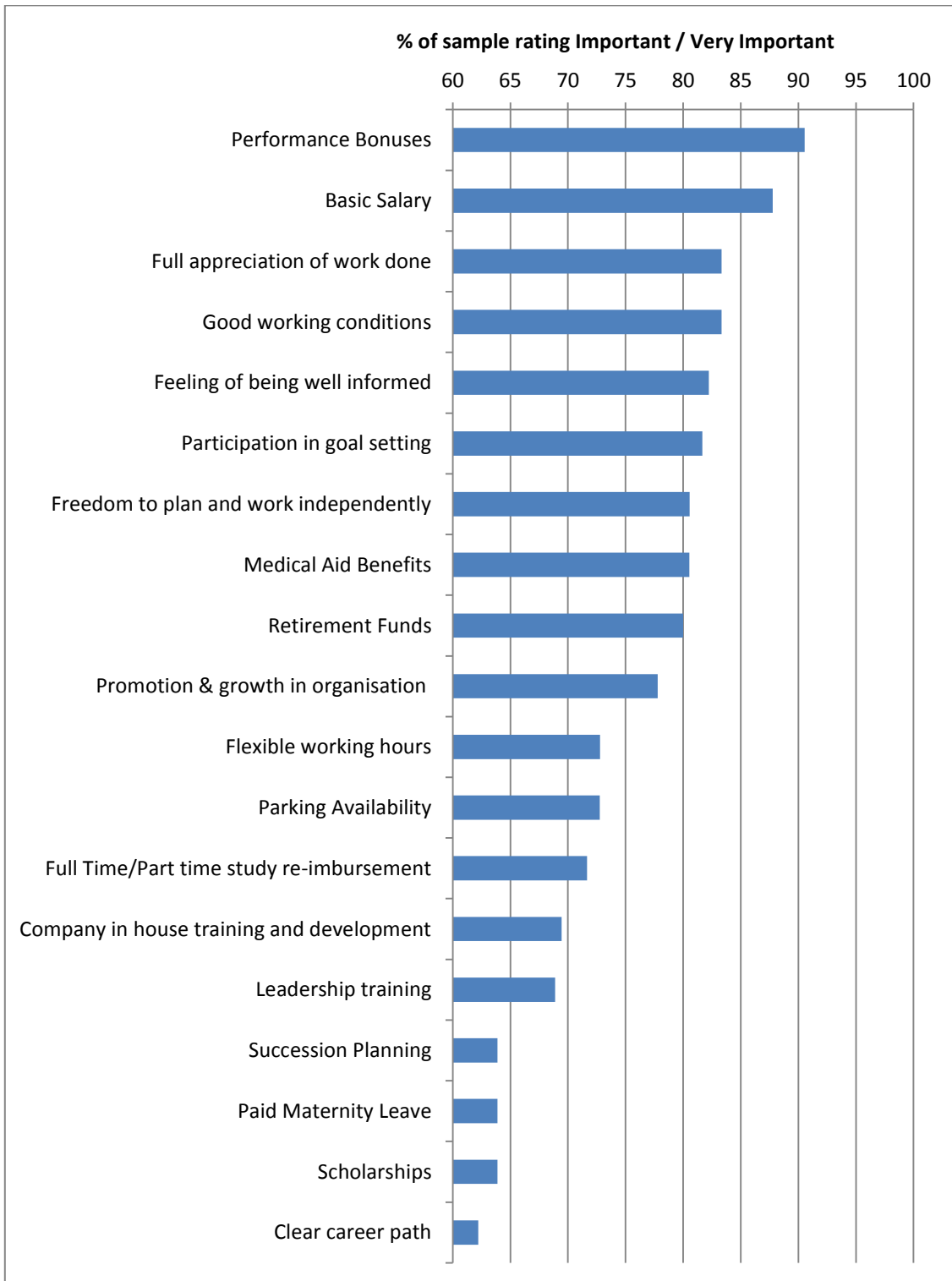
Table 10: Results of the Reward Preferences which more than 60% of the respondents scored in the top two categories (Important / Very Important)

	% of sample
FINANCIAL BENEFITS	
Basic Salary	87.8
Performance Bonuses	90.6
ORGANISATION BENEFITS	
Medical Aid Benefits	80.6
Retirement Funds	80.0
WORK PERFORMANCE RECOGNITION & INVOLVEMENT	
Full appreciation of work done	83.3
Feeling of being well informed	82.2
Freedom to plan and work independently	80.6
Participation in goal setting	81.7
CAREER DEVELOPMENT MANAGEMENT & COACHING/MENTORING	
Promotion and growth in the organisation opportunity	77.8
Leadership training	68.9
Clear career path	62.2
Succession Planning	63.9
WORK LIFE BALANCE	
Flexible working hours	72.8
Paid Maternity Leave	63.9
WORK ENVIRONMENT	
Good working conditions (such as light, temperature, cleanliness, low noise level)	83.3
Parking Availability	72.8
LEARNING OPPORTUNITIES	
Scholarships	63.9
Full Time/Part time study re-imburement	71.7
Company in house training and development	69.4

Chart 9 illustrates, in decreasing order of reward preference importance to respondents. There were no reward preferences which more than 60% of the respondents scored in the bottom two categories (Unimportant / Of little importance). The highest response in this unimportant grouping was for onsite childcare services (53%) as indicated in Table 9. The possible reasons as to why the percentage of the sample was so low in the unimportant box may be as a result of:

- Overall good benefits by the organisations from which the sample was drawn and/or
- Having a neutral category, 'Neither Unimportant nor Important' and not forcing a choice

Chart 9: Decreasing Order of Reward Preference Importance



5.4.1. Statistical Analysis of Reward Preferences

The results of the statistical analysis, generated on the basis of the use of descriptive and inferential statistics, are presented in the forms of a table. The study analyses the motivation and job satisfaction of the sampled group to whom the questionnaires were administered, and analyses differences with respect to demographic variables.

Table 11 highlights the statistical analysis calculated on the reward preferences.

The mean, median, standard deviation, skewness and normalised skewness ($z(\text{skewness})$) for each of the reward preferences are tabulated in the table below.

An absolute value of $z(\text{skewness})$ greater than 2.58 indicates significant skewness at the 99% significance level. The following can be concluded:

- Financial Benefits:

Both financial rewards obtained a mean rating of very important. The negative skewness of the distributions also indicates a positive rating of these reward benefits.

- Organisation Benefits:

Medical aid and retirement fund benefits obtained a mean rating of very important. The negative skewness of the distributions also indicates a positive rating of these rewards. Cell phone and fuel benefits were rated neutral.

- Work Performance Recognition and Involvement:

All four reward benefits obtained a mean rating of very important. The negative skewness of the distributions also indicates a positive rating of these reward benefits.

- Career Development Management and Coaching / Mentoring:

The reward benefits opportunity for promotion & growth, leadership training, mentorship programmes, Clear career path and succession planning obtained a mean rating of very important. The negative skewness of the distributions also indicates a positive rating of these reward benefits. The remaining reward benefits in this section were rated neutral.

- Work / Life Balance:

All reward benefits, except onsite childcare and 24hours wellness lines (which were rated of little importance and neutral respectively), obtained a mean rating of very important. The negative skewness of the distributions also indicates a positive rating of these reward benefits.

- Work Environment:

All reward benefits except eating & smoking facilities (which was rated neutral) obtained a mean rating of very important. The negative skewness of the distributions also indicates a positive rating of these reward benefits.

- Learning Opportunities:

All reward benefits except overseas seminars/conferences (which were rated neutral) obtained a mean rating of very important. The negative skewness of the distributions also indicates a positive rating of these benefits.

Table 11: Statistical Analysis of Reward Preferences

	N	Mean	Median	Standard Deviation	Skewness	z(skewness)
FINANCIAL BENEFITS						
Basic Salary	180	4.2	4	0.79	-1.24	-6.82
Performance Bonuses	180	4.4	5	0.83	-1.58	-8.67
ORGANISATION BENEFITS						
Medical Aid Benefits	180	3.9	4	1.09	-1.35	-7.41
Retirement Funds	180	4.0	4	1.07	-1.39	-7.61
Cell Phone Benefits	180	3.1	3	1.13	-0.43	-2.35
Fuel Benefits	180	3.0	3	1.21	-0.23	-1.28
WORK PERFORMANCE RECOGNITION & INVOLVEMENT						
Full appreciation of work done	180	4.1	4	0.82	-0.87	-4.76
Feeling of being well informed	180	4.1	4	0.91	-0.98	-5.34
Freedom to plan and work independently	180	4.2	4	1.01	-1.18	-6.44
Participation in goal setting	180	4.1	4	0.96	-1.12	-6.14
CAREER DEVELOPMENT MANAGEMENT & COACHING/MENTORING						
Promotion and growth in the organisation opportunity	180	4.1	4	1.06	-1.11	-6.10
Leadership training	180	3.8	4	1.10	-0.78	-4.28
Mentorship programs	180	3.6	4	1.21	-0.55	-3.01
Internships	180	3.0	3	1.05	-0.13	-0.69
Secondments	180	3.1	3	1.08	-0.33	-1.79
Clear career path	180	3.6	4	1.21	-0.64	-3.52
Overseas assignments	180	2.9	3	1.23	-0.10	-0.54
Job rotation	180	3.0	3	1.22	-0.16	-0.88
Succession Planning	180	3.7	4	1.19	-0.71	-3.86
WORK LIFE BALANCE						
Flexible working hours	180	3.8	4	1.13	-0.96	-5.23
Alternative work sites/work at home	180	3.5	4	1.22	-0.57	-3.13
Employee Wellness and Health Programs	180	3.5	4	1.11	-0.56	-3.05
Onsite childcare services	180	2.4	2	1.24	0.44	2.41
24 Hours Wellness Line	180	2.9	3	1.26	-0.12	-0.63
Paid Maternity Leave	180	3.6	4	1.18	-0.83	-4.56
WORK ENVIRONMENT						
Good working conditions (such as light, temperature, cleanliness, low noise level)	180	4.1	4	0.82	-0.98	-5.35
Organisation close to amenities	180	3.6	4	0.95	-0.43	-2.37
Eating and Smoking facilities	180	3.2	4	1.19	-0.50	-2.75
Parking Availability	180	3.9	4	0.94	-0.74	-4.04
LEARNING OPPORTUNITIES						
Scholarships	180	3.6	4	1.18	-0.77	-4.20
Full Time/Part time study re-imburement	180	3.8	4	1.09	-1.09	-5.98
Company in house training and development	180	3.8	4	1.05	-0.81	-4.43
Overseas seminars/conferences	180	3.2	3	1.23	-0.33	-1.83

5.5. Analysis of the Organisation Preference to Reward Categories

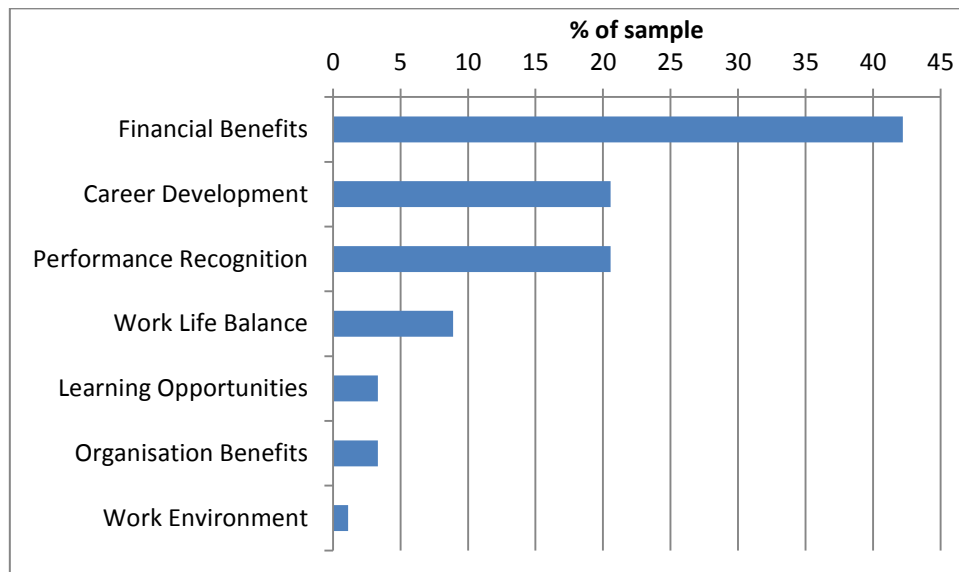
PART 3 of the questionnaire was aimed at indicating the organisational preference to reward the specified categories and which reward category had the greatest impact of an ORGANISATION'S ability to motivate. The respondents were required to indicate their organisation's preference on the scale provided by ticking the appropriate box.

42% of respondents felt that financial benefits had the greatest impact on an organisation's ability to motivate its employees. This was followed by career development and performance recognition (21% each). The table and chart below depicts the organisation's ability to motivate by using different benefit categories of the sample.

Table 12: Organisations' ability to motivate using different benefit categories

Motivate	Frequency	Percent
Financial Benefits	76	42.22
Career Development	37	20.56
Performance Recognition	37	20.56
Work Life Balance	16	8.89
Learning Opportunities	6	3.33
Organisation Benefits	6	3.33
Work Environment	2	1.11

Chart 10: Organisations’ ability to motivate using different benefit categories



5.6. Analysis of the Individual Preferences for Reward Categories

PART 4 of the questionnaire was aimed at assessing the individual preferences for different reward categories. The respondents were required to rank their individual preferences from 1 to 7, with 1 being the most preferred and 7 the least preferred.

The mean (average) ranking of the different reward benefit categories is shown in the table and chart below. The ranking scale was 1=most important; 7=least important.

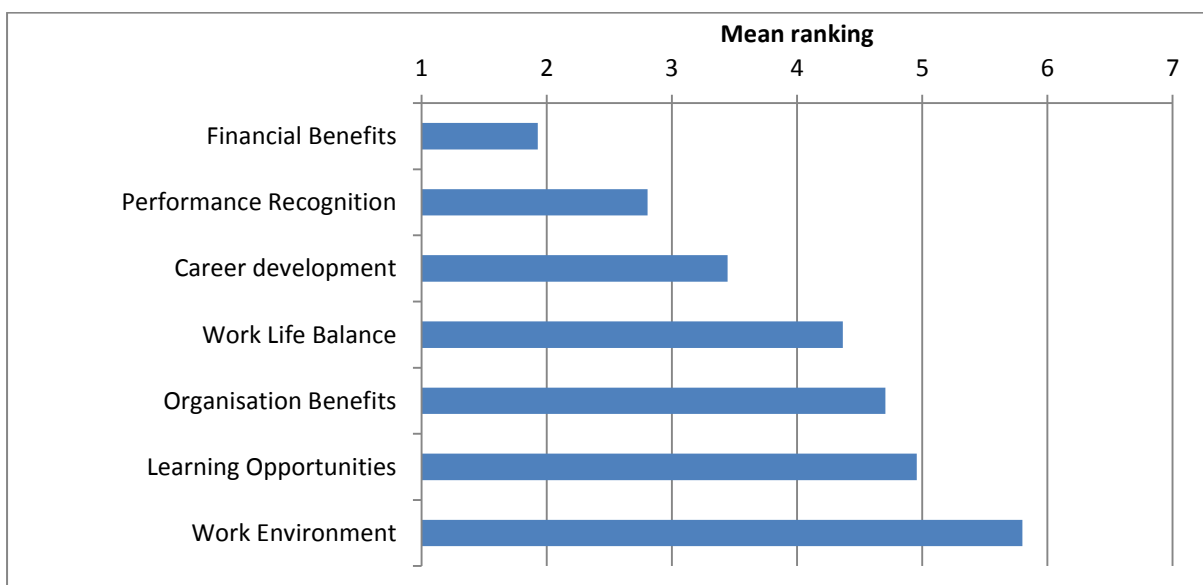
It is clear that financial benefits rated most highly with the respondents and these were also the reward structures rated most highly by organisations (see results from Section B). Likewise, the ranking of performance recognition in second place

followed that of the organisations themselves. While some organisational benefits (retirement, medical aid) were rated highly by the organisations, organisational benefits as a whole were not rated highly by employees when ranking their own reward structure. The same was true for learning opportunities and work environment. Conversely, career development and work-life balance appeared to have been rated more highly by employees than the importance attached to these benefits by organisations.

Table 13: Individual Preferences for Reward Categories

Variable	N	Mean	Median	Std Dev	Skewness	z(skewness)
Financial Benefits	180	1.93	2	1.17	1.65	9.06
Performance Recognition	180	2.81	3	1.48	0.72	3.96
Career development	180	3.44	4	1.66	0.08	0.44
Work Life Balance	180	4.37	5	1.70	-0.47	-2.58
Organisation Benefits	180	4.71	5	1.76	-0.28	-1.51
Learning Opportunities	180	4.96	5	1.77	-0.47	-2.59
Work Environment	180	5.80	6	1.35	-1.13	-6.17

Chart 11: Individual Preferences for Reward Categories – Mean Ranking



For the testing of demographic group differences with regards to these rankings, the following adjustments were made to the demographic variables:

- Age: The 50-59y age category (1 respondent) and 60y+ age category (0 respondents) were combined with the 40-49y age category to form the 40y+ age category
- Qualification: The 4 responses in the category 'Other' were excluded from the analysis
- Position: The 3 responses in the category 'Other' were excluded from the analysis
- Role: The 8 responses in the category 'Other' were excluded from the analysis
- Tenure: The 9-10y and 11y+ categories were combined to form the 9y+ category

The descriptive statistics for the benefit category scores with regards to the demographic variable groupings are highlighted in the following tables:

Table 14: Benefit Category Scores - Gender

Benefit category	Gender	N	Mean	Std Dev
Financial Benefits	female	49	2.1	1.27
	male	131	1.9	1.13
Organisation Benefits	female	49	4.9	1.67
	male	131	4.7	1.79
Performance Recognition	female	49	3.0	1.58
	male	131	2.7	1.44
Career development	female	49	3.4	1.67
	male	131	3.5	1.66
Work Life Balance	female	49	4.0	1.81
	male	131	4.5	1.65
Work Environment	female	49	5.6	1.53
	male	131	5.9	1.27
Learning Opportunities	female	49	5.1	1.91
	male	131	4.9	1.73

Table 15: Benefit Category Scores - Age

Benefit category	Age	N	Mean	Std Dev
Financial Benefits	18-29y	26	2.1	1.42
	30-39y	127	1.8	1.09
	40y+	27	2.2	1.23
Organisation Benefits	18-29y	26	4.7	1.62
	30-39y	127	4.7	1.75
	40y+	27	4.7	1.95
Performance Recognition	18-29y	26	2.8	1.67
	30-39y	127	2.9	1.50
	40y+	27	2.6	1.22
Career development	18-29y	26	2.9	1.41
	30-39y	127	3.5	1.68
	40y+	27	3.7	1.66
Work Life Balance	18-29y	26	4.8	1.67
	30-39y	127	4.4	1.70
	40y+	27	4.0	1.70
Work Environment	18-29y	26	5.7	1.52
	30-39y	127	5.8	1.32
	40y+	27	5.8	1.33
Learning Opportunities	18-29y	26	5.1	1.66
	30-39y	127	4.9	1.77
	40y+	27	5.1	1.96

Table 16: Benefit Category Scores – Race

Benefit category	Race	N	Mean	Std Dev
Financial Benefits	African	64	2.0	1.27
	Asian	34	2.0	1.47
	Coloured	10	1.5	0.71
	White	72	1.9	0.95
Organisation Benefits	African	64	4.3	1.77
	Asian	34	4.7	1.73
	Coloured	10	4.6	1.78
	White	72	5.1	1.70
Performance Recognition	African	64	3.1	1.54
	Asian	34	2.6	1.44
	Coloured	10	3.7	1.57
	White	72	2.5	1.36
Career development	African	64	3.5	1.80
	Asian	34	3.2	1.43
	Coloured	10	4.4	1.43
	White	72	3.4	1.63
Work Life Balance	African	64	4.3	1.77
	Asian	34	4.6	1.60
	Coloured	10	3.5	2.12
	White	72	4.4	1.63
Work Environment	African	64	5.7	1.47
	Asian	34	5.9	1.47
	Coloured	10	5.8	1.40
	White	72	5.9	1.18
Learning Opportunities	African	64	5.1	1.83
	Asian	34	5.0	1.62
	Coloured	10	4.5	2.17
	White	72	4.9	1.76

Table 17: Benefit Category Scores – Qualification

Benefit category	Qualification	N	Mean	Std Dev
Financial Benefits	degree / diploma	46	2.0	0.93
	postgraduate	129	2.0	1.26
Organisation Benefits	degree / diploma	46	4.4	1.79
	postgraduate	129	4.8	1.74
Performance Recognition	degree / diploma	46	3.0	1.56
	postgraduate	129	2.7	1.44
Career development	degree / diploma	46	3.4	1.75
	postgraduate	129	3.4	1.65
Work Life Balance	degree / diploma	46	4.8	1.69
	postgraduate	129	4.2	1.68
Work Environment	degree / diploma	46	5.9	1.37
	postgraduate	129	5.8	1.33
Learning Opportunities	degree / diploma	46	4.7	1.84
	postgraduate	129	5.1	1.77

Table 18: Benefit Category Scores – Position

Benefit category	Position	N	Mean	Std Dev
Financial Benefits	Specialist	32	2.1	1.33
	Junior Manager	35	1.7	0.92
	Senior Manager	81	1.8	0.96
	Executive	29	2.3	1.65
Organisation Benefits	Specialist	32	4.5	1.93
	Junior Manager	35	4.5	1.65
	Senior Manager	81	4.9	1.75
	Executive	29	4.7	1.78
Performance Recognition	Specialist	32	2.8	1.80
	Junior Manager	35	2.9	1.44
	Senior Manager	81	2.8	1.42
	Executive	29	2.7	1.28
Career development	Specialist	32	3.7	1.69
	Junior Manager	35	3.1	1.47
	Senior Manager	81	3.6	1.71
	Executive	29	3.0	1.68
Work Life Balance	Specialist	32	4.6	1.70
	Junior Manager	35	4.5	1.67
	Senior Manager	81	4.1	1.67
	Executive	29	4.7	1.77
Work Environment	Specialist	32	5.5	1.54
	Junior Manager	35	5.7	1.47
	Senior Manager	81	5.9	1.20
	Executive	29	5.9	1.37
Learning Opportunities	Specialist	32	4.8	1.79
	Junior Manager	35	5.5	1.74
	Senior Manager	81	4.9	1.78
	Executive	29	4.7	1.70

Table 19: Benefit Category Scores – Role

Benefit category	Role	N	Mean	Std Dev
Financial Benefits	Consultancy	5	2.0	0.71
	Finance	33	1.8	1.23
	General Management	12	2.3	1.96
	Human Capital	7	2.6	1.81
	IT	15	1.8	1.01
	Legal & Risk Management	9	2.0	1.12
	Marketing	27	1.7	0.91
	Sales	27	2.0	1.09
	Supply Chain & Operations	21	2.0	1.18
	Technical	16	2.1	0.93
Organisation Benefits	Consultancy	5	4.4	1.67
	Finance	33	4.7	1.86
	General Management	12	5.2	2.04
	Human Capital	7	5.4	1.62
	IT	15	5.4	1.59
	Legal & Risk Management	9	3.3	1.87
	Marketing	27	4.3	1.41
	Sales	27	4.9	1.79
	Supply Chain & Operations	21	5.0	1.79
	Technical	16	4.1	1.59
Performance Recognition	Consultancy	5	2.0	1.22
	Finance	33	2.5	1.25
	General Management	12	2.3	0.89
	Human Capital	7	3.7	2.06
	IT	15	2.5	1.41
	Legal & Risk Management	9	3.0	2.12
	Marketing	27	3.2	1.75
	Sales	27	3.3	1.51
	Supply Chain & Operations	21	2.6	1.12
	Technical	16	2.7	1.40
Career development	Consultancy	5	3.2	2.28
	Finance	33	3.7	1.38
	General Management	12	3.1	1.56
	Human Capital	7	2.7	2.14
	IT	15	3.3	1.44
	Legal & Risk Management	9	3.7	1.22
	Marketing	27	3.1	1.54
	Sales	27	3.3	1.68
	Supply Chain & Operations	21	3.9	1.84
	Technical	16	3.7	2.21
Work Life Balance	Consultancy	5	5.6	1.14
	Finance	33	4.3	1.64
	General Management	12	4.9	1.38
	Human Capital	7	4.4	1.51
	IT	15	4.3	1.68
	Legal & Risk Management	9	5.3	1.00
	Marketing	27	4.4	1.67
	Sales	27	4.4	1.93
	Supply Chain & Operations	21	4.0	1.91
	Technical	16	3.6	1.82
Work Environment	Consultancy	5	6.6	0.55
	Finance	33	5.5	1.56
	General Management	12	5.8	1.19
	Human Capital	7	5.1	1.95
	IT	15	5.2	1.57
	Legal & Risk Management	9	5.8	1.30
	Marketing	27	6.2	1.15
	Sales	27	6.0	1.30
	Supply Chain & Operations	21	6.0	1.22
	Technical	16	5.8	1.17
Learning Opportunities	Consultancy	5	4.2	0.84
	Finance	33	5.6	1.48
	General Management	12	4.4	1.56
	Human Capital	7	4.0	1.83
	IT	15	5.6	1.40
	Legal & Risk Management	9	4.9	2.32
	Marketing	27	5.0	1.74
	Sales	27	4.3	1.89
	Supply Chain & Operations	21	4.5	1.81
	Technical	16	6.0	1.03

Table 20: Benefit Category Scores – Tenure

Benefit category	Tenure	N	Mean	Std Dev
Financial Benefits	0-2y	42	2.0	1.38
	3-5y	76	1.9	1.15
	6-8y	36	1.8	0.80
	9y+	26	2.0	1.31
Organisation Benefits	0-2y	42	4.5	1.82
	3-5y	76	4.6	1.86
	6-8y	36	4.9	1.57
	9y+	26	5.1	1.57
Performance Recognition	0-2y	42	3.1	1.50
	3-5y	76	2.9	1.48
	6-8y	36	2.6	1.53
	9y+	26	2.4	1.36
Career development	0-2y	42	3.6	1.68
	3-5y	76	3.6	1.66
	6-8y	36	3.1	1.48
	9y+	26	3.2	1.83
Work Life Balance	0-2y	42	4.2	1.75
	3-5y	76	4.4	1.79
	6-8y	36	4.3	1.56
	9y+	26	4.6	1.63
Work Environment	0-2y	42	5.8	1.34
	3-5y	76	5.5	1.49
	6-8y	36	6.3	1.04
	9y+	26	6.1	1.06
Learning Opportunities	0-2y	42	4.8	2.04
	3-5y	76	5.1	1.82
	6-8y	36	4.9	1.61
	9y+	26	4.7	1.41

To avoid the effects of possible bias in the demographics (e.g. more older women and more younger men), the differences in the demographic variables were not tested for one by one but, rather, a General Linear Model was used to test for the effect of each demographic variable while controlling for the effects of the other demographic variables. This was done for each of the seven benefit category scores. The following tables and charts highlight this:

Table 21: Benefit Category Scores – Financial Benefits

Dependent Variable: Financial_Benefits

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	22	24.5881956	1.1176453	0.76	0.7677
Error	143	209.9238526	1.467999		
Corrected Total	165	234.5120482			
R-Square	Coeff Var	Root MSE	Financial_Benefits Mean		
0.104848	62.26851	1.21161	1.945783		
Source	DF	Type III SS	Mean Square	F Value	Pr > F
Gender	1	0.665	0.665	0.45	0.502
Age	2	4.072	2.036	1.39	0.253
Race	3	3.702	1.234	0.84	0.474
Qualification	1	0.299	0.299	0.20	0.652
Position	3	6.779	2.260	1.54	0.207
Role	9	7.113	0.790	0.54	0.845
Tenure	3	0.662	0.221	0.15	0.929

The overall model for the financial benefits scores was not significant ($F=0.76$, $p=0.76$). None of the demographic variables was significant, indicating that these did not have a significant effect on the ranking of financial benefits by the different groups of respondents.

Table 22: Benefit Category Scores – Organisation Benefits

Dependent Variable: Organisation_Benefits

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	22	78.4225557	3.5646616	1.18	0.2711
Error	143	430.5172033	3.0106098		
Corrected Total	165	508.939759			

R-Square	Coeff Var	Root MSE	Organisation_Benefits Mean
0.15409	36.92672	1.735111	4.698795

Source	DF	Type III SS	Mean Square	F Value	Pr > F
Gender	1	5.477	5.477	1.82	0.180
Age	2	3.422	1.711	0.57	0.568
Race	3	19.974	6.658	2.21	0.089
Qualification	1	4.382	4.382	1.46	0.230
Position	3	2.614	0.871	0.29	0.833
Role	9	37.412	4.157	1.38	0.202
Tenure	3	2.594	0.865	0.29	0.835

The overall model for the organisation benefits scores was not significant ($F=1.18$, $p=0.27$). None of the demographic variables was significant, indicating that these did not have a significant effect on the ranking of organisation benefits by the different groups of respondents.

Table 23: Benefit Category Scores – Performance Recognition

Dependent Variable: Performance_Recognition

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	22	51.8286359	2.3558471	1.11	0.3426
Error	143	303.3822074	2.1215539		
Corrected Total	165	355.2108434			

R-Square	Coeff Var	Root MSE	Performance_Recognition Mean
0.145909	51.77478	1.456555	2.813253

Source	DF	Type III SS	Mean Square	F Value	Pr > F
Gender	1	0.596	0.596	0.28	0.597
Age	2	1.654	0.827	0.39	0.678
Race	3	10.230	3.410	1.61	0.190
Qualification	1	1.029	1.029	0.48	0.487
Position	3	2.317	0.772	0.36	0.779
Role	9	23.961	2.662	1.25	0.267
Tenure	3	4.778	1.593	0.75	0.524

The overall model for the performance benefits scores was not significant ($F=1.11$, $p=0.34$). None of the demographic variables was significant, indicating that these did not have a significant effect on the ranking of performance recognition by the different groups of respondents.

Table 24: Benefit Category Scores – Career Development

Dependent Variable: Career_development

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	22	55.7890421	2.5358655	0.88	0.621
Error	143	412.1687892	2.8822992		
Corrected Total	165	467.9578313			
R-Square	Coeff Var	Root MSE	Career_development Mean		
0.119218	49.88031	1.697734	3.403614		
Source	DF	Type III SS	Mean Square	F Value	Pr > F
Gender	1	1.527	1.527	0.53	0.468
Age	2	10.156	5.078	1.76	0.176
Race	3	3.033	1.011	0.35	0.789
Qualification	1	0.150	0.150	0.05	0.820
Position	3	9.765	3.255	1.13	0.339
Role	9	19.671	2.186	0.76	0.655
Tenure	3	10.044	3.348	1.16	0.327

The overall model for the career benefits scores was not significant ($F=0.88$, $p=0.621$). None of the demographic variables was significant, indicating that these did not have a significant effect on the ranking of career development by the different groups of respondents.

Table 25: Benefit Category Scores – Work Life Balance

Dependent Variable: Work_Life_Balance

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	22	77.8351542	3.5379616	1.27	0.2013
Error	143	398.1949663	2.7845802		
Corrected Total	165	476.0301205			

R-Square	Coeff Var	Root MSE	Work_Life_Balance Mean
0.163509	38.31331	1.668706	4.355422

Source	DF	Type III SS	Mean Square	F Value	Pr > F
Gender	1	5.777	5.777	2.07	0.152
Age	2	5.602	2.801	1.01	0.368
Race	3	4.957	1.652	0.59	0.620
Qualification	1	5.830	5.830	2.09	0.150
Position	3	13.104	4.368	1.57	0.200
Role	9	30.839	3.427	1.23	0.281
Tenure	3	7.075	2.358	0.85	0.470

The overall model for the work life balance scores was not significant ($F=1.27$, $p=0.2013$). None of the demographic variables was significant, indicating that these did not have a significant effect on the ranking of work life balance by the different groups of respondents.

Table 25: Benefit Category Scores – Work Environment

Dependent Variable: Work_Environment

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	22	39.5995982	1.7999817	0.98	0.4939
Error	143	262.8401609	1.8380431		
Corrected Total	165	302.439759			

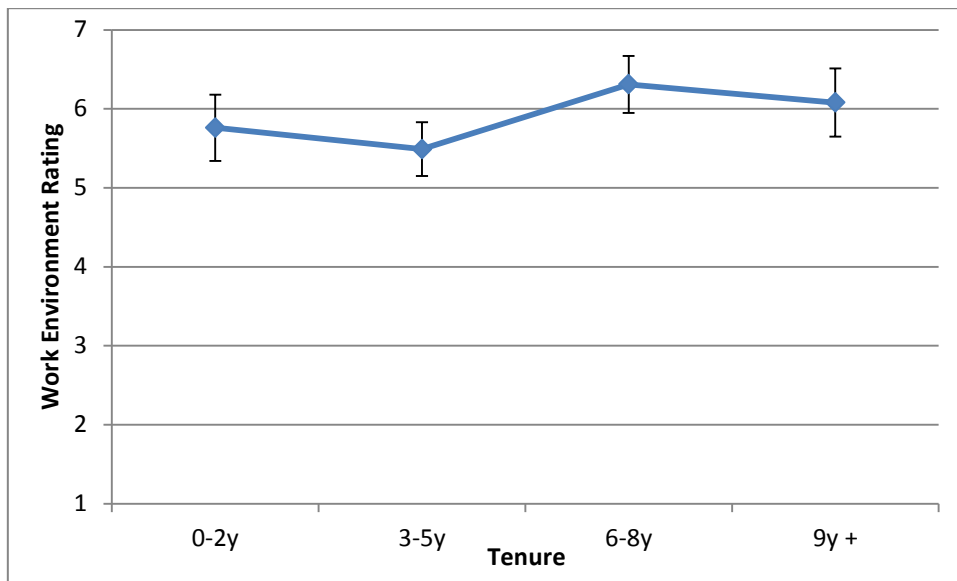
R-Square	Coeff Var	Root MSE	Work_Environment Mean
0.130934	23.37005	1.355744	5.801205

Source	DF	Type III SS	Mean Square	F Value	Pr > F
Gender	1	3.021	3.021	1.64	0.202
Age	2	0.090	0.045	0.02	0.976
Race	3	0.278	0.093	0.05	0.985
Qualification	1	0.568	0.568	0.31	0.579
Position	3	1.146	0.382	0.21	0.891
Role	9	15.159	1.684	0.92	0.513
Tenure	3	14.158	4.719	2.57	0.057

In the case of work environment, the overall model was also not significant ($F=0.98$, $p=0.49$). However, the effect of tenure was marginally significant ($p=0.057$). The effect of tenure on work environment is highlighted in Chart 12 below.

Chart 12: Work Environment – The Effect of Tenure

Analysis Variable : Work_Environment						
tenure_c2	N Obs	N	Mean	Std Dev	Lower 95% CL for Mean	Upper 95% CL for Mean
0-2y	42	42	5.76	1.34	5.34	6.18
3-5y	76	76	5.49	1.49	5.15	5.83
6-8y	36	36	6.31	1.04	5.95	6.66
9y +	26	26	6.08	1.06	5.65	6.50



Pairwise multiple comparisons (of all possible pairs) of tenure categories, using Tukey-Kramer’s multiple comparison adjustment for the p-values and confidence limits, showed that respondents with a tenure of 3-5y rated the importance of work environment higher than those with a tenure of 6-8y (controlling for the effects of the other demographic variables). Although not significant, the overall trend appears to be that those with a shorter tenure rated work environment as more important than those with a longer tenure, although it must be noted that in all cases, work environment received a fairly low rating (means across the tenure categories ranged from 5.5-6.3 on a 1-7 scale).

Table 26: Benefit Category Scores – Learning Opportunities

Dependent Variable: Learning_Opportunities

Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	22	99.1015819	4.5046174	1.6	0.0542
Error	143	402.8743217	2.8173029		
Corrected Total	165	501.9759036			

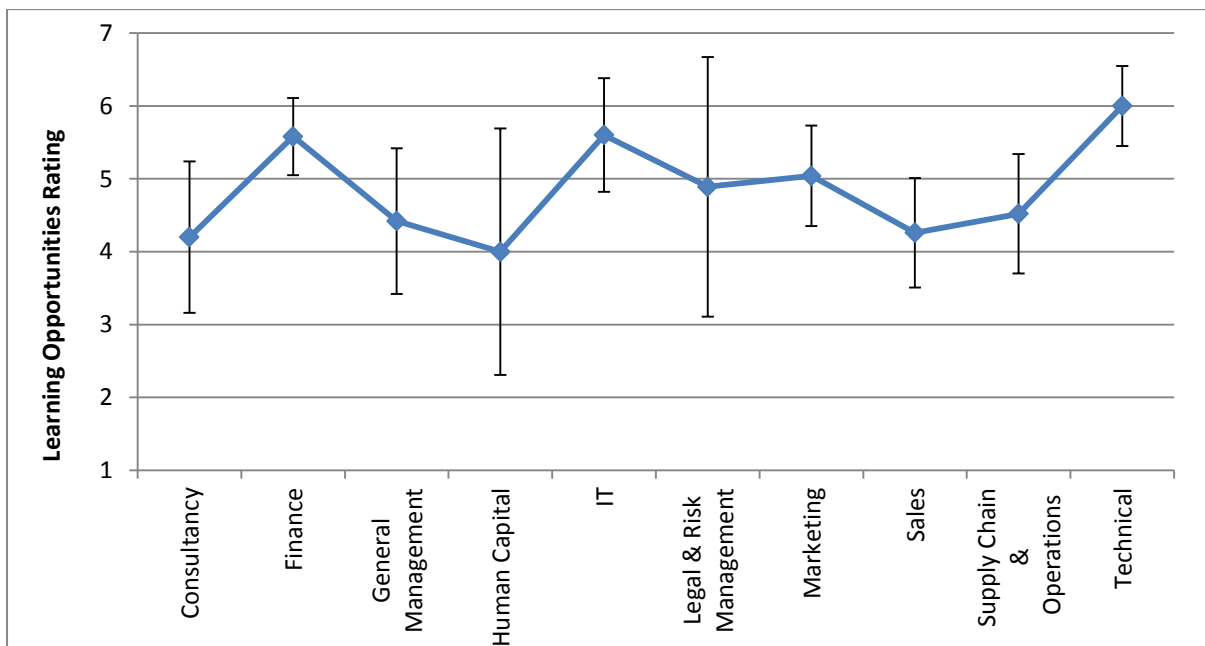
R-Square	Coeff Var	Root MSE	Learning_Opportunities Mean
0.197423	33.65073	1.678482	4.987952

Source	DF	Type III SS	Mean Square	F Value	Pr > F
Gender	1	2.072	2.072	0.74	0.393
Age	2	5.990	2.995	1.06	0.348
Race	3	1.054	0.351	0.12	0.945
Qualification	1	3.244	3.244	1.15	0.285
Position	3	19.961	6.654	2.36	0.074
Role	9	64.349	7.150	2.54	0.010
Tenure	3	5.095	1.698	0.60	0.614

In the case of learning opportunities, the overall model was marginally significant (F=1.6, p=0.054). However, the effect of role was significant (p=0.010). The effect of role on learning opportunities is highlighted in Chart 13 below.

Chart 13: Learning Opportunities – The Effect of Role

Analysis Variable : Learning_Opportunities						
Role_coded	N Obs	N	Mean	Std Dev	Lower 95% CL for Mean	Upper 95% CL for Mean
Consultancy	5	5	4.20	0.84	3.16	5.24
Finance	33	33	5.58	1.48	5.05	6.10
General Management	12	12	4.42	1.56	3.42	5.41
Human Capital	7	7	4.00	1.83	2.31	5.69
IT	15	15	5.60	1.40	4.82	6.38
Legal & Risk Management	9	9	4.89	2.32	3.11	6.67
Marketing	27	27	5.04	1.74	4.35	5.73
Sales	27	27	4.26	1.89	3.51	5.01
Supply Chain & Operations	21	21	4.52	1.81	3.70	5.35
Technical	16	16	6.00	1.03	5.45	6.55



Pairwise comparisons showed a marginally significant difference between sales and technical roles: technical role respondents rated learning opportunities lower than sales role respondents (controlling for the effects of the other demographic variables). It must be noted that in all cases, Learning Opportunities received a below-average rating (means across the role categories ranged from 4.0-6.0 on a 1-7 scale).

5.7. Conclusion

These results were presented through the use of the research questionnaire and were reported by means of graphs and charts. This chapter objectively presented the results of the study using descriptive statistics to describe the results and inferential statistics to make inferences about characteristics of the population based on the sample solicited to participate in the study. This enabled the researcher to identify significant relationships and differences between the variables in the study.

The following chapter presents an in depth analysis and interpretation of the results from the findings of the study.

6. Discussion and Recommendations

6.1. Introduction

The primary purpose of this research was to analyse whether designing a reward programme with the joint focus on both monetary and non-monetary rewards will result in increased employee motivation and organisational benefits. To address this need, this study explored the impact of non-monetary and monetary reward programmes on employee motivation through an administered survey.

This chapter presents an in depth analysis and interpretation of the results from the findings of the study. This chapter will utilise the research findings from both the research literature and the survey results and will integrate these findings to recommend a modified reward framework that takes into account the preferences of both employees and organisations.

6.2. Research Questions

The study includes four research questions:

- What are the elements that form part of the reward and incentive offering to employees in organisations?
- Do various rewards and incentive options have specific impacts on employees from a motivation perspective?

- To what extent are organisations utilising non-monetary rewards and monetary rewards in their offering to motivate employees?
- What are the reward preferences by employees?

6.3. Research Method Review

The tool that has been chosen to collect data is a self-administrated questionnaire. This type of data collection did not require an interviewer. Respondents were asked to fill in the questionnaire and were able to read the instructions on their own. The questionnaires were distributed via an e-mail with a link to an online survey on the internet, through Survey Monkey.

The sample of this quantitative study consisted of past and present MBA students from a Johannesburg based business school who have experienced a reward programme within their organisations. The above sample was selected because of the experience they have across different industries. A key criterion for participation was that the respondents had to be working for an organisation during the period the survey was conducted.

A total of 405 emails were sent to the selected MBA sample was sent with the survey questionnaire link attached, 18 emails bounced back from the sample size. A total of a 180 responses were received from the targeted respondents. The response rate from the respondents was 47%.

6.4. Research Question 1 Discussion

What are the elements that form part of the reward and incentive offering to employees in organisations?

6.4.1. Demographics

Based on the survey results, the sample was 73% male. The majority of respondents (71%) were aged between 30 and 39 years. The majority of the respondents were White (40%) and African (36%). 72% of the respondents had a postgraduate degree, while 26% had a degree or diploma. There were no respondents with only a matric qualification (presumably a result of the MBA entry criteria).

45% of the respondents were in senior management positions, with the rest roughly equally distributed between specialist, junior management and executive positions. There were no respondents in clerical or administrative positions (presumably in line with the type of person doing MBA studies). Under Role, majority of the sample fell within the Finance, Marketing and Sales categories. 42% of the respondents had been employed in their current organisation between 3 and 5 years.

According to the literature review, organisations should customise their total reward offerings and adapt these reward offerings to the individual needs of the employee. Furthermore, the reward offerings need to be structured and refined to ensure they motivate employees. Bussin (2008) supports this view as organisations are required to become more flexible and, if they want to maximise the performance of their

employees, they need to understand that there are different generations with different preferences regarding work, rewards and recognition.

According to Kerr-Phillips and Thomas (2009), the impact of cultural diversity, affirmative action, income level gaps and inequality in education, need to be handled with effectively by South African organisations. South African organisations need to be proactive and adjust their existing reward programmes to account for changes in demographics and preferences.

6.4.2. Monetary and Non-Monetary Rewards

In the analysis of the literature and of the research survey, it is clear that organisations do use a combination of monetary and non-monetary reward incentives to motivate their people. The following reward elements are utilised:

Monetary Rewards:

The respondents who participated in the survey indicated that performance bonuses and basic salaries were the most important reward elements. This is in line with the literature review. Ross and Zander (1957) argue that, in order to attract and retain employees in an organisation, his or her needs must first be satisfied. This is in line with Maslow's Hierarchy of Needs theory in which the basic needs must be covered first before one moves further up the pyramid of need levels. These needs would include a reasonable competitive salary and other competitive monetary benefits.

Furthermore, according to Kirkcaldy & Furnham (1993) and Tang (1992) money is related to:

- Achievement and recognition
- Status and respect
- Freedom and control
- Power

This indicates that monetary rewards can possibly lead to non-monetary symbolic benefits for the individual as expressed in Maslow's theory.

Non-Monetary Rewards:

The respondents who participated in the survey indicated that the following non-monetary rewards were the most important reward elements:

- Full appreciation of work done
- Good working conditions
- Feeling of being well informed
- Participation in goal setting
- Freedom to plan and work independently
- Promotion & growth in organisation

This was in line with the literature review. Nelson (2004) argues that employees expect work-life balance, job flexibility, involvement in strategic discussion, meaningful roles, and more recognition. Zobal (1999) further states that the best

rewards over the long term are non-monetary, whilst monetary rewards are important in the short term. According to Lawler (1996), non-monetary rewards incline to endure motivation in the long term.

This is in line with Herzberg's theory of motivation. Herzberg's motivational factors are the factors that motivate employees to the highest level of performance. These motivators are an essential part of the work itself and include factors such as the nature of the work, the individual's sense of accomplishment, level of accountability, personal growth, recognition and criticism (Schultz, 1982). Nelson and Quick (2003) suggest that monetary rewards have value and the presence of motivators in the work environment are essential to enhance employee motivation.

The literature looks at three reward frameworks that have been designed for organisations and human resource practitioners. It is clear that both monetary and non-monetary rewards are part of each of the frameworks. It is also clear that the participants in the survey believe that combinations of both types of rewards are used in reward programmes. The following core categories are highlighted by the three reward frameworks mentioned in the literature in Figure 11:

Figure 11: Reward Frameworks Reward Categories

WorldatWork Model	Hay Group Framework	Towers Perrin Rewards Blueprint
Compensation	Guaranteed Cash	Compensation
Benefits	Annual Variable	Benefits
Work-Life	Long Term Incentives	Work Environment
Performance & Recognition	Benefits	Learning & Development
Development & Career Opportunities	Intangible Reward	

It is clear that the respondents have highlighted that their organisations utilise a combination of monetary and non-monetary rewards in their reward programmes. It is also clear from the literature and from the research survey that monetary benefits, such as basic pay and performance bonuses, are the most important reward elements as claimed by the respondents. These elements are the basic elements required that attract employees to organisations. Motivating employees requires a combination of both monetary and non-monetary rewards as discussed in the literature. The respondents viewed reward elements in the work performance recognition & involvement category as the second most important after the financial benefits rewards. Promotion and growth in the organisation was also rated highly by the respondents.

The literature review is in line with this. According to Oldham & Hackman (2010) and Lawler (2969), with regards to job design, if employees experience the work to be meaningful, feel personally responsible for results achieved and have knowledge of the results of their work, it results in their motivation to perform. This argument is in line with Vroom's expectancy theory of motivation.

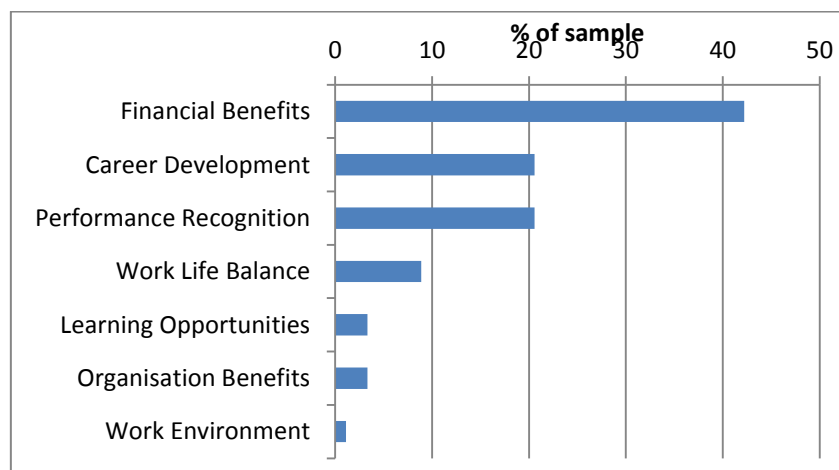
Both monetary and non-monetary reward elements are utilised by organisations and it is clear from both the survey and the literature that a combination of financial benefits and work performance recognitions and involvement elements are the most important.

6.5. Research Question 2 Discussion

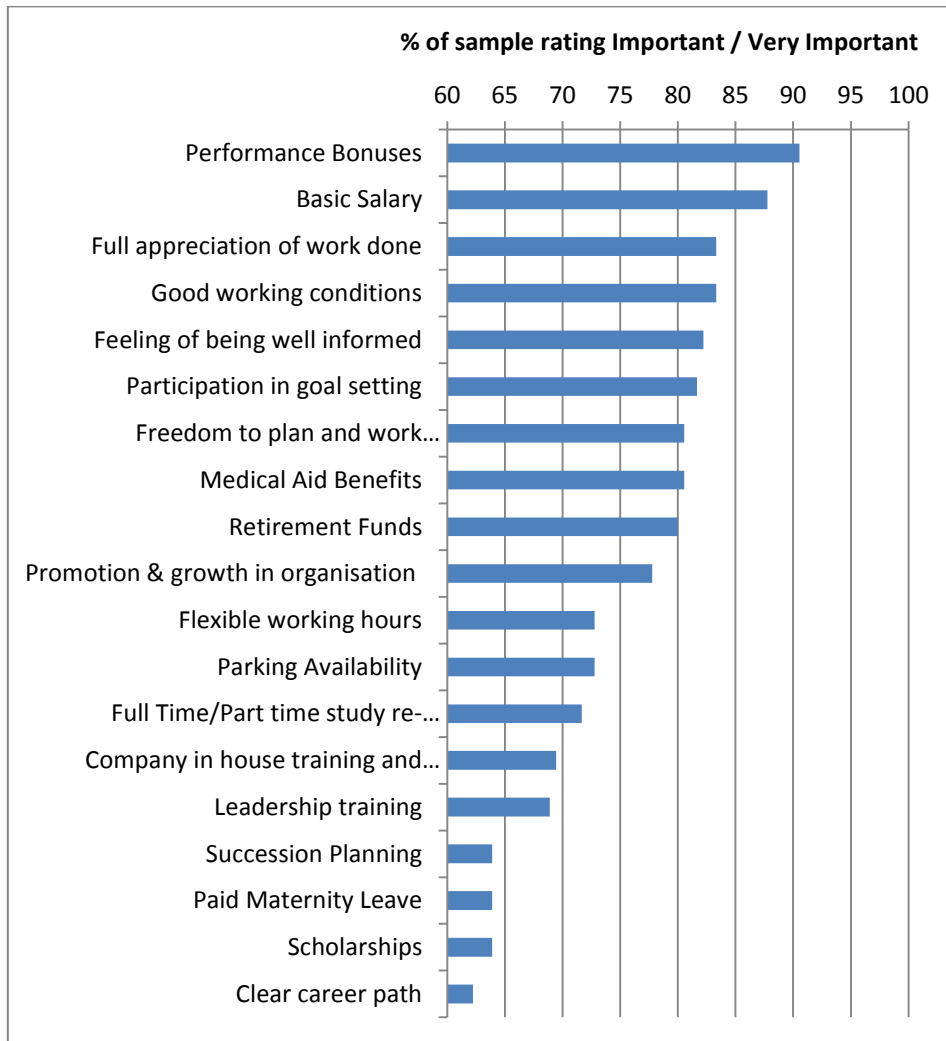
Do various rewards and incentive options have specific impacts on employees from a motivation perspective?

Respondents were asked to indicate which one of the various reward categories highlighted in the questionnaire had the greatest impact of an organisation's ability to motivate. The following charts highlight the response from the respondents:

Responses: Organisation Preference to Reward Categories



Responses: Organisations Preferences to Rewards (Important/Very Important)



6.5.1. Reward Categories

- **Financial Benefits:**

42% of respondents felt that financial benefits had the greatest impact on an organisation’s ability to motivate its employees. Both the reward components of this element, performance bonuses (91%) and basic salary (88%), were highly rated as important/very important by the respondents. This is in line with a portion of the literature review, where Armstrong (2007) suggests that monetary rewards is a

motivator because it fulfils needs. It is a factor which is needed to satisfy the basic needs of survival and security. This is further supplemented from the views of Agarwal. Agarwal (2010) states that money is still the most vital motivating factor for employees. Agarwal agrees that non-monetary rewards motivate individuals but, after a certain point in a career, money seems to have greater importance.

- **Career Development Management & Coaching/Mentoring:**

21% of the respondents felt that career development management and coaching/mentoring had the greatest impact on an organisation's ability to motivate its employees. Of those 21% of respondents, promotion and growth in the organisation was highly rated as being Important/Very Important by the respondents (78%).

- **Work Performance Recognition & Involvement:**

21% of the respondents felt that work performance recognition and involvement had the greatest impact on an organisation's ability to motivate its employees. Of those 21% of respondents, all the reward components within the category were highly rated as being Important/Very Important by the respondents:

Full appreciation of work done	83.3%
Feeling of being well informed	82.2%
Freedom to plan and work independently	80.6%
Participation in goal setting	81.7%

This is in line with the literature review. As stated in the review, similar results were observed by Lawler (1969) in his paper about job design and employee's motivation. Employee's motivation may be influenced by changes in job design. Lawler (1969) presented three characteristics of job designs that could lead to employee's assumptions that their good performance will bring intrinsic rewards:

- Employees must receive meaningful feedback on the evaluation of their job performance
- The job must require using capabilities that employee's value that results in the feeling of achievement and progression
- Employees must have control over setting their goals

This sentiment is echoed by Nelson (2004), who argues that employees expect work-life balance, flexibility, job participation significance in their role, and recognition.

- **Work Life Balance:**

9% of the respondents felt that work life balance had the greatest impact on an organisation's ability to motivate its employees. Of that 9% of respondents, flexible working hours was highly rated as being Important/Very Important by the respondents (73%).

- **Learning Opportunities**

3% of the respondents felt that learning opportunities had the greatest impact on an organisation's ability to motivate its employees. Of that 3% of respondents, full time/part time study re-imburement was highly rated as being Important/Very Important by the respondents (72%). This is a significant finding given the amount of investment that many organisations place in learning opportunities.

- **Organisation Benefits:**

3% of the respondents felt that organisational benefits had the greatest impact on an organisations ability to motivate its employees. Of those 3% of respondents, both the medical aid and retirement fund benefits rewards were rated as being Important/Very Important by the respondents.

- **Work Environment:**

1% of the respondents felt that the work environment had the greatest impact on an organisations ability to motivate its employees. Of that 1% of respondents, good working conditions were rated as being Important/Very Important by the respondents.

According to the results from the questionnaire, it is evident that organisations employ a total reward approach when it comes to monetary and non-monetary approaches. Upon utilizing the WorldatWork total reward model, there are similarities between the model and the empirical research in terms of the total reward model

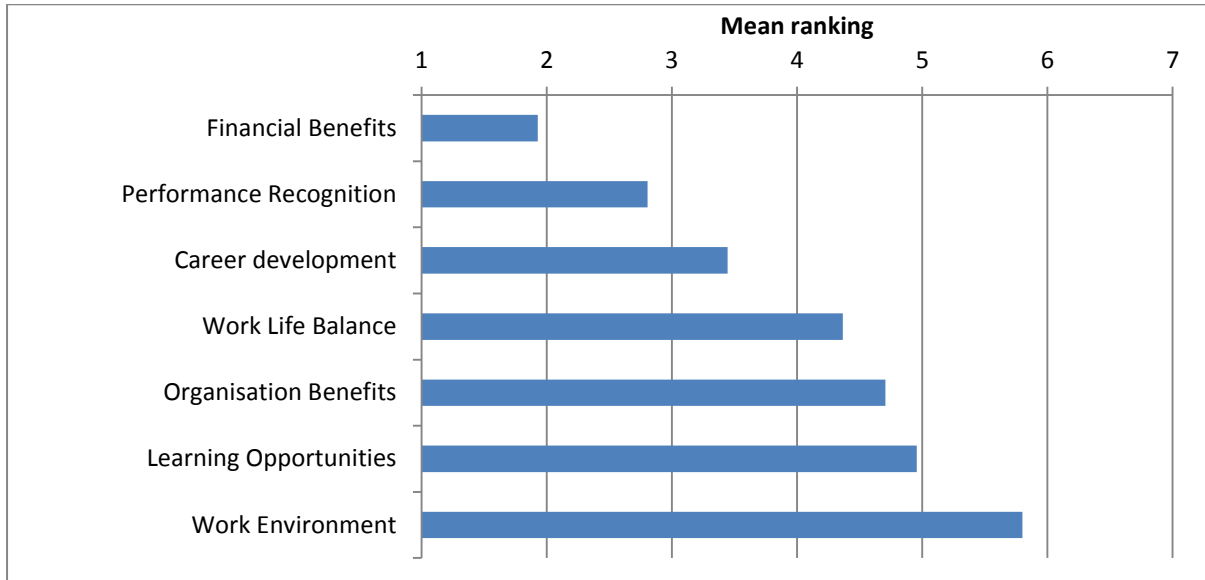
being used. All categories highlighted in the empirical research, highlighted that organisations are adopting a total reward approach with a focus on both monetary and non-monetary rewards.

The respondents were MBA students of whom the majority were between the ages of 30-39 years, White and African and well educated. It is assumed that, given these demographics, the respondents' overall aim within their organisation is for wealth creation, hence the highest weighting on financial benefits. This is further highlighted through the data in that 66% of the respondent's duration of employment at their present organisations is between 0-5 years. This could possibly highlight that employees are not loyal to their present companies and are willing to shift organisations for wealth creation. There is a case for further research on this to identify what the key motivators are within specific demographic groups.

When comparing responses on individual versus organisation reward category preferences, from a motivational perspective as indicated in the graph below, the financial benefits rewards category was rated most highly with employees and they were also the reward categories rated highly by organisations. Likewise, the ranking of work performance recognition and involvement in second place followed that of the organisations themselves. Organisation's perceptions of employees preferences with regards to these rewards are matched and in line with the literature.

Responses: Individual Preferences for Reward Categories

The mean (average) ranking of the different benefit categories is shown below. The ranking scale was 1=most important; 7=least important.



While some organisational benefits (retirement funds, medical aid benefits) were rated highly by the organisations, organisational benefits as a whole were not rated highly by employees when ranking their own reward structure. This could be due to the fact that these reward benefits are expected by the respondents as being in given in their cost to company packages. These benefits are not perceived as being motivation differentiators to the respondents and more likely than not are part of the reward packages offered to employees. Similar results were seen with learning opportunities and work environment benefits which were also rated more highly by organisations than by employees according to the respondents.

Career development management & coaching/mentoring appeared to have been rated more highly by employees than the importance attached to these benefits by

organisations. Work-life balance has also appeared to have been rated more highly by employees than the importance attached to these benefits by organisations. This is supported by the research conducted by the Saratoga Institute (Saratoga PWC, 2006) who recognised employment practices which would aid retention and motivation. The five most important influencers of employment retention and motivation according to this research were:

- Culture and work environment
- Training and Development
- Supervisor roles
- Career Growth
- Earnings Potential

Money can buy things that people want; however it is not the key factor that motivates employees to work. The literature has found that money and motivation has insignificant correlation. The literature has revealed that evidence does exist of a correlation between non-monetary rewards, incentives and improved performance. Therefore combinations of both types of rewards are required for organisations to motivate its employees. Recognition has been argued by Romano (2003) and Sarvadi (2005) to be an important tool to increase levels of employee motivation. This can be done at minimal costs. When designing a reward programme, organisations would need to tailor make packages for employees with careful considerations to a number of factors, depending on the individual, through combinations of monetary and non-monetary reward elements.

6.6. Research Question 3 Discussion

To what extent are organisations utilising non-monetary rewards and monetary rewards in their offering to motivate employees?

The research highlighted the following key monetary and non-monetary reward categories and components as being utilised:

REWARD CATEGORY	REWARD ELEMENTS	MONETARY / NON-MONETARY
Financial Benefits	Performance Bonuses	Monetary
Financial Benefits	Basic Salary	Monetary
Work Performance Recognition & Involvement	Full appreciation of work done	Non-Monetary
Work Environment	Good working conditions	Non-Monetary
Work Performance Recognition & Involvement	Feeling of being well informed	Non-Monetary
Work Performance Recognition & Involvement	Participation in goal setting	Non-Monetary
Work Performance Recognition & Involvement	Freedom to plan and work independently	Non-Monetary
Organisation Benefits	Medical Aid Benefits	Monetary
Organisation Benefits	Retirement Funds	Monetary
Career Development Management & Coaching/Mentoring	Promotion & growth in organisation	Non-Monetary
Work Life Balance	Flexible working hours	Non-Monetary

It is evident through the research that organisations are utilising both monetary and non-monetary rewards. The literature review suggests that there has been a move away from the traditional perception of rewards being only remuneration and benefits, towards total rewards and that this is more comprehensive and integrated. A total reward programme or system must be able to create a balanced offering to employees.

There is no 'one type fits all' reward programme or system that can be effectively used by organisations. Understanding the employees' needs and motivating factors is crucial in determining the ideal combination of reward components that an organisation can offer an employee.

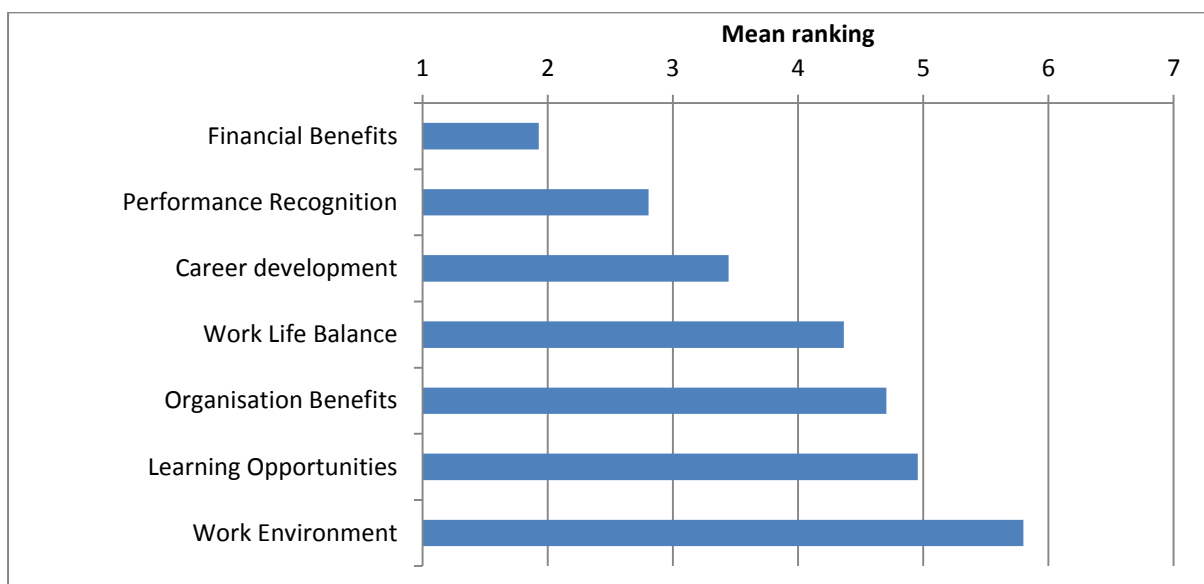
Organisations need to effectively and efficiently enhance the use of their limited resources. To this end, finding the correct balance between monetary and non-monetary rewards is important to organisation in motivating employees.

6.7. Research Question 4 Discussion

What are the reward preferences by employees?

The mean (average) ranking of the different benefit categories is shown below. The ranking scale was 1=most important; 7=least important.

Responses: Employee Reward Preferences



It is clear that financial benefits rated most highly with employees and these were also the reward structures rated highly by organisations, as indicated in Chapter 5. The research is supported by findings in the study conducted by Thumbran (2010) and Nienaber (2009), which indicated the most important reward category was monthly salary/guaranteed remuneration.

The ranking of performance recognition fell in second place. As discussed in Question 2 this chapter, while some organisational benefits (retirement benefits, medical aid) were rated highly by the organisations, organisational benefits as a whole were not rated highly by employees when ranking their own reward structure. The same was true for learning opportunities and work environment. The research is supported by findings in the study conducted by Thumbran (2010) and Nienaber (2009), which indicated the least important reward category was quality work environment.

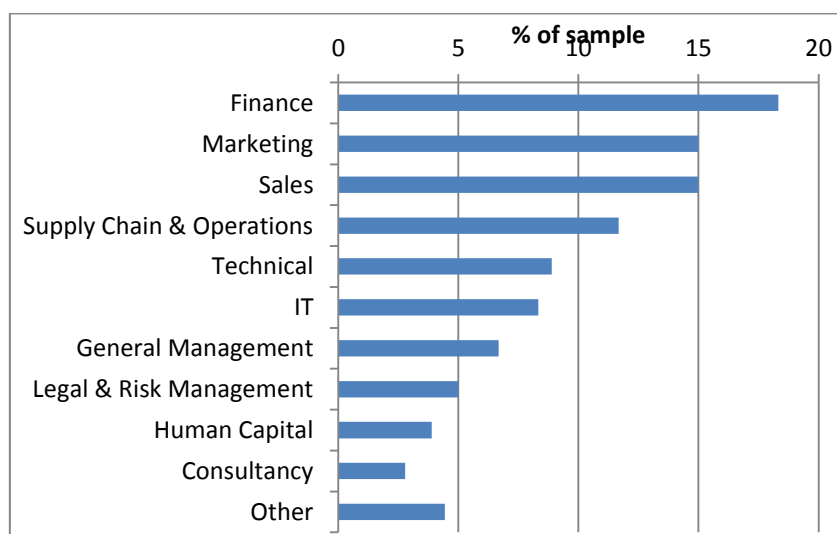
Career development and work life balance appeared to have been rated more highly by employees than the importance attached to these benefits by organisations. These results suggest that organisations could pay more attention to these rewards particularly in South Africa. It can be assumed that given the educational disparity between the South African workforce, and increased focus on the Broad Based Black Economic Empowerment, there is an expectation that these elements are up weighed. There are further opportunities for organisations to test and survey this finding for future application.

It can further be assumed that due to the current economic climate and the demographic nature of the population sample, male dominant; majority of the respondents fell within the range of 30-39 years of age; non-white dominant; it is these factors which have partially resulted in financial benefits being ranked the highest. It can be assumed that the majority of the respondents are in their 'wealth

creation' phase in their lives. Economic and knowledge creation is what these respondents strive for.

Organisations are cost cutting and restructuring with the aim of getting leaner. Fit for purpose structures are being put in place to ensure no job duplication and accountability over responsibilities makes it harder for employees to benefit financially to the extent they would have done so in the past. Furthermore, given the fact that many of the respondents worked in finance, marketing and or sales positions as shown in the graph below, it can be assumed that yearly increases and performance bonuses are not as high in recent years as was in the past. Due to this, there has been a significant strain on disposable income of households; increased inflation and increases in fuel costs. It is with this in mind that respondents may have indicated financial benefits as being the most important reward category benefit in this study.

Demographics: Job Role



6.7.1. The influence of Demographic Variables on the Individual Preferences for Reward Categories

A General Linear Model was used to test for the effect of each demographic variable while controlling for the effects of the other demographic variables. This was done for each of the seven benefit category scores as indicated in Chapter 5.

Financial Benefits / Organisation Benefits/ Work Performance Recognition & Involvement / Career Development Management & Coaching/Mentoring and Work-Life Balance:

As indicated in Chapter 5, the correlations in the overall model were not significant. None of the demographic variables was significant, indicating that these did not have a significant effect on the ranking of the above benefit categories by the different groups of respondents.

Work Environment:

In the case of work environment, the overall model was also not significant. However; the effect of tenure was marginally significant. Pairwise multiple comparisons (of all possible pairs) of Tenure categories, using Tukey-Kramer's multiple comparison adjustment for the p-values and confidence limits, showed that respondents with a tenure of 3-5 years rated the importance of work environment higher than those with a tenure of 6-8 years (controlling for the effects of the other demographic variables). Although not significant, the overall trend appears to be

that those with a shorter tenure rated work environment as more important than those with a longer tenure.

The research is supported by findings from the Saratoga Institute (Saratoga PWC, 2006) who recognised employment practices which aided retention and motivation. One of the most important drivers in employment retention and motivation was ‘culture and work environment’. This finding is further supported by the Employee Recognition study done by the WorldatWork and the National Association for Employee Recognition in 2005. Existing generational research indicates that a differential sensitivity to work environment fit between the generations is likely to exist. Research by Smola and Sutton (2002, p. 378) has indicated that younger employees are “less loyal to the company”, which may have resulted in younger employees taking the view that nothing is permanent from a job perspective, and may excessively emphasise the importance of work environments that match their preferences. Younger employees may become more dissatisfied and more willing to leave if these work environment preferences are not realised. This may be the reason as to why respondents with tenure of 3-5 years rated the importance of work environment higher than those with tenure of 6-8 years.

Learning Opportunities:

In the case of Learning Opportunities, the overall model was marginally significant. The effect of Role was significant. As discussed in Chapter 5, pairwise comparisons showed a marginally significant difference between Sales and Technical roles:

Technical role respondents rated learning opportunities lower than Sales role respondents.

Given that all the respondents were MBA students, past and present, it can be assumed that, given their background, many are in the process of changing job roles or have already changed their job roles and are growing their professional competencies. 15% of the respondents are in Sales and it can be assumed that by studying the MBA further, they aim is to study further, build their skills and enhance their job skillset.

Given the general nature of the MBA, and the interaction the respondents may have had with classmates, lecturers and certain organisations, many of the respondents would have been able to see a great deal of what other industries and roles offer from an employment perspective. Respondents from the Sales and Technical roles may be confined to one type of skillset and are in requirement of further competencies that may be marketable in the workplace. It is for this reason that they may have highlighted Learning Opportunities as significant.

6.8. Recommendations

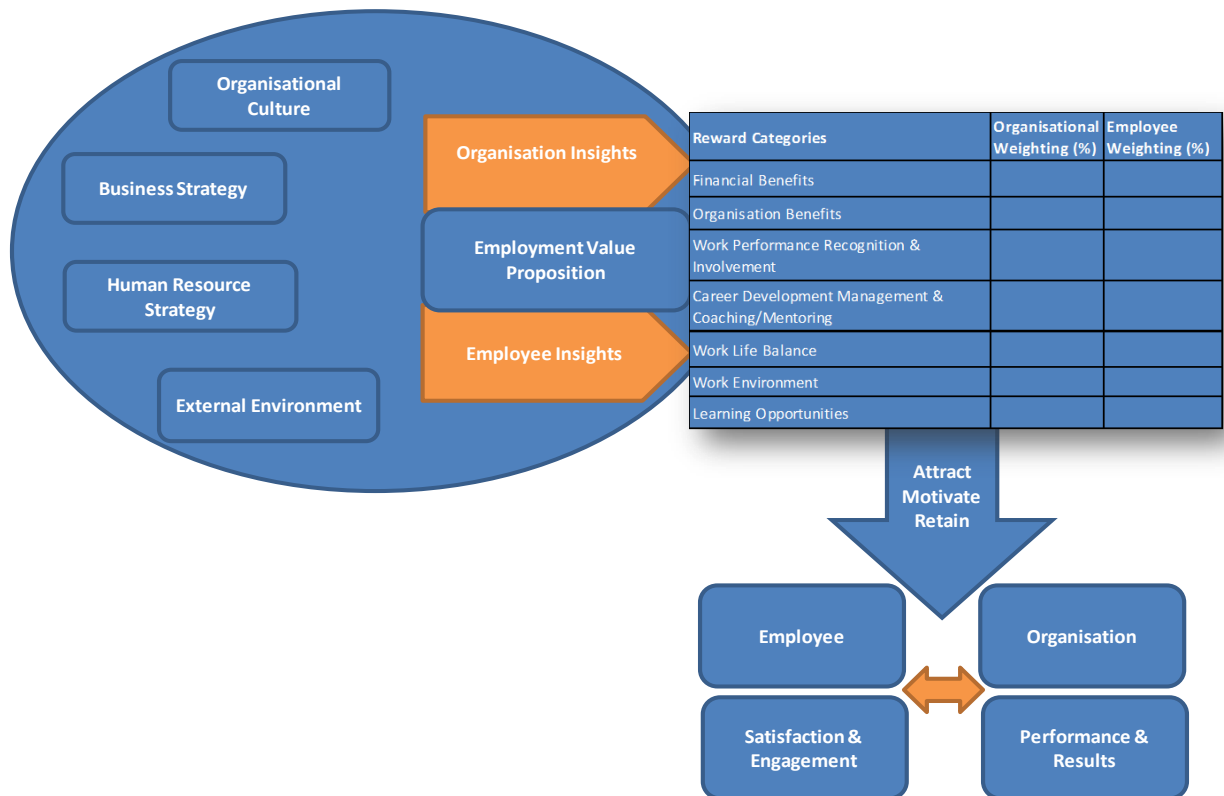
The reward categories identified in the research survey are partially adopted, adapted and developed further from the WorldatWork Total Rewards Model and the Towers Perrin Rewards Blueprint. It is apparent that organisations have approached

this type of model utilising both monetary and non-monetary rewards in relation to the varying needs of the labour force. This total reward approach can only be maximised by organisations if they understand the needs of employees based on employee preferences; the dynamic nature of the work force and the potential impact on external factors such as recessions. Furthermore, incorporating job design and work performance recognition into the design of the reward programme is important for organisations to ensure that the fit is beneficial for both the employee and the employer.

Given the context and results of this study, there is a definite case for organisations to place more value on monetary and non-monetary rewards. Given the impact on the economic recession and the type of respondents involved in the survey, financial benefits are recorded as being the most important reward category nominated by the employee and the organisation. There is however a case for providing more value on non-monetary rewards to motivate employees, assuming organisations are considering cost cutting and restructuring. These non-monetary rewards, if used correctly, will present employees with alternative options to consider, with particular focus on work performance recognition and involvement and career development management and coaching and mentoring. In order to motivate employees and retain talented people, organisations are required to continue to value these reward elements, utilising both monetary and non-monetary rewards with the objective of motivating a work force; enhancing productivity and loyalty and managing costs.

It is recommended that a new modified reward framework be designed. This is highlighted in Figure 2.13:

Figure 12: Proposed Reward Framework



The proposed reward framework is modified version of the WorldatWork Total Rewards Model and the Towers Perrin Rewards Blueprint. The key modification of this reward framework is the inclusion of the organisation and employee weightings when it comes to the reward categories. The weightings assist both the stakeholders as one party or the other can emphasise higher needs on specific reward categories. This will also ensure that organisations properly survey their staff to match a job to the right candidate. Building value propositions and alignment between the employee and the organisation is important. Understanding the organisation and employee

insights into the employment value proposition is important. This involves conducting employee demographic analysis and research as well as designing a job role that is aligned to the correct type of employee. This proposed framework highlights the needs of the employer and the employee, taking into account the organisational culture; business strategy; human resource strategy and the external environment.

7. Conclusion

The study assessed the impact of the reward elements, monetary and non-monetary, as a means of motivating employees. The organisational dilemma was to ascertain what the ideal reward programme was which could be utilised to increase employee motivation and, at the same time, achieve the organisational objectives.

The purpose of the research is to discover whether a re-designed reward programme or framework results in the motivation of employees and strategic fit between employee and the organisation. It attempted to do this by answering the following questions:

Question 1: What are the elements that form part of the reward and incentive offering to employees in organisations?

The key elements, in order of preference which form part of the reward and incentive offering to employees in organisations as discussed in Chapter 6 were the following:

- Financial Benefits
- Career Development
- Work Performance Recognition & Involvement
- Work Life Balance
- Learning Opportunities
- Organisation Benefits
- Work Environment

The questionnaire was developed by partially utilising the reward components from the WorldatWork Total Rewards Model and the Towers Perrin blueprint. It is clear from the responses that organisations were using a complete approach towards reward management, with focus on both monetary and non-monetary rewards. Although monetary rewards are the preference, this may be as a result of the demographic nature of the respondents as well as a result of the current economic climate in South Africa.

Question 2: Do various rewards and incentive options have specific impacts on employees from a motivation perspective?

From a motivational perspective, the financial benefits reward category was rated most highly with employees. Work performance recognition and involvement was ranked in second place. These reward categories were rated similarly by organisations. While some organisational benefits were rated highly by the organisations, organisational benefits as a whole were not rated highly by employees when ranking their own reward structure. The same was true for learning opportunities and work environment.

Conversely, career development management and coaching/mentoring and work-life balance appeared to have been rated more highly by employees than the importance attached to these benefits by organisations. This finding shows that organisations could pay more attention to these rewards and, furthermore, should conduct surveys and tests to understand if these elements are as important as

employees perceive them to be. Opportunities lie in managing these rewards and offering employees a way to ensure that their expectations are met within the confines of the organisational objective.

The results are in line with the literature in that, orientating from a motivation perspective, a combination of both monetary and non-monetary rewards impacts employees positively from an organisation perspective.

Question 3: To what extent are organisations utilising non-monetary rewards and monetary incentives in their offering to motivate employees?

It is evident through the research that organisations are utilising both monetary and non-monetary rewards. The literature review suggests that given that there has been a move away from the traditional perception of rewards being only remuneration and benefits, towards total rewards which are more comprehensive and integrated. A reward programme, framework or system must be able to create a balanced offering to employees and a balanced fit for the organisation. Understanding the employees' needs in relation to the organisation's needs, and the motivating factors, is crucial in determining the ideal combination of reward components that an organisation can offer an employee. It was assumed that given the current economic climate, organisations are cutting costs and, to effectively manage and motivate a talented workforce, the effective use of non-monetary rewards and monetary rewards will be highly valued. The opportunity lies in customising these rewards to cater for the preference needs of the individual.

Question 4: What are the reward preferences of employees?

It is clear that financial benefits rated most highly with employees and these were also the reward structures rated highly by organisations, as indicated in Chapter 5 and 6.

None of the demographic variables was significant on the financial benefits, organisation benefits, work performance recognition and involvement, career development management and coaching/mentoring and work-life balance reward categories.

In the case of Work Environment, the effect of Tenure was marginally significant. In the case of Learning Opportunities, the effect of Role was significant.

Recommendation

It is recommended that a new reward framework be designed to incorporate the reward preferences and expectations of both the employee and the organisation whilst taking into account the effect of the external environment, the job design and the link between the expectations from the organisation and the individual.

7.1. Future Research Opportunity

A future research suggestion would be to split the respondents into individual employees with organisations and the organisations who hire these individuals, and gauge a response from them on preferences to reward categories. This would be useful as the research would be able match the organisation and employee preferences from a reward perspective.

8. Appendices

8.1. Reward Preferences Questionnaire

Understanding Employee Reward Preferences	
Cover Note	
<p>Dear Respondent</p> <p>I am a MBA student with the Gordon Institute of Business Science. I am conducting research on the impact of monetary and non-monetary rewards on employee motivation and satisfaction. As part of this research I would like to invite you to complete a short questionnaire about reward/motivation preferences pertaining to your current job.</p> <p>Your participation is strictly voluntary and you may withdraw at any time without penalty. Your answers are anonymous and confidential and, as such, you are not required to attach your name to this questionnaire.</p> <p>It will take you no more than three minutes to complete the questionnaire. Please note that I am prepared to share the results to any interested parties if required.</p> <p>If you have any questions, please contact:</p> <p>Researcher: Neel Narsee Email Address: neel.narsee@sabmiller.com Contact Details: 072 833 4599</p> <p>Supervisor: Colin Rowley Email Address: colinrowley@vodamail.co.za Contact Details: 082 828 5413</p>	

Understanding Employee Reward Preferences

Demographic

1. What is your gender?

- Female
 Male

2. What is your age?

- 18-29
 30-39
 40-49
 50-59
 60+

3. What is your racial grouping?

- African Coloured Asian White

4. What is your highest form of qualification?

- Matric
 Degree/Diploma
 Post Graduate
 Other (please specify)

5. Which position best describes your current position?

- Clerical/Administrative
 Specialist
 Junior Manager
 Senior Manager
 Executive
 Other (please specify)

Understanding Employee Reward Preferences

6. What type of role are you currently in?

- Human Capital
- IT
- Finance
- Sales
- Marketing
- Supply Chain
- Other (please specify)

7. How long are you currently working for your employer?

- 0-2 years
- 3-5 years
- 6-8 years
- 9-10 years
- 11+ years

Understanding Employee Reward Preferences

Reward Preferences

The following questions are aimed at determining how important various rewards are to your ORGANISATION. Please indicate your organizations preference on the scale provided by ticking the appropriate box.

8. Financial Benefits

	Unimportant	Of little importance	Neither unimportant nor important	Important	Very important
Basic Salary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Performance Bonuses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Organisation Benefits

	Unimportant	Of little importance	Neither unimportant nor important	Important	Very important
Medical Aid Benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retirement Funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cell Phone Benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fuel Benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Work Performance Recognition & Involvement

	Unimportant	Of little importance	Neither unimportant nor important	Important	Very important
Full appreciation of work done	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Feeling of being well informed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Freedom to plan and work independently	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Participation of goal setting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. Career Development Management & Coaching/Mentoring

	Unimportant	Of little importance	Neither unimportant nor important	Important	Very important
Promotion and growth in the organisation opportunity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Leadership training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mentorship programmes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
secondment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clear career path	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overseas assignments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Job rotation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Succession planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Understanding Employee Reward Preferences

12. Work Life Balance

	Unimportant	Of little importance	Neither unimportant nor important	Important	Very important
Flexible working hours	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Alternative work sites/work at home	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee wellness and health programs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On site childcare services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24 Hours wellness line	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paid maternity leave	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. Work Environment

	Unimportant	Of little importance	Neither unimportant nor important	Important	Very important
Good working conditions (such as light, temperature, cleanliness, low noise level)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organisation close to amenities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Eating and smoking facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Parking availability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Learning Opportunities

	Unimportant	Of little importance	Neither unimportant nor important	Important	Very important
Scholarships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Full time/part time study reimbursement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company in house training and development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overseas seminars/conferences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Understanding Employee Reward Preferences

Organisation Preference to Reward Categories

15. Please indicate which one of the following reward categories has the greatest impact of an ORGANISATIONS ability to MOTIVATE? Refer to questions on Reward Preferences. Please tick one box only.

- Financial Benefits
- Organisation Benefits
- Work Performance Recognition and Involvement
- Career development Management and Coaching/Mentoring
- Work Life Balance
- Work Environment
- Learning Opportunities

Understanding Employee Reward Preferences

Individual Preferences for Reward Categories

16. If you could structure YOUR OWN REWARD STRUCTURE, which of the below categories are most important to you? Rank your preference from 1 to 7: 1 = most preferred; 7 = the least preferred. All 7 categories must include a number. A number cannot be used more than once. Refer to questions on Reward Preferences.

<input type="text"/>	Financial Benefits
<input type="text"/>	Organisation Benefits
<input type="text"/>	Work Performance Recognition and Involvement
<input type="text"/>	Career development Management and Coaching/Mentoring
<input type="text"/>	Work Life Balance
<input type="text"/>	Work Environment
<input type="text"/>	Learning Opportunities

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