Improving job performance by using non-monetary reward systems to motivate low-skilled workers in the automotive component industry

BY

JACOB JOHANNES TALJAARD

Submitted in partial fulfilment of the requirements for the

Master’s Degree in Business Administration

at the Port Elizabeth Technikon

PROMOTOR: MRS S Perks

January 2003
I the undersigned hereby declare that the work contained in this research paper is my own original work and has not previously in its entirety or part been submitted at any university for a degree.

JJ TALJAARD

DATE
ACKNOWLEDGEMENTS

I wish to express my sincere gratitude to the following persons and organisation for their contribution in the timely completion of my research project:

- Mrs. Sandra Perks for her unrelenting coaching, encouraging, advising and motivating in the compilation of this research paper.
- The companies and their respondents for their sincerity and willingness to respond to the questionnaire.
- The staff of the Port Elizabeth Technikon Library, for their friendly and efficient service.
- Mr Peter Ewan for editing the content.
- My family who supported and motivated me during the research paper.
Automotive component manufacturing companies where the labour is low skilled and the processes are labour intensive, are being challenged on a more regular basis to find methods to satisfy needs to motivate employees to improve performance. Automotive companies are becoming more under pressure to motivate employees through non-monetary rewards, due to collective bargaining which has made pay for performance very inflexible. It is because of this fact that employers have to assess non-monetary reward methods to motivate employees to improve performance. To be motivators, rewards must be aligned with the needs of people and the things that they value. If these rewards are aligned with employees needs, this could lead to increase in employee motivation, which will in turn lead to improvement in performance, and therefore lead to companies becoming more competitive.

This research paper aims to assess what would be the motivators when establishing a non-monetary reward system. To this end the various motivational theories are presented which clearly identifies what needs people have and how they can be satisfied to change behaviour and therefore improve performance. Secondly, reward systems are discussed with various types of rewards being considered and more specifically non-monetary rewards.

Applied research was undertaken to determine non-monetary rewards that will motivate low-skilled employees to improve performance. A survey, with the aid
of a structured questionnaire, was used to gain information from 60 employees. The research was conducted in three companies that manufacture components for the auto industry. The majority of the respondents indicated that:

1. basic needs must be satisfied with monetary rewards;
2. non-monetary rewards, if linked to higher hierarchical needs, will then motivate employees;
3. non-monetary rewards should preferably be of a physical nature such as certificates, caps and t-shirts;
4. satisfaction of these higher level needs motivate employees and improve their performance;
5. employees prefer feedback and recognition as a non-monetary reward on a regular basis, and
6. the needs of employees should be identified through a survey to establish which rewards will satisfy these needs.
TABLE OF CONTENTS

ACKNOWLEDGEMENTS i
ABSTRACT ii
TABLE OF CONTENTS iii
LIST OF TABLES ix
LIST OF FIGURES x

CHAPTER 1
GENERAL INTRODUCTION AND OVERVIEW OF THE STUDY

1.1 INTRODUCTION TO THE STUDY 1
1.2 IMPORTANCE OF THE STUDY 4
1.2.1 Benefits if improving job performance 4
1.2.2 The payoffs of non-monetary rewards 5
1.2.3 Benefits to low-skilled employees 6
1.3 OBJECTIVES OF THE STUDY 6
1.4 METHODOLOGY USED IN THE STUDY 7
1.4.1 Secondary sources consulted 7
1.4.2 Empirical study 8
1.5 STRUCTURE OF THE RESEARCH PAPER 9
1.6 SUMMARY 9
# TABLE OF CONTENTS (continued)

## CHAPTER 2

**JOB PERFORMANCE, MOTIVATION AND REWARD SYSTEMS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>INTRODUCTION</td>
<td>10</td>
</tr>
<tr>
<td>2.2</td>
<td>PERFORMANCE MANAGEMENT</td>
<td>11</td>
</tr>
<tr>
<td>2.2.1</td>
<td>The scope of performance management</td>
<td>13</td>
</tr>
<tr>
<td>2.2.2</td>
<td>The holistic approach to performance management</td>
<td>14</td>
</tr>
<tr>
<td>2.2.3</td>
<td>Principles of performance management</td>
<td>15</td>
</tr>
<tr>
<td>2.2.4</td>
<td>The main activities of performance management</td>
<td>18</td>
</tr>
<tr>
<td>2.3</td>
<td>MOTIVATION</td>
<td>20</td>
</tr>
<tr>
<td>2.3.1</td>
<td>Motivational theories</td>
<td>21</td>
</tr>
<tr>
<td>2.3.1.1</td>
<td>Need theories</td>
<td>27</td>
</tr>
<tr>
<td>2.3.1.2</td>
<td>Job and organisation of theories</td>
<td>33</td>
</tr>
<tr>
<td>2.4</td>
<td>REWARD MANAGEMENT</td>
<td>39</td>
</tr>
<tr>
<td>2.4.1</td>
<td>The total reward process</td>
<td>41</td>
</tr>
<tr>
<td>2.4.2</td>
<td>Types of rewards</td>
<td>44</td>
</tr>
<tr>
<td>2.4.2.1</td>
<td>Intrinsic rewards</td>
<td>46</td>
</tr>
<tr>
<td>2.4.2.2</td>
<td>Extrinsic rewards</td>
<td>46</td>
</tr>
<tr>
<td>2.4.2.3</td>
<td>Monetary rewards</td>
<td>46</td>
</tr>
<tr>
<td>2.4.2.4</td>
<td>Non-monetary rewards</td>
<td>48</td>
</tr>
<tr>
<td>2.4.3</td>
<td>Reward aims</td>
<td>52</td>
</tr>
<tr>
<td>2.4.4</td>
<td>Reward criteria</td>
<td>53</td>
</tr>
</tbody>
</table>
## TABLE OF CONTENTS (continued)

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5</td>
<td>SUMMARY</td>
<td>55</td>
</tr>
<tr>
<td>3.1</td>
<td>INTRODUCTION</td>
<td>57</td>
</tr>
<tr>
<td>3.2</td>
<td>THE RESEARCH PROBLEM</td>
<td>57</td>
</tr>
<tr>
<td>3.3</td>
<td>THE DIMENSIONS OF THE RESEARCH</td>
<td>59</td>
</tr>
<tr>
<td>3.3.1</td>
<td>The purpose of the research</td>
<td>59</td>
</tr>
<tr>
<td>3.3.2</td>
<td>The use of the research</td>
<td>60</td>
</tr>
<tr>
<td>3.3.3</td>
<td>Units of analysis</td>
<td>60</td>
</tr>
<tr>
<td>3.3.4</td>
<td>Time dimension</td>
<td>60</td>
</tr>
<tr>
<td>3.3.5</td>
<td>Data collection techniques</td>
<td>61</td>
</tr>
<tr>
<td>3.4</td>
<td>QUESTIONNAIRE CONSTRUCTION</td>
<td>62</td>
</tr>
<tr>
<td>3.4.1</td>
<td>Wording of questions</td>
<td>63</td>
</tr>
<tr>
<td>3.4.2</td>
<td>Purpose of the questionnaire</td>
<td>64</td>
</tr>
<tr>
<td>3.4.3</td>
<td>Physical characteristics of the questionnaire</td>
<td>64</td>
</tr>
<tr>
<td>3.4.4</td>
<td>Types of questions asked</td>
<td>65</td>
</tr>
<tr>
<td>3.5</td>
<td>SAMPLING</td>
<td>66</td>
</tr>
<tr>
<td>3.5.1</td>
<td>Non-probability sampling</td>
<td>67</td>
</tr>
<tr>
<td>3.6</td>
<td>RELIABILITY AND VALIDITY</td>
<td>68</td>
</tr>
</tbody>
</table>
3.7 PROBLEMS EXPERIENCED WITH THE RESEARCH 69

TABLE OF CONTENTS (continued)

3.8 SUMMARY 69

CHAPTER 4
INTERPRETATION OF THE EMPIRICAL DATA

4.1 INTRODUCTION 70
4.2 DEMOGRAPHIC PROFILE OF THE RESPONDENTS 70
4.2.1 Length of service with current company 71
4.2.2 Age group 71
4.2.3 Gender 72
4.2.4 Home language 73
4.2.5 Highest educational qualification 73
4.2.6 Marital status 74
4.2.7 Number of dependants 75
4.2.8 Monthly income 75
4.2.9 Fringe benefits 76
4.3 MOTIVATORS 77
4.4 JOB PERFORMANCE 78
4.5 REWARDS 80
4.6 OTHER COMMENTS 84
4.7 SUMMARY 84
## TABLE OF CONTENTS (continued)

### CHAPTER 5

**SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>SUMMARY</td>
<td>86</td>
</tr>
<tr>
<td>5.2</td>
<td>OVERVIEW OF THE DEMOGRAPHIC PROFILE OF THE RESPONDENTS</td>
<td>87</td>
</tr>
<tr>
<td>5.3</td>
<td>CONCLUSIONS AND RECOMMENDATIONS</td>
<td>88</td>
</tr>
<tr>
<td>5.3.1</td>
<td>Motivational aspects</td>
<td>88</td>
</tr>
<tr>
<td>5.3.2</td>
<td>Job performance</td>
<td>91</td>
</tr>
<tr>
<td>5.3.3</td>
<td>Rewards</td>
<td>92</td>
</tr>
<tr>
<td>5.4</td>
<td>LIMITATIONS ENCOUNTERED DURING THE RESEARCH</td>
<td>97</td>
</tr>
<tr>
<td>5.5</td>
<td>OPPORTUNITIES FOR FURTHER RESEARCH</td>
<td>97</td>
</tr>
</tbody>
</table>

**REFERENCE LIST**

| | 99 |

**ANNEXURE A: QUESTIONNAIRE**

| | 102 |
**LIST OF TABLES**

| Table 2.1 | Motivational theories and workplace outcomes: a contingency approach | 22 |
| Table 4.1 | Length of service with current company | 71 |
| Table 4.2 | Fringe benefits of the respondents | 76 |
| Table 4.3 | Results of motivational statements | 77 |
| Table 4.4 | Results of statements related to job performance | 79 |
| Table 4.5 | Results of job performance related to needs | 79 |
| Table 4.6 | Results of job performance related to rewards | 80 |
| Table 4.7 | The results of monetary reward and good performance | 81 |
| Table 4.8 | The results of monetary reward statements | 81 |
| Table 4.9 | The results of non-monetary reward and good performance | 82 |
| Table 4.10 | The result of non-monetary reward statement | 83 |
| Table 5.1 | Classifying of need statements according to Maslow and Alderfer | 89 |
| Table 5.2 | Non-monetary reward model | 96 |
**LIST OF FIGURES**

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Motivating the sales force</td>
<td>12</td>
</tr>
<tr>
<td>2.2</td>
<td>The seven factors of performance</td>
<td>16</td>
</tr>
<tr>
<td>2.3</td>
<td>The performance management cycle</td>
<td>20</td>
</tr>
<tr>
<td>2.4</td>
<td>Approaches to understanding motivation</td>
<td>23</td>
</tr>
<tr>
<td>2.5</td>
<td>A systems model of motivation and performance</td>
<td>26</td>
</tr>
<tr>
<td>2.6</td>
<td>Maslow's hierarchy of needs</td>
<td>28</td>
</tr>
<tr>
<td>2.7</td>
<td>ERG model of motivation</td>
<td>30</td>
</tr>
<tr>
<td>2.8</td>
<td>Herzberg's two-factor theory</td>
<td>34</td>
</tr>
<tr>
<td>2.9</td>
<td>Hackman-Oldham job-enrichment model</td>
<td>37</td>
</tr>
<tr>
<td>2.10</td>
<td>The reward system</td>
<td>42</td>
</tr>
<tr>
<td>2.11</td>
<td>A general model of organizational reward systems</td>
<td>44</td>
</tr>
<tr>
<td>4.1</td>
<td>Age group of the respondents</td>
<td>72</td>
</tr>
<tr>
<td>4.2</td>
<td>Gender of the respondents</td>
<td>72</td>
</tr>
<tr>
<td>4.3</td>
<td>Home language of the respondents</td>
<td>73</td>
</tr>
<tr>
<td>4.4</td>
<td>Highest educational qualification of the respondents</td>
<td>74</td>
</tr>
<tr>
<td>4.5</td>
<td>Marital status of the respondents</td>
<td>74</td>
</tr>
<tr>
<td>4.6</td>
<td>Number of dependants of the respondents</td>
<td>75</td>
</tr>
<tr>
<td>4.7</td>
<td>Monthly income per respondents</td>
<td>76</td>
</tr>
</tbody>
</table>
1.1 INTRODUCTION TO THE STUDY

South Africa, especially the Eastern Cape, has become a large exporter of automotive components to various automotive manufacturers all over the world. One of the main reasons for being able to compete in the export market is low labour rates and the availability of local input materials such as steel in South Africa. The low labour rates are partially due to the high unemployment, especially in the Eastern Cape. A large portion of the available labour is low-skilled and therefore comes at a cheap price, which gives South African companies a competitive advantage in pricing. The competitive edge that South African suppliers of automotive components have, could easily be eradicated through worker inefficiencies.

According to Carrell, Elbert and Hatfield (1995:698) the first line managers that view the employee as a resource rather than simply a factor of production will take positive steps to maintain high levels of job satisfaction and productivity. Those who view the employee as a necessary evil will, more than likely, show little attention to employee needs and suffer “people problems” and performance shortfalls. Unsatisfactory performance then becomes a management problem.
In order to improve and maintain high standards of job performance, it is important to do a performance analysis to establish the root causes of poor performance and action plans to remedy them. Carrell et al. (1995:700) identify four causes for unsatisfactory performance, namely:

- lack of skills and ability;
- lack of motivation;
- rule breaking, and
- personal problems.

In this study focus will only be on one of these causes of unsatisfactory performance, namely, lack of motivation. There are various theories and approaches to employee motivation, but according to Carrell et al. (1995:700) there is one important aspect about motivation, and that is to determine what the employee wants and offer it as a reward for good performance. One of management’s most difficult tasks is to determine employee needs and to create an environment in which those needs are satisfied. According to Carrell et al. (1995:701), management can make use of various common techniques to motivate the unmotivated:

- create meaningful goals and objectives;
- invite employee participation;
- let employees know where they stand;
- reward good work;
- treat employees fairly;
- ensure that work is as interesting as possible;
• learn cultural differences, and
• enable employees to grow and develop.

One of the techniques to motivate employees and improve job performance is to reward good work. It has also been one of the most challenging techniques to identify the most suitable reward and to implement it in such a way that the business benefits.

It is therefore important to look at reward systems, view the alternatives available and understand them. According to Kreitner, Kinicki and Buelens (1999:250) the focus is on four important components:

• types of rewards;
• reward norms;
• distribution criteria, and
• desired outcomes.

In this study the focus will be on non-monetary reward systems to motivate employees to improve their job performance. The researcher is aware that lack of motivation can impact negatively on job performance and this has led to the main problem statement, namely:

**How can job performance be improved by using non-monetary reward systems to motivate low-skilled employees in the automotive component industry?**

### 1.2 IMPORTANCE OF THE STUDY
From the above it can be deduced that it is important to investigate and understand the benefits of improving job performance, what the pay-offs of non-monetary rewards are, and what the benefits are to low-skilled employees.

1.2.1 Benefits of improving job performance

The success of any company can be determined by how well they are able to utilise and mobilise their resources to give them the best results. Unlike other resources, human resources have emotions and needs. It is therefore imperative that management recognises these emotions and needs when developing their human resource management systems. Effective development of these systems can provide a competitive human resource advantage. As access to capital and information becomes a less important means of advantage so does the human resource become an increasingly important means of differentiating oneself from one’s competitors. This is the reason why a company’s human resources are considered to be its most important asset.

In order to stay competitive and ensure that the company has a long-term future, it is important to improve these performances on an ongoing basis. These performances will only improve with the buy-in of the employees into higher levels of performance motivated by related rewards. The company will benefit because its labour productivity will increase, labour cost per unit will decrease and it will become more price competitive. This is especially the case where the manufacturing process is very labour intensive. The researcher therefore realises the potential benefit in researching the effectiveness of non-
monetary reward systems in labour intensive companies. Improving job performance does not happen on its own, but gets driven by people’s motivation. According to Armstrong and Murlis (1994:40) rewards and more specifically non-monetary rewards normally drive a person. It is therefore important to look at the payoffs of non-monetary rewards.

1.2.2 The payoffs of non-monetary rewards

Armstrong and Murlis (1994:40) say that the objectives of reward systems include the attraction, motivation and retention of employees at all organisational levels. Over the past couple of years, collective bargaining instead of plant level bargaining has forced employers to adhere to pay structures that are negotiated at national level. This has taken away the flexibility of implementing certain incentives and monetary rewards to motivate people who perform admirably.

According to Armstrong and Murlis (1994:40) non-financial rewards focus on the needs most people have, although to different degrees, such as achievement, recognition, responsibility, influence and personal growth. Gross (1995:133) says that there are an almost infinite variety of non-cash rewards that companies can hand out to recognise the contribution of employees. He mentions examples of a simple thank you note to a paid trip to the Caribbean. Other examples include T-shirts, vouchers for the canteen, pins and caps. Parker, McAdams and Zielinski (2000:191) say that non-cash awards carry “trophy value” in that they have great staying power because each time you look at that television set or plaque you are reminded of what you or your team did to
earn it. Thorpe and Homan (2000:143) mention non-financial rewards such as recognition, career opportunities, status, responsibility and achievement. Non-monetary rewards do not only have payoffs in improvement in performance, but also benefit the workers. It is therefore important to look at the benefits to low-skilled employees.

1.2.3 Benefits to low-skilled employees

Non-monetary rewards generally motivate employees because they recognise the employees’ intrinsic needs. These are the needs that need to be satisfied on a long-term basis, because they come from within the employee. Hellriegel, Jackson and Slocum (1999:466) refer to various need theories that motivates employees. In Maslow’s hierarchy of needs theory the intrinsic needs refer to affiliation, esteem and self-actualisation, while in Alderfer’s ERG theory they refer to related and growth needs.

1.3 OBJECTIVES OF THE STUDY

The objectives of this study are to solve the main problem:

HOW CAN JOB PERFORMANCE BE IMPROVED BY USING NON-MONETARY REWARD SYSTEMS TO MOTIVATE LOW-SKILLED EMPLOYEES IN THE AUTOMOTIVE COMPONENT INDUSTRY?

To solve the main problem one has to solve the following sub-problems:
To establish what motivates low-skilled employees.

To determine the various types of non-monetary rewards and how they can address the employees needs.

To identify what criteria needs to be taken into consideration when implementing reward systems to improve job performance.

To recommend guidelines for implementing non-monetary rewards that will motivate low-skilled employees in the automotive components industry to improve work performance.

These objectives will be achieved by following the methodology outlined below.

1.4 METHODOLOGY USED IN THE STUDY

In conducting the research project, secondary sources were consulted and an empirical investigation was conducted to solve the main and the sub-problems.

1.4.1 Secondary sources consulted

- A computer scan was conducted using the Internet to identify sources related to the research topic.
- Related research already undertaken was studied.
- A literature study was conducted to identify the key elements of job performance, motivation and reward systems.
- From the literature study and the research, recommendations are made on how to improve job performance by motivating employees.
through non-monetary rewards.

1.4.2 Empirical study

The empirical study consists of the following:

- A structured questionnaire with questions on what is acceptable job performance, what are the needs of the workers and what motivates them, as well as what they see as motivating non-monetary rewards.
- The research population comprised low-skilled employees from various automotive component companies in the Port Elizabeth area. The empirical survey was conducted by a personal visit to explain the purpose of the study and to request them to complete a questionnaire. The main areas under evaluation in this study were the various alternatives of non-monetary reward systems available that would motivate people to improve job performance. It is the intention of this study to recommend guidelines for non-monetary rewards that will motivate people to improve their job performance. The data collected was processed, analysed, presented and interpreted in order to recommend such non-monetary reward guidelines.

1.5 STRUCTURE OF THE RESEARCH PAPER
The research paper is divided into five chapters.

- Chapter 1: General introduction and plan of the study.
- Chapter 2: Job performance, motivation, and reward systems.
- Chapter 3: Research design and methodology of the study.
- Chapter 4: Results and analysis of the empirical data.
- Chapter 5: Summary, conclusions and recommendations.

1.6 SUMMARY

This chapter has served as an introduction to the study by discussing the background to the problem, how the problem and sub-problems were formulated, the importance of the study, and its objectives. The research methodology was explained and a summary of the research paper structure followed. Chapter two addresses various aspects of job performance, motivation and reward systems.
2.1 INTRODUCTION

In Chapter 1 a brief outline of the research paper was given with a statement of what the main problem and sub-problems are that need to be solved. In this chapter the researcher will focus on various aspects of job performance, motivation and rewards to understand the background of the problems being researched and the various aspects that influence them.

One of modern organisations’ major obstacles arises in the question of how management change the way people work and think to improve performances to ensure that the business meets its objectives. This is only possible if one understands the term performance management and the aspects that influence performance. One of the aspects that influences performance is what motivates people.

The researcher is of the opinion that motivation is one of the major aspects that will affect a person’s performance. The researcher’s opinion is based on his experience he has in the workplace where motivation improves productivity, which in turn improves performance. How well a person is motivated and the reason behind it will determine what level of performance can be expected from the employee. A reward generally motivates people to perform better, hence the
investigation into reward management.

2.2 PERFORMANCE MANAGEMENT

According to Carrell et al. (1995:348) performance management is a term that was developed when the emphasis of performance appraisal was broadened to include all of the management tools. Performance appraisal is there to ensure achievement of performance goals. The tools to be used to improve performance should include reward systems, job design, leadership, training and performance appraisal.

These tools should be designed in such a way that it will improve performance and thus result in achieving organisational goals. Armstrong (1999:427) says that performance management should be based on managing by agreement or contract and not by command. He also states that performance management should be designed to achieve individual and organisational objectives. It is during the course of this research that the researcher wants to focus on the reward systems as a tool to motivate people to improve performance.

According to Armstrong (1999:567) reward management processes are concerned with the design, implementation and maintenance of reward systems geared to improve organisational, team and individual performance. Doyle (1999:307) refers to sales people when he says that people lose their drive and slip into depression, dissatisfaction and failure mode. The researcher believes that these principles can be applicable to all people in any working environment. The principles of motivation are illustrated in Figure 2.1. This shows the
potential of highly motivated people that can lead to greater effort, increase in performance, higher rewards and higher job satisfaction.

**Figure 2.1: Motivating the sales force**

![Diagram showing the relationship between motivation, satisfaction, effort, performance, and reward.]

Source: Doyle (1999:308)

Doyle’s model illustrates clearly the close relationship between motivation, performance, and reward.

There are certain ways that management can intervene to motivate people:

- inspirational leadership;
- positive effect;
• persuasion;
• performance goals, and
• supplementary motivators.

Management needs to reward this extra effort and increase in performance to sustain long-term effort and performance. This can be done with rewards, which are listed below in order of importance:

• financial rewards;
• promotion;
• personal growth, and
• sense of accomplishment.

Armstrong and Murlis (1994:205) define performance management as “a process or set of processes for establishing shared understanding about what is to be achieved, and of managing and developing people in a way which increases the probability that it will be achieved in the short and longer term.”

2.2.1 The scope of performance management

Performance management is about managing the organisation. It should be a natural process where everyone concerned with the business should be involved. It should be managed taking the organisation’s internal and external environment into consideration. Managers as well as employees are responsible for the results and therefore should agree beforehand what they need to do and how they need to do it.
2.2.2 The holistic approach to performance management

Holistic means covering all aspects of a specific subject. According to Armstrong (1999:433) performance management processes should be part of a holistic approach to managing performance that is the concern of everyone in the organisation. It takes a view of all aspects of performance and how they play a role in the desired outcomes at organisational, departmental, team and individual levels, and what needs to be done to improve these outcomes. Armstrong (1999:434) says performance management is therefore concerned with people’s work, with their behaviour and with their results. It also includes how performance is measured to increase corporate, team and individual effectiveness and the continuous development of knowledge, skill and competence. It is important when designing and operating a performance management system to take into consideration the interrelationships of each process. According to Armstrong (1999:430) performance management is concerned with the broader issues facing the business and it is integrated in four senses:

- **vertical integration** - linking or aligning business, team and individual objectives;
- **functional integration** - linking functional strategies in different parts of the business;
- **human resources integration** - linking different aspects of human resource management, especially organisational development, human resource development and reward, to achieve a coherent approach to the management and development of people, and
• *the integration of individual needs* - with those of the organisation, as far as this is possible.

From the above it can be seen that performance management includes all aspects of the organisation and it is measured against the organisations’ and individuals’ objectives or goals. For performance management to work for the company, management needs to adhere to the principles of performance management.

### 2.2.3 Principles of performance management

According to Bruce and Pepitone (1999:38) it is important to remember that people work harder and smarter not for the company but for themselves. It is management’s responsibility to find the link between the employee’s needs and what will make them do exceptional work. Bruce and Pepitone (1999:40) says management needs to help their employees feel more motivated on the job and build the connection between their own interests and the interests of the organisation by following these eight steps:

- help your employees stretch;
- set clear standards;
- define the scope of responsibility for employees;
- help your employees buy into higher performance standards;
- document what you and your employees agree on;
- decide on a course of action;
• observe and follow up, and
• be clear about rewards.

Hersey, Blanchard and Johnson (2001:345) make use of a model as seen in Figure 2.2, developed by Clay Carr, where he makes use of seven factors with an effect on performance.

**Figure 2.2: The seven factors of performance**

![Diagram of the seven factors of performance]

Source: Hersey *et al.* (2001:345)

The seven factors influencing performance as illustrated in Figure 2.2 are described in more detail below:
goals – a real goal is when a manager’s desire and requirement is accepted by the one who has to accomplish the goal and when the goal has been translated into tasks that individuals have to perform;

standards – they will tell you when the goal was accomplished;

feedback – reports both the quality and quantity of progress toward reaching the goal;

means – the resources and tools available to achieve the goal, because the lack of resources will influence whether the goal will be achieved;

competence – the person must have the competence to perform the tasks;

motive – what motivates employees and how management facilitates performance motivation, and

opportunity – time and legibility.

According to Armstrong (1999:431) the principles of performance management can be summarised as follows:

Corporate goals are divided into individual, team, department and divisional goals.

It clarifies corporate goals.

It is a continuous process where performance improves over time.

It is based on agreement rather than command or instruction.

It encourages self-management of individual performance.
• It requires two-way communication between superiors and subordinates.
• It requires continuous feedback.
• The feedback from subordinates enables superiors to modify corporate objectives according to the experiences and knowledge gained on the job.
• It measures performance against agreed goals.
• It is not primarily concerned with linking performance to financial reward.

The principles of performance management are not the only aspect that will ensure that performance management will succeed in an organisation. Closely linked to the principles of performance management are the main activities that form part of the performance management system.

### 2.2.4 The main activities of performance management

Armstrong (1999:439) describes performance management as a continuous self-renewing cycle and the main activities of the cycle as follows:

- **Role definition**, where the competencies required and the result areas and targets to be achieved are agreed between manager and employee.
- **The performance agreement or contract**, which defines what the individual has to achieve, and how performance will be measured and the competencies required to deliver the results.
• *The personal development plan*, which sets out the actions people are intended to take to develop them in order to extend their knowledge and skills, increase their levels of competence and to improve their performance in specified areas.

• *Managing performance throughout the year*, which means implementing the performance agreement, which includes a continuous process of providing feedback on performance, conducting performance reviews, updating objectives, dealing with performance problems and counselling.

• *Performance review*, which is the review of a performance over time, covering achievements, progress and problems, and revising the performance agreement.

According to Armstrong (1999:440) people will always perform admirably and exceed expected performances when they are motivated. Motivation is very closely linked to people’s needs and the satisfaction in their jobs. It is therefore important to understand what motivates people and makes them perform better than expected.
The main activities of the performance management cycle is summarised in Figure 2.3.

Figure 2.3: The performance management cycle

![Diagram of the performance management cycle]

Source: Armstrong (1999:440)

2.3 MOTIVATION

Hellriegel et al. (1999:462) define motivation simply as any influence that triggers, directs, or maintains goal-directed behaviour. The manager will only be
able to fulfil this responsibility of improving job performance by understanding what motivates employees. Kreitner et al. (1999:181) say the term motivation derives from the Latin word movere, meaning “to move.” They then go on and say in the present context, motivation represents “those psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal directed.” Managers need to understand these psychological processes to be able to guide employees toward accomplishing organisational objectives successfully. Now that a brief outline of motivation has been given, the writer will discuss motivational theories in detail.

2.3.1 Motivational theories

Motivational theories present managers with a psychological puzzle composed of alternative explanations and recommendations. Kreitner et al. (1999:184) say managers need to use a contingency framework to pick and choose the motivational techniques best suited to the employees and situation involved.

Because managers face a variety of motivational problems that can be solved with different theories of motivation, a matrix was developed that crosses the outcomes of interest with six major motivation theories. Entries in the matrix indicate which theories are best suited for explaining each outcome. For instance, each motivational theory can help managers determine how to increase employee effort. In contrast, need, equity and job characteristics theories are most helpful in developing programmes aimed at increasing employees’ job satisfaction. Managers faced with high turnover are advised to use the reinforcement, equity, expectancy or job characteristics theory to
correct the problem.

A contingency framework of motivational theories and workplace outcomes is illustrated in Table 2.1.

Table 2.1: Motivational theories and workplace outcomes: a contingency approach

<table>
<thead>
<tr>
<th>Outcome of interest</th>
<th>Need</th>
<th>Reinforcement</th>
<th>Equity</th>
<th>Expectancy</th>
<th>Goal Setting</th>
<th>Job Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice to pursue a course of action</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Effort</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Absenteeism</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Turnover</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Source: Kreitner et al. (1999:184)

There are various motivational theories. According to Hellriegel et al. (1999:462) the various motivational theories can fall into four general categories, which he illustrates in Figure 2.4:
Figure 2.4: Approaches to understanding motivation

Source: Hellriegel et al. (1999:463)

Figure 2.4 lists the theories in each of the four categories. Insights into these theories help in understanding how employees feel about their work and how effective performance management systems can be developed.
These theories include:

- individual differences in motivation;
- how the job and organisation contexts affect motivation;
- how managerial behaviour affect motivation, and
- consideration of the entire motivational process.

According to Armstrong and Murlis (1994:36) the motivational theory conveys two messages. Firstly, that there are no simplistic solutions to increasing motivation. No single lever such as performance related pay exists which is guaranteed to act as an effective motivator. This is because motivation is a complex process. It depends on:

- *individual's needs and aspirations* which are almost infinitely variable;
- both *intrinsic and extrinsic motivating factors*, and it is impossible to generalise on what the best mix of these is likely to be;
- *expectations* about rewards; such expectations will vary greatly amongst individuals according to their previous experiences and perceptions of reward processes;
- *equity and fairness* – the “felt-fair” principle applies to levels of pay in comparison with others in accordance with what people believe to be the relative size or importance of jobs and their perceptions of relative levels of performance or contribution;
- *attributions* – the subjective and often distorted explanations people make of their successes or failures;
• *self-efficacy* – the differences in the degree to which people believe in themselves, and

• *the social context* where the influences of the organisational culture, managers and co-workers can produce a wide variety of motivational forces which are difficult to predict and therefore to manage.

The second key message is the significance of expectations, goal setting, feedback and reinforcement as motivating factors. Kreitner *et al.* (1999:181) explain motivation and performance in terms of a systems model. The foundation of the model is based on systems theory and reinforcement theory. The model suggests that there are seven types of inputs that influence one’s ability to achieve one’s desired goals: materials and machinery, performance objectives and expectations, individual differences, training, task characteristics, psychological climate, and work flow and internal processes.

From the model you can also see that managers help transform inputs into desired outputs by using performance monitoring, feedback, support and coaching, and consequences. Consequences represent the rewards and recognitions used to reinforce effort, behaviour and performance. This model can be seen in Figure 2.5.
The model also contains the many outputs that are important to organisations. These outputs are:

- maintaining or increasing customer satisfaction;
- maintaining or increasing performance;
- maintaining or increasing job satisfaction, and

Source: Kreitner *et al.* (1999:181)
• maintaining or increasing job involvement.

The main aim of these outputs is to reduce the absenteeism and turnover of good employees. Motivation can also be influenced by unsatisfied needs.

2.3.1.1 Need theories

Hellriegel et al. (1999:464) define a need as a strong feeling of deficiency in some aspect of a person’s life that creates an uncomfortable tension. That tension becomes a motivating force, causing a person to take actions to satisfy the need, reduce the tension, and diminish the intensity of the motivating force. According to Kreitner et al. (1999:185) needs are physiological or psychological deficiencies that arouse behaviour. They can be strong or weak and are influenced by environmental factors. Thus, human needs vary over time and place. It is with this as background that the researcher wants to investigate various need theories to explain how individual differences affect employee motivation in the workplace.

a) Maslow’s need hierarchy theory

Carrell et al. (1995:206) say that according to Maslow, when a need occurs, motivational tensions develop and are directed towards satisfaction of the felt need. Hellriegel et al. (1999:466) say that Maslow believed that people have five types of needs, which he arranged in a hierarchy of needs: physiological, security, affiliation, esteem and self-actualisation. These needs are illustrated in Figure 2.6.
He suggested that, as a person satisfies each level of needs, motivation shifts to satisfying the next higher level of needs. Hellriegel et al. explain the five needs as follows:

- **Physiological needs** are those for food, clothing and shelter. As the most basic human needs, they occupy the first level in Maslow’s hierarchy. People try to satisfy physiological needs first before others, thus people work for wages that will allow them to meet those needs first.
- **Security needs** include the desire for safety and stability, and the absence of pain, threat and illness. Many workers express their security needs as a desire for a stable job with adequate medical, unemployment and retirement benefits. Organisations that provide
stability and such benefits are likely to have relatively low turnover and little dissatisfaction among employees who are striving to meet these needs.

- **Affiliation needs** are the desire for friendship, love and belonging. Employees with high affiliation needs may not be content to work on tasks by themselves. When an organisation does not meet affiliation needs, an employee’s dissatisfaction may be expressed in terms of frequent absenteeism, low productivity, stress-related behaviours and even emotional breakdown.

- **Esteem needs** are the desire for self-respect, a sense of personal achievement and recognition from others. To satisfy these needs, people seek opportunities for achievement, promotion, prestige and status – all of which symbolise their competence and worth. Managers who perceive that employees are motivated by esteem needs should emphasise the hard work and finely honed skills that are required for success. When the need for esteem is dominant, managers can promote job satisfaction and high-quality performance by providing opportunities for exciting, challenging work and recognition of accomplishments.

- **Self-actualisation needs** are the desire for personal growth, self-fulfilment and the realisation of the individual’s full potential. Traits commonly exhibited include initiative, spontaneity and problem-solving ability. Managers who recognise this motivation in employees can help them discover the growth opportunities available in their jobs, or they can create special growth opportunities.
A key hypothesis of the theory is the satisfaction-progression hypothesis, which proposes that a satisfied need is no longer a motivator and that, once a need has been satisfied, another emerges to take its place. In general, lower level needs must be satisfied before higher needs become strong enough to motivate behaviour. Thus people are always striving to satisfy some higher need.

b) Alderfer’s ERG theory

According to Carrel et al. (1995:207), Alderfer proposes that when one need is frustrated, we simply concentrate on the others. Hellriegel et al. (1999:467) say that Maslow and Alderfer looked at motivation from a needs perspective. Instead of five categories of needs, however, his ERG theory specifies three need categories that he illustrates in Figure 2.7.

Figure 2.7: ERG Model of Motivation
The three need categories are explained as follows:

- **Existence needs** are the desires for material and physical well-being that are satisfied through food, water, air, shelter, working conditions, pay, fringe benefits, and the like. They are very similar to Maslow’s physiological and security needs, combined.

- **Relatedness needs** are the desires to establish and maintain interpersonal relationships with other people, including family, friends, supervisors, subordinates and co-workers. Relatedness is similar to Maslow’s affiliation needs.

- **Growth needs** are the desires to be creative, to make useful and productive contributions, and to have opportunities for personal development. They are similar to Maslow’s esteem and self-actualisation needs.

Although the ERG model recognises the satisfaction-progress hypothesis, it also contains a frustration-regression hypothesis. The frustration-regression hypothesis holds that, when individuals are frustrated in meeting higher level needs, the next lower level need re-emerges and again directs behaviour.

c) **McClelland’s learned needs**

Hellriegel *et al.* (1999:470) say David McClelland’s learned needs theory specifies that people acquire needs through interaction with the surrounding
environment. It means the social contexts in which people live and work influence the learning of motivating needs and their strength. In contrast to the theories of Maslow and Alderfer, McClelland didn't view needs as a hierarchy through which people move. McClelland believed that the following three key motives were particularly useful for understanding the differences among individuals:

- **The achievement motive** is the desire to succeed relative to some standard of excellence or in competitive situations. People with a high need for achievement often like to assume personal responsibility for setting their goals, prefer to pursue moderately difficult goals, and desire immediate and concrete feedback.

- **The affiliation motive** is a person’s desire to develop and maintain close, mutually satisfying interpersonal relationships with others. Individuals with a strong affiliation motive tend to seek approval and reassurance from others and conform to group norms. The affiliation motive affects people’s willingness to work together in teams.

- **The power motive** is an individual’s desire to influence and control others and the social environment. The power motive is expressed in two ways: as personal power and as socialised power. With socialised power, individuals use their power to solve organisational problems and help the organisation to reach its goals. With personal power, people try to influence and control others merely to assert their dominance.
2.3.1.2 Job and organisational theories

In contrast to the need theories that emphasize individual differences as explanations for motivation, the following theories to be discussed emphasize the importance of the environment and disregard the importance of differences in how individuals respond to the same situation.

a) Herzberg’s two-factor theory

According to Hellriegel et al. (1999:471) Herzberg’s two-factor theory identifies aspects of the job and organisational contexts that contribute to satisfaction and motivation. Herzberg’s study results lead to the conclusion that two separate and distinct aspects of the environment are responsible for creating feelings of job satisfaction and job dissatisfaction. He used the terms motivator factors and hygiene factors to refer to these two aspects of the environment, giving the theory its name: the two-factor theory.

Hellriegel et al. (1999:471) say that Herzberg’s motivator factors are aspects of the job and organisation contexts that create positive feelings among employees. Motivator factors are job characteristics (challenge of the work itself, responsibility, recognition, achievement, advancement and growth) that, when present, should create high levels of motivation. However, their presence alone does not guarantee that employees will be productive. Motivators lead to superior performance only if no dissatisfiers are present. Kreitner et al.
(1999:191) confirm that job satisfaction is more frequently associated with achievement, recognition, characteristics of the work, responsibility and advancement. They also call these factors motivators and they are associated with the content of the task being performed.

The second cluster of factors is called the hygiene factors. According to Kreitner et al. (1999:191) Herzberg found job dissatisfaction to be associated primarily with factors in the work context or environment. Specifically, company policy and administration, technical supervision, salary, interpersonal relations with one’s supervisor, and working conditions were most frequently mentioned by employees expressing job dissatisfaction. These factors were not motivational. In Figure 2.8 the basic concepts of the two-factor theory are explained.

**Figure 2.8: Herzberg’s two-factor theory**

![Diagram showing two-factor theory](source: Hellriegel et al. (1999:472))
According to Hellriegel et al. (1999:471) Herzberg’s hygiene factors are the non-task characteristics of the work environment that create dissatisfaction. They include aspects of the environment that are closely associated with the job (compensation and level of responsibility) and certain aspects of the broader organisation (working conditions, company policies, supervision, co-workers, salary, formal status and job security). These aspects need to be present, at least to some extent, to avoid dissatisfaction. Lack of dissatisfaction is essential for motivator factors to be effective. The hygiene factors tend to be aspects of the working environment that would satisfy the lower level needs identified by Maslow and Alderfer. Motivator factors tend to be conditions that will satisfy the higher level needs.

The difference between the need theorists and Herzberg is that Herzberg doesn’t put much emphasis on the individual difference, but he believes that hygiene factors play a significant role in how people perform. Although Herzberg does not only emphasize individual differences, he believes that both factors play an important role in the output of employees.

b) Hackman-Oldham job-enrichment model

According to Hellriegel et al. (1999: 451) job enrichment is to change job specifications to broaden and add challenge to the tasks required in order to increase productivity. Job enrichment is based on the assumption that interesting and challenging work can be a source of employee satisfaction and
involvement. When job specifications are changed it also changes the basic relationships between employees and their work. It also changes employee behaviours in ways that gradually lead to more positive attitudes about the organisation and a better self-image. Job enrichment is focused on humanising an organisation. Kreitner et al. (1999:193) say that job enrichment entails modifying a job so that an employee has the opportunity to experience achievement, recognition, stimulating work, responsibility and advancement.

According to Kreitner et al. (1999:193) the two researchers Hackman and Oldham played a central role in developing the job characteristics approach. They tried to determine how work could be structured so that employees are internally motivated. According to Kreitner et al. (1999:193) internal motivation occurs when an individual is “turned on to one’s work because of the positive internal feelings that are generated by doing well, rather than being dependent on external factors (such as incentive pay or compliments from the boss) for the motivation to work effectively.” According to Kreitner et al. (1999:193) the Hackman-Oldham theory states that three critical psychological states are needed to create high levels of motivation in the workplace. These three psychological states are affected by five key job characteristics.

The three psychological states are explained as follows:

- **Meaningfulness** refers to whether employees perceive their work as valuable and worthwhile.

- **Responsibility** refers to believing that the employee personally is accountable for the outcomes of his efforts.
• *Knowledge of results* refers to being able to determine, on some fairly regular basis, whether or not the outcomes of the employee’s work are satisfactory.

These psychological states generate internal work motivation and encourage job satisfaction and perseverance because they are self-reinforcing. If one of these three psychological states is not completely present, motivation diminishes. This information can be seen in Figure 2.9.

**Figure 2.9: Hackman-Oldham job-enrichment model**
Source: Hellriegel et al. (1999:473)

The five core job characteristics are common characteristics found to a varying degree in all jobs. According to Kreitner et al. (1999:195) these dimensions are as follows:

- **Skill variety** – the extent to which the job requires an individual to perform a variety of tasks that require him or her to use different skills and abilities.
- **Task identity** – the extent to which the job requires an individual to perform a whole or completely identifiable piece of work.
- **Task significance** – the extent to which the job affects the lives of other people within or outside the organisation.
- **Autonomy** – the extent to which the job enables an individual to experience freedom, independence and discretion in both scheduling and determining the procedures used in completing the job.
- **Feedback** – the extent to which an individual receives direct and clear information about how effectively he or she is performing the job.

These three psychological states affected by the five job characteristics will determine the degree of personal and work outcomes.

In viewing the literature on motivation, one can say that it has all indicated various aspects and needs that people have that, if fulfilled, will motivate the
people. Some of these needs are basic and can only be satisfied by monetary rewards like basic pay and fringe benefits (such as medical aid and provident fund). But it is the intrinsic aspect that could be satisfied by non-monetary rewards.

2.4 REWARD MANAGEMENT

Rewards are an ever-present and always controversial feature of organisational life. Hartle (1995:82) says that reward is an important part of the feedback loop in performance management. Money is not necessarily the only reward. He says that a reward will only have a positive effect if the individual values the reward and the reward is appropriate to the effort that was put in and to the achievement. Hartle (1995:82) mentions a wide range of types of reward:

- praise;
- promotion;
- individual bonuses;
- merit pay;
- team bonuses;
- prizes, and
- special awards.

According to Armstrong (1999:567) reward management processes are concerned with the design, implementation and maintenance of reward systems geared to the improvement of organisational, team and individual performance. Hellriegel et al. (1999:489) say that to be motivators, rewards must be aligned
with the things that people value. The rewards can be determined by simply asking the employees what things they want. Employees will vary in their responses, because some employees value monetary rewards, whereas others value scheduling flexibility, especially training and development opportunities. Some people see their jobs as the source of a pay cheque and little else. Others derive great pleasure from their jobs and association with co-workers. The subject of organisational rewards includes, but goes far beyond, monetary compensation.

Reward management is also concerned with those non-financial rewards that provide intrinsic and extrinsic motivation. Intrinsic motivation is achieved by satisfying individual’s needs for achievement, responsibility, variety, challenge, influence in decision-making and membership of a supportive team. Extrinsic non-financial motivation provided directly by the organisation is achieved by recognition, skills development and learning and career opportunities. According to Hartle (1995:198) individual differences in what employees desire and find motivating, forces managers to recognise these individual differences and managers should think about rewards more broadly than just pay-linked options.

According to Satisfaction Compensation Programs for Growing Companies (1997) recognition and celebration of achievement can build on job satisfaction felt by team members. It is mentioned that there are various ways to recognise successful performance.
The following ways to recognise successful performance are:

- always stop to commend accomplishments;
- deliver praise and rewards publicly;
- deliver recognition in a personal and honest manner;
- ask the employees for their reward preference;
- reward timeously, and
- strive for a clear, well communicated reward system.

To understand reward management and all the aspects thereof, it is important to give a brief description and explanation of the total reward process. It is only when one understands the total reward process that one can understand the various reward systems and models and how one can use them collectively to customise a model that will suit a specific company’s needs and how they can assist to achieve company goals and objectives.

2.4.1 The total reward process

According to Armstrong (1999:574) reward processes are based on reward philosophies and strategies and contain arrangements in the shape of policies, guiding principles, practices, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefit and other forms of reward.
Reward management is a process that is integrated with all aspects of human resource management and which provides a number of important levers for improving performance and commitment. Armstrong (1999:574) illustrates the reward system with its various reward management strategies and policies as can be seen in Figure 2.10.

**Figure 2.10: The reward system**
This figure shows that reward management strategies and policies are driven by corporate and human resource management strategies. These strategies and policies provide guidance on the process required in four main areas:

- *non-financial rewards* satisfy individual needs for challenge, responsibility, influence in decision making, variety, recognition and career opportunities;
- *employee benefits* satisfy employees’ needs for personal security and provide remuneration in forms other than pay, which meet other needs and may be tax efficient;
- *pay structures* which, by combining the results of market surveys (which also contribute to decisions on benefit levels) and job evaluation, define equitable and competitive levels of pay, pay relatives (differentials) and pay progression limits;
- *the measurement and management* of performance, which measures performance in relation to outputs and inputs and leads to the design and operation of pay-for-performance schemes and continuous development and training programmes, and
- *basic and performance pay and employee benefits* combine to form total remuneration.

Total reward management can play a major role in all aspects of the operation of an organisation if one implements and applies it properly and for the right
reasons. The next section focuses on the types of rewards that can be considered when designing a reward scheme.

### 2.4.2 Types of rewards

The various types of organisational rewards are in abundance. Kreitner et al. (1999:250) say these rewards can vary from subsidised lunches to stock options, from boxes of chocolates to golf club membership. The most basic form of rewards is pay and benefits, but there are less obvious social and psychic rewards. Social rewards can include a simple praise and recognition from others both inside and outside the organisation. Psychic rewards are more from the inside, and include personal feelings of self-esteem, self-satisfaction, and accomplishment. Despite the fact that reward systems vary widely, it is possible to identify and interrelate some common components. Kreitner et al. (1999:249) refer to a general model of organisational reward systems that can be seen in Figure 2.11.

**Figure 2.11: A general model of organisational reward systems**
Source: Kreitner et al. (1999:250)

This model focuses on four important components:

- **types of rewards** – extrinsic rewards include financial, material and social rewards because they come from the environment and psychic rewards, also called intrinsic rewards because they are self-granted;

- **four reward norms** – profit maximisation (objective of each party is to maximise its net gain, regardless of how the other party fares); equity (rewards should be allocated proportionate to contributions); equality (reward all parties equally, regardless of their comparative contributions); and need (distribute rewards according to employees’ needs, rather than according to their contributions);

- **distribution criteria** – performance/results (quantity and quality of performance); performance/actions and behaviour (teamwork, co-operation, creativity); non-performance considerations (type of job, nature of the work, equity, level in hierarchy), and

- **desired outcomes** – attract talented people, motivate and satisfy them, and reward them in a way that enhances personal growth and development.

An employee who works to obtain extrinsic rewards, such as money or praise, is said to be extrinsically motivated. One who works to derive pleasure from the
task itself or experience a sense of competence or self-determination is said to be intrinsically motivated.

### 2.4.2.1 Intrinsic rewards

Hellriegel et al. (1999:488) describe intrinsic rewards as personally satisfying outcomes, and they include feelings of achievement and personal growth. According to Kreitner et al. (1999:250) psychic rewards are intrinsic rewards because they are self-granted.

### 2.4.2.2 Extrinsic rewards

Hellriegel et al. (1999:488) say an extrinsic reward is outcomes supplied by the organisation, and includes salary, status, job security and fringe benefits. One can compare these rewards to the job context items that Herzberg called hygiene factors. According to Kreitner et al. (1999:250) an alternative typology for organisational rewards is the distinction between extrinsic and intrinsic rewards. Financial, material and social rewards qualify as extrinsic rewards because they come from the environment.

### 2.4.2.3 Monetary rewards

According to Newstrom and Davis (1997:167) money has always been important to employees for the following reasons:
because of the goods and services that it will purchase;
because it can be regarded as a status symbol, and
because it represents to employees what their employer thinks of them.

Newstrom et al. (1997:168) say a useful way to think about money is to apply it to some of the motivational models. The following applications were mentioned:

- money is a measure of an employee’s accomplishments;
- in the Herzberg model, pay is viewed primarily as a hygiene factor, although it may have short-term motivational value;
- pay satisfies the lower order needs (Maslow’s physiological and security needs or Alderfer’s existence needs), and
- employees want additional rewards for successful performance which they attribute to their ability and skill.

According to Armstrong and Murlis (1994:37) financial rewards need to be considered from three points of view:

- the effectiveness of money as a motivator;
- the reasons why people are satisfied or dissatisfied with their rewards, and
- the criteria which should be used when developing a financial reward system.

The researcher believes that money is important to people because it satisfies a number of their most pressing needs. Money is significant for people not only
for what it can buy but also as a highly tangible method of recognising their
worth. Armstrong and Murlis (1994:39) say that although pay can motivate, to
achieve lasting motivation, attention has also to be paid to the non-financial
motivators.

The individuals’ values, needs and employment conditions will influence the
reactions towards reward policies and practices. According to Armstrong and
Murlis (1994:40) other factors that may affect satisfaction or dissatisfaction with
pay include the degree to which:

- individuals feel that their rate of pay or increase is fair;
- rewards are commensurate with the perceptions of individuals
  about their ability, contribution and value to the organisation, and
- individuals are satisfied with other aspects of their employment –
  their status, promotion prospects, opportunity to use and develop
  skills and relationships with their managers.

As mentioned above, to be continually motivated, attention should also be paid
to the non-financial motivators.

2.4.2.4 Non-monetary rewards

Non-monetary rewards are more varied and unique than monetary rewards and
offer major advantages. They help meet employees’ needs for recognition,
growth and responsibility and most can be relatively inexpensive. In the
organisation, non-monetary rewards range from small merchandise rewards to
certificates of appreciation. The technical requirements are equally varied,
ranging from rewards with no documentation (certificates of appreciation) to rewards requiring management’s signature (external rewards) before being submitted to the employees. (Office of Human Resources Management, 2002).

According to Spangenberg (1994:229) a survey was conducted by the American Productivity Centre where 99.9 per cent of respondents said that “recognition for a job well done is important or very important” as a motivational factor. In this survey it was ranked above competitive salary and pay for performance. Armstrong and Murlis (1994:40) say that non-financial rewards can be focused on the needs most people have and they include the following five needs:

a) Achievement

Armstrong and Murlis (1994:40) define the need for achievement as the need for competitive success measured against a personal standard of excellence. The motivation to achieve can be increased through processes such as job design, performance management, and skill or competency-based pay schemes.

b) Recognition

One of the most powerful motivators is recognition and it is necessary, because people need to know not only how well they have achieved their objectives, but also that their achievements are appreciated. Praise is probably the most common way of giving recognition, but there are other forms of recognition such
as long service awards, status symbols of one kind or another, sabbaticals and work-related trips abroad, all of which can be part of the total reward process. The importance of recognition is defined by Armstrong and Murlis (1994:41) as a key part of the value set of the organisation and this would be reinforced by education, training and performance appraisals.

c) Responsibility

According to Armstrong and Murlis (1994:41) responsibility is one of the most affective ways of motivating people. People need to be made responsible for their own work and to be rewarded accordingly. Individuals are motivated when they are provided with the means to achieve their goals. Increased responsibility, which motivates people, will be determined by the way the job is designed and the use of performance management processes.

d) Influence

According to Armstrong and Murlis (1994:41) people can get motivated by the drive to exercise power. McClelland’s research established that although the need for power is as important to some people as is the need for achievement, the need for affiliation was always present. The organisation can provide motivation by empowering people by putting them into situations where their views can be expressed, listened to and acted upon.

e) Personal growth
According to Hellriegel et al. (1999:466), self-fulfilment or self-actualisation is the highest need and therefore the ultimate motivator. Maslow defines self-fulfilment as the need to develop potentialities and skills. Although people will search for these opportunities, the organisation should clarify the scope for growth and development within the company to give the individual the opportunity to achieve his potential within that specific company.

Many companies and organisations feel that employee compensation is the dominating factor in employee satisfaction. Fortunately, there is a more cost effective way to improve productivity that will significantly improve the “bottom line.” William M. Mercer, Inc. found in surveying 206 medium-sized to large companies in 1998 that in organisations with higher employee turnover, compensation was the most common reason given for dissatisfaction. However in companies with very low turnover, 40% of the respondents perceived emotional factors (work satisfaction, good relationships with managers and other employees) as completely motivating their retention as compared to 21% attributing financial factors (satisfaction with compensation and benefits) as completely motivating their retention. It is important to note that compensation and benefits satisfy the two lowest needs of Maslow’s hierarchy of needs, while the emotional factors satisfy the three upper needs of the hierarchy. It is therefore important that management creates an environment in the workplace that will make employees feel better about themselves, will raise their self-esteem, and will make the company a place where they would like to spend most of their time. (Increasing employee satisfaction, 1999).

Taking the abovementioned views into consideration, the researcher believes
that there are opportunities in non-monetary rewards that need to be explored that could motivate people to improve performance and could lead to companies achieving their objectives. When management makes decisions on what types of rewards to implement, they should take into consideration what the aims of the rewards are.

2.4.3 Reward aims

According to Kreitner et al. (1999:252) a good reward system should attract people to the organisation, and after they have joined it should motivate them and satisfy their needs. Armstrong (1999:576) says that reward management is to support the attainment of the organisation’s strategic and shorter-term objectives by helping to ensure that it has the skilled, competent, committed and well-motivated workforce it needs.

Armstrong (1999:577) says that the aims of a reward system should be looked at from an organisation’s and an employee’s point a view. Armstrong (1999:577) further identifies the following organisation’s aims of reward management:

- play a significant part in the communication of the organisation’s values, performance, standards and expectations;
- encourage behaviour that will contribute to the achievement of the organisation’s objectives and reflect the “balanced score card” of key performance drivers;
- underpin organisational change programmes concerned with
culture, process and structure;

• support the realisation of the key values of the organisation in such areas as quality, customer care, teamwork, innovation, flexibility and speed of response, and

• provide value for money – no reward initiative should be undertaken unless it has been established that it will add value, and no reward practice should be retained if it does not result in added value.

Armstrong (1999:577) also identifies the following employees’ aims of reward management:

• the organisation should treat the employees as stakeholders who have the right to be involved in the development of the reward policies that affect them;

• the organisation should meet their expectations that they will be treated equitably, fairly and consistently in relation to the work they do and their contribution, and

• the organisation should be transparent – they should know what the reward policies of the organisation are and how the policies will affect the employees.

Various aspects of rewards have been discussed, but it is important to identify reward criteria that should be taken into consideration when reward systems are designed.
2.4.4 Reward criteria

Although Armstrong (1999:640) refers to criteria for contingent pay when he mentions five golden rules for successful contingent pay schemes. The researcher believes that they could be made applicable to rewards in general.

These five rules are as follows:

• targets and standard of performance should be clearly identified for employees;
• employees should be in a position to influence the performance by changing their behaviour and decisions;
• the level of rewards should meet the level of effort required – and the communication of the rewards should be positively handled;
• the reward scheme should be easy to understand, and
• the reward should follow the required performance as quickly as possible.

Armstrong and Murlis (1994:40) say the criteria for assessing the effectiveness of financial reward practices as means of motivation are listed as follows:

• they are internally equitable and externally competitive;
• direct motivation only takes place if the rewards are worthwhile, if they are specifically related to fair, objective and appropriate performance measures, if employees understand what they have to achieve, and if their expectations on the likelihood of receiving
the reward are high, and

- employees understand the reward system, how they benefit from it, and how the organisation will help to develop the skills and competencies they need to receive the maximum benefit.

Although Armstrong and Murlis (1994:40) refer to financial rewards, the researcher believes that these criteria mentioned could be applicable to any reward system used by management.

Hartle (1995:195) uses the term reinforcement when he mentions the initial process of recognising and praising behaviour. He says that it is a powerful motivational technique for shaping, rewarding and encouraging the recurrence of certain behaviours. He says reinforcement should:

- identify both what the employee did effectively and why it is effective;
- provide big rewards for Herculean efforts;
- be sincere;
- be timely;
- be specific, and
- identify both the results and the competencies demonstrated in achieving those end results.

2.5 SUMMARY

In Chapter 2 the various aspects of job performance, motivation and rewards have been discussed. In the job performance section the scope, senses,
principles, and activities of job performance have been discussed. One of the major influences on how employees will perform is motivation. In the motivation section the various motivational theories have been discussed and how the various aspects of human resources influence how employees are motivated and how they influence performance. Management can assist to motivate people through various types of reward systems. It is in the last section of the chapter that the total reward process, types of rewards and the aim of reward management have been discussed. In the following chapter the methodology of the research will be explained.
3.1 INTRODUCTION

In Chapter 2 the various aspects of job performance, motivation and rewards, and their relatedness to one another were discussed. This chapter describes the research methodology employed to solve the main problem and sub-problems.

3.2 THE RESEARCH PROBLEM

Allison, O’Sullivan, Owen, Rice, Rothwell and Saunders (1996:4) define research as a systematic enquiry that is reported in a form that allows the research methods and outcomes to be accessible to others. They note that research is concerned with seeking solutions to problems or answers to questions. With this in mind, the research design for this study was broken down into a main problem, with four sub-problems. The main problem is:

What non-monetary reward guidelines or models can be identified to implement in the selected industry to motivate employees and improve job performance?
From the main problem, four sub-problems were identified to assist in the solution of the main problem, namely:

- to establish the needs of low-skilled employees and what motivates them from a literature perspective;
- to determine the various types of non-monetary rewards and how they can address the employees’ needs from a literature perspective;
- to identify how the job performance of low-skilled employees can be improved, and
- to recommend guidelines for non-monetary rewards that will motivate low-skilled employees in the automotive components industry to improve work performance.

The procedure used to solve the main problem and the first three sub-problems, was as follows:

- A literature study was undertaken to identify the various aspects that influence job performance, employee motivation, and various rewards systems as discussed in Chapter 2.
- To resolve sub-problem three, two questions arise. Firstly, how do the employees in the selected industry experience motivation and rewards? Secondly, what impact non-monetary rewards have on motivation and improvement of job performance? A questionnaire was developed and distributed to employees in the selected industry. Chapter 4 reveals the findings of this empirical survey.
• The last sub-problem on the non-monetary reward guidelines or models to implement in the selected industry to motivate people and improve job performance will be dealt with in Chapter 5.

3.3 THE DIMENSIONS OF THE RESEARCH

According to Leedy (1997:190) choosing a research design involves decisions regarding the purpose of the research; the intended use of the research; units of analysis; the time dimensions; and the data collection techniques used. During the remainder of this section these aspects of research design will be discussed in more detail.

3.3.1 The purpose of the research

The purpose of the research was to test the responses of hourly paid employees, in selected companies, on the questions that were asked in the questionnaire, against the information gathered in the literature.

The researcher has chosen the descriptive survey method, as the desired tool to conduct the research. The descriptive method implies the assumption that what is observed at any one time is normal and, should the same conditions be present in the future, it could be observed again (Leedy, 1997:190).

Leedy (1997:191) furthermore outlines the following characteristics of the descriptive survey method:
• the method deals with a situation which demands the technique of observation as the principal means of collecting data;
• in order to ensure discreteness, the population for the study should be chosen carefully, be clearly defined and specifically delimited;
• attention should be given to safeguarding the data collected from the influence of bias, and
• the data gathered needs to be organised and presented systematically, in order to produce valid and accurate conclusions.

3.3.2 The use of the research

The researcher has made use of applied research to understand what would motivate employees and what they value that could be transferred into rewards. This information can be used to formulate reward guidelines and models to motivate low skilled employees to result in increased performance in the selected industry.

3.3.3 Units of analysis

Low-skilled, hourly paid employees at automotive component companies were targeted to be the unit of analysis for this research.

3.3.4 Time dimension

A cross sectional research study was performed with data only gathered once over a period of a few days in order to complete the questionnaire.
3.3.5 Data collection techniques

According to Melville and Goddard (1996:41), the most common techniques used to collect data from people are tests, interviews and questionnaires, also known as a quantitative research technique. In an attempt to obtain the most reliable data, the researcher chose to compile a questionnaire.

A questionnaire could have certain disadvantages that could have a negative impact on one’s survey. According to Jankowicz (2000:288) people will cooperate with one and provide data if one shows that it is worth their while, in the sense that:

- cooperation is in some sense rewarding to them;
- the rewards outweigh the costs to them, in terms of money, time and effort, and
- they are convinced that they can trust one to keep one’s side of the transaction.

The researcher identified some aspects that could have a negative impact on the survey and designed the questionnaire and the survey process to counteract these negative aspects.

- trust – the Human Resource officers had a consultation process with their shop steward’s forum and employees to explain the purpose of the survey and the benefits to the employees before the process was continued;
• *fatigue* – the questions were short and simple to ensure that employees didn’t lose interest while completing the questionnaire and to minimise effort;

• *purpose* – the purpose of the survey was explained in a covering letter to ensure that there was no misunderstanding of the reason for the survey;

• *benefit* – the benefit to the company was explained to the Human Resource officers and they explained it to their employees, and

• *costs* – the costs to the selected companies and their employees were only the time they spent to complete the questionnaires, which was approximately 10 minutes. The questionnaires were delivered to and collected from the Human Resource officers.

Now that the dimensions of the research have been discussed, the next section will focus on the construction of the questionnaire.

### 3.4 QUESTIONNAIRE CONSTRUCTION

In constructing the questionnaire a list of basic job performance, motivational and non-monetary reward concepts and criteria identified in Chapter 2 were used as a basis for consideration.
3.4.1 Wording of questions

In constructing the questions, the researcher has made use of guidelines according to Melville and Goddard (1996:43) who provide the following guidelines for constructing a questionnaire:

- a questionnaire is complete if it gets all the data one needs;
- a questionnaire should be short, and not abuse the time and concentration of the respondent;
- only relevant questions are asked;
- clear instructions are given;
- the questions are precise, unambiguous and understandable;
- the questions should be objective, and not suggest answers;
- the questionnaire should start with general questions, and
- a good questionnaire uses mostly closed questions, often with a 4-point scale.

Although Melville and Goddard (1996:43) recommend a 4-point scale, the researcher has used a 6-point scale from 0 to 5, where the various points would illustrate the respondent’s feelings about the statements. The points refer to the following feelings:

- 5 = strongly agree;
- 4 = agree;
- 3 = neutral;
- 2 = disagree;
• \(1 = \text{strongly disagree, and}\)

• \(0 = \text{uncertain.}\)

This scale provides for a middle value 3, which will represent a neutral feeling, where the respondent does not necessarily agree or disagree with the statement. It also provides a minimum value of 0, whereby the respondent can indicate a feeling of uncertainty about the statement.

### 3.4.2 Purpose of the questionnaire

The questionnaire was developed taking the main problem and the sub-problems into consideration. The questions were selected to address the requirements that a non-monetary reward system/model should meet in order to successfully motivate employees and improve job performance in the selected industry.

### 3.4.3 Physical characteristics of the questionnaire

The questionnaire (see Annexure A) was divided into two parts:

• The biographical questions were designed to elicit information on the differences in needs.

• The second part of the questionnaire was aimed at determining the respondents’ opinion on the influence of non-monetary rewards on motivation and job performance and what needs should be taken into consideration when developing a reward structure.
3.4.4 Types of questions asked

According to Struwig and Stead (2001:92) there are various answers to questions and therefore there should be various types of questions to ask. These questions include:

- open-ended;
- multiple-choice;
- dichotomous;
- scaled-response, and
- ranking questions.

Jankowicz (2000:275) also indicates multiple-choice, ranking and open-ended questions but adds free choice questions. All three authors furthermore include scaled responses, alternatively called rated format questions. The researcher decided to use scaled-response questions, referred to by Jankowicz as rated format questions, because they are often used to gather data on attitudes and perceptions. Usually questions are in the form of statements, which respondents are asked to answer. It is possible to use either, or both, open and/or closed questions. For the purpose of this research, closed questions were used, which served a multiple purpose namely:

- to simplify the communication of the information due to the respondents’ expected level of education;
- to make the answering of the questions less time consuming, and
- to make the analysis process less complex due to time constraints.
A covering letter was drawn up explaining the following:

- the purpose of the survey;
- the estimated timing of completing the questionnaire, and
- what would be the focus of the questions.

Section A was made up of biographical questions to elicit information on the range of employees that were included in the survey. Sections B to D were made up of closed questions requiring respondents to record the degree to which they concurred with certain statements regarding motivation, job performance, job satisfaction and non-monetary rewards. In Section E the respondents were asked to supply any additional information they wished to provide with regard to motivation and non-monetary rewards in the automotive component industry. In the next section the sampling process will be explained, as it is a very important part of the survey.

3.5 SAMPLING

According to Jankowicz (2000:192) sampling can be defined as the deliberate choice of a number of people, the sample, which is to provide one with data from which one will draw conclusions about some larger group, the population, which these people represent. Researchers make use of probability sampling when elements in the population have a known chance of being chosen as subjects in the sample, or non-probability sampling when elements do not have such a chance. The researcher has applied non-probability sampling.
3.5.1 Non-probability sampling

According to Leedy (1997:204) non-probability sampling is when a researcher has no way of forecasting or estimating the probability that each element in a population will be presented in the sample. There are two types of non-probability sampling:

a) *Convenience or accidental sampling*

For this type of sampling bias is not controlled, and sample units are selected from a population, whether or not the sample is representative of the whole population. The researcher decided to use the automotive component industry in Port Elizabeth as the focus area for his survey, as he is currently, and has for the last 10 years been, involved in this industry.

b) *Quota sampling*

This is an unregulated type of sampling. The reasoning behind this kind of sampling is that the researcher, for example, requires the opinion of a certain number of individuals, and will only conduct his/her research until this quota has been reached. The researcher’s quota included 20 individuals from each of the three companies in the selected industry.

For the purpose of this research, it was decided to use the simple random sampling method. The questionnaires were delivered to the three Human Resource officers to coordinate the survey at the three companies. After
consultation with the employees to get their buy-in in the process, employees were taken randomly as they entered the Human Resource officer’s office to discuss other human resource issues. After the completion of the 20 questionnaires at each company, the questionnaires were returned to the researcher.

3.6 RELIABILITY AND VALIDITY

It is important to ensure that various aspects are covered to ensure reliability and validity of the research. The following aspects were identified as being crucial to the research and could have affected the responses of the employees:

- *wage structure* – ensure that the companies’ wage structures are compatible;
- *remuneration* – ensure that similar remuneration packages, more specifically non-monetary remuneration, are used in the three companies, and
- *timing of survey* - the research was done at the end of October 2002, which was shortly after the annual wage increase in the motor industry. In two of the companies he wage increase was implemented at the beginning of September 2002, whereas in one of the companies it was implemented on the 1st July 2002. The researcher is therefore of the opinion that it would not really affect the results as the wage increase had been in effect for at least two to four months. When analysing the results the researcher will
verify whether the company, which implemented the increase on
The 1st July 2002, differed significantly from the two companies
that implemented the increase at the beginning of September
2002.

3.7 PROBLEMS EXPERIENCED WITH THE RESEARCH

The problems experienced during the research have been minor but the
researcher would like to mention a few:

• Due to time constraints the researcher was limited to companies
  within the Port Elizabeth area and the sample was restricted to
  only 20 people per company.
• The secondary sources required for the literature study were not
  always readily available and were sometimes outdated.

3.8 SUMMARY

In this chapter the research design, the methodology used as well as the questionnaire
construction and administration have been presented and discussed. In Chapter 4 the
results obtained from the empirical study are presented and analyzed.
4.1 INTRODUCTION

Chapter 3 dealt with the methodology used in the research, whereas this chapter will focus on the analysis of the results of the questionnaire. The analysis of the results of the questionnaire will be discussed with reference to the demographic profile of the respondents, what motivates them and what they regard as valuable rewards to motivate them to improve their performance. Furthermore comments related to these aspects are discussed.

4.2 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

This section provides a brief summary of the following aspects:

- length of service with current company;
- age group;
- gender;
- home language;
- highest educational qualification;
- marital status;
- number of dependants;
• monthly income, and
• fringe benefits.

4.2.1 Length of service with current company

The length of service of respondents can be seen in Table 4.1.

<table>
<thead>
<tr>
<th>NUMBER OF YEARS</th>
<th>NUMBER OF RESPONDENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 3 years</td>
<td>37</td>
<td>61.7</td>
</tr>
<tr>
<td>3 to 6 years</td>
<td>21</td>
<td>35.0</td>
</tr>
<tr>
<td>7 to 10 years</td>
<td>1</td>
<td>1.7</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>1</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>60</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

As can be seen in Table 4.1, nearly two-thirds of the respondents have been employed for less than three years. With further investigation it became apparent that two of the companies have been in existence for less than five years, while the other company has been in existence for twelve years.

4.2.2 Age group

Figure 4.1 illustrates the respondents’ age groups. It is clear that over 70% of the respondents fall within the 20 to 29 years age bracket. The two companies, which were less than five years old, indicated that their recruitment policy during the inception years was to employ young matriculants. None of the respondents were younger than 20 years or older than 49 years.
Figure 4.1: Age group of respondents

![Age Group Distribution](image)

4.2.3 Gender

Figure 4.2 shows the gender of the respondents.

Figure 4.2: Gender of the respondents

![Gender Distribution](image)

As can be seen in Figure 4.2, 70% of the respondents represented the male gender.
4.2.4 Home language

Figure 4.3 illustrates the home language of the respondents.

**Figure 4.3: Home language of the respondents**

Approximately 70% of the respondents were Xhosa speaking, one respondent indicated that he was Tswana speaking and the remainder were Afrikaans or English speaking.

4.2.5 Highest educational qualification

Fifty-five percent of the respondents fall into the grade 10 to 12 category. The tertiary qualification category represents 43% of the respondents. Management at the two companies that had been in existence for less than 5 years mentioned that they had a strategy of employing people with a minimum qualification of matriculation. Two percent of the respondents had an education level of lower than grade 10.
This data is illustrated in Figure 4.4.

**Figure 4.4:** Highest educational qualification of the respondents

![Pie chart showing educational qualifications]

4.2.6 Marital status

Figure 4.5 illustrates the marital status of the respondents.

**Figure 4.5:** Marital status of the respondents

![Pie chart showing marital status]

As can be seen in Figure 4.5, 77% of the respondents were single with the remainder being married. None of the respondents was divorced.
4.2.7 Number of dependants

The number of dependants the respondents have, is illustrated in Figure 4.6.

Figure 4.6: Number of dependants of the respondents

From Figure 4.6 it can be seen that 43% of the respondents have no dependants and 42% have between one and two dependants. The remaining 15% represent the respondents with between three and five dependants.

4.2.8 Monthly income

The distribution of the respondents’ monthly income is illustrated in Figure 4.7. As can be seen, 2% of respondents, which is only one respondent, did not fall into the R 2001 to R 4000 monthly income group. None of the respondents earned more than R 4000 a month.
4.2.9 Fringe benefits

The different fringe benefits offered by the companies are illustrated in Table 4.2.

Table 4.2: Fringe benefits of respondents

<table>
<thead>
<tr>
<th>FRINGE BENEFITS</th>
<th>NUMBER OF RESPONDENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Aid</td>
<td>60</td>
<td>100.0</td>
</tr>
<tr>
<td>Provident Fund</td>
<td>60</td>
<td>100.0</td>
</tr>
<tr>
<td>Transport</td>
<td>60</td>
<td>100.0</td>
</tr>
<tr>
<td>13th Cheque</td>
<td>60</td>
<td>100.0</td>
</tr>
</tbody>
</table>

All the respondents receive the following benefits in addition to their salary:

- medical aid;
- provident fund;
- transport, and
- 13th cheque.

It must be noted that although the majority of the benefits are similar, the transport benefit is slightly different between the three companies.

4.3 MOTIVATORS

In this section the feedback on what motivates respondents is illustrated in Table 4.3.

Table 4.3: Results of motivational statements

<table>
<thead>
<tr>
<th>What motivates respondents to perform at their best?</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>MEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>The need to achieve goals and targets.</td>
<td>75.0</td>
<td>21.7</td>
<td>3.3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.71</td>
</tr>
<tr>
<td>The need to be accepted by my team mates.</td>
<td>55.0</td>
<td>26.7</td>
<td>8.3</td>
<td>8.3</td>
<td>1.7</td>
<td>0</td>
<td>4.25</td>
</tr>
<tr>
<td>The existence of training and development opportunities.</td>
<td>70.0</td>
<td>25.0</td>
<td>1.7</td>
<td>3.3</td>
<td>0</td>
<td>0</td>
<td>4.61</td>
</tr>
<tr>
<td>Potential promotional opportunities.</td>
<td>56.7</td>
<td>23.3</td>
<td>11.7</td>
<td>5.0</td>
<td>1.7</td>
<td>1.7</td>
<td>4.23</td>
</tr>
<tr>
<td>An environment where jobs are provided for my dependants.</td>
<td>28.3</td>
<td>23.3</td>
<td>30.0</td>
<td>10.0</td>
<td>6.7</td>
<td>1.7</td>
<td>3.51</td>
</tr>
<tr>
<td>Job security.</td>
<td>70.0</td>
<td>20.0</td>
<td>8.3</td>
<td>1.7</td>
<td>0</td>
<td>0</td>
<td>4.58</td>
</tr>
<tr>
<td>Opportunities to use my own initiative.</td>
<td>55.0</td>
<td>30.0</td>
<td>5.0</td>
<td>6.7</td>
<td>3.3</td>
<td>0</td>
<td>4.23</td>
</tr>
<tr>
<td>Increasing responsibility.</td>
<td>25.0</td>
<td>55.0</td>
<td>10.0</td>
<td>6.7</td>
<td>3.3</td>
<td>0</td>
<td>3.91</td>
</tr>
<tr>
<td>Broadening the functions of the job.</td>
<td>40.0</td>
<td>35.0</td>
<td>21.7</td>
<td>3.3</td>
<td>0</td>
<td>0</td>
<td>4.11</td>
</tr>
<tr>
<td>The feeling of accomplishment I get from my job.</td>
<td>51.7</td>
<td>33.3</td>
<td>6.7</td>
<td>3.3</td>
<td>1.7</td>
<td>3.3</td>
<td>4.20</td>
</tr>
<tr>
<td>The opportunity to assist my team members.</td>
<td>60.0</td>
<td>35.0</td>
<td>3.3</td>
<td>1.7</td>
<td>0</td>
<td>0</td>
<td>4.53</td>
</tr>
</tbody>
</table>
The majority of respondents regard the following statements as either important or very important:

- the need to achieve goals and targets;
- the need to be accepted by my team mates;
- the existence of training and development opportunities;
- potential promotional opportunities;
- job security;
- opportunities to use my own initiative;
- broadening the functions of the job;
- the feeling of accomplishment I get from my job, and
- the opportunity to assist my team members.

In most of the responses to the above statements, the mean is between four and five. Although the majority of respondents regarded increasing responsibility as either important or very important, the overall rating was that it is important (the mean being 3.91, in other words close to four). Respondents rated providing jobs for dependants as neutral, therefore neither important nor unimportant.

4.4 JOB PERFORMANCE

The results of the investigation into how job performance relates to needs and rewards are indicated in Table 4.4. The majority of respondents were satisfied that the company’s standards are clear and easily understandable and reasonable. The overall view of respondents on how they regard standards as
reasonable is less positive. Although the majority of respondents regard continuous recognition and feedback as either very important or important, the overall view only gave a rating of important.

Table 4.4: Results of statements related to job performance

<table>
<thead>
<tr>
<th>Which of the following factors will improve job performance?</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>MEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance standards in my organization are clear and easily understandable.</td>
<td>63.3</td>
<td>28.3</td>
<td>8.3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.55</td>
</tr>
<tr>
<td>I am part of setting my own performance standards.</td>
<td>35.0</td>
<td>40.0</td>
<td>11.7</td>
<td>11.7</td>
<td>1.7</td>
<td>0</td>
<td>3.95</td>
</tr>
<tr>
<td>I receive continuous feedback and recognition.</td>
<td>43.3</td>
<td>31.7</td>
<td>15.0</td>
<td>5.0</td>
<td>1.7</td>
<td>3.3</td>
<td>4.00</td>
</tr>
<tr>
<td>The performance standards in my organization are reasonable (easily attainable)</td>
<td>31.7</td>
<td>40.0</td>
<td>18.3</td>
<td>6.7</td>
<td>0</td>
<td>3.3</td>
<td>3.86</td>
</tr>
</tbody>
</table>

The majority of respondents regarded setting their own performance standards as very important or important and the overall view was rated as important. In Table 4.5 the results of how needs relate to job performance is illustrated.

Table 4.5: Results of job performance related to needs

<table>
<thead>
<tr>
<th>What needs need to be fulfilled to improve job performance?</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>MEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-esteem</td>
<td>66.7</td>
<td>26.7</td>
<td>6.7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.60</td>
</tr>
<tr>
<td>Status</td>
<td>31.7</td>
<td>48.3</td>
<td>13.3</td>
<td>3.3</td>
<td>3.3</td>
<td>0</td>
<td>4.01</td>
</tr>
<tr>
<td>Personal growth</td>
<td>60.0</td>
<td>26.7</td>
<td>10.0</td>
<td>0</td>
<td>1.7</td>
<td>1.7</td>
<td>4.38</td>
</tr>
<tr>
<td>Affiliation</td>
<td>36.7</td>
<td>36.7</td>
<td>25.0</td>
<td>0</td>
<td>0</td>
<td>1.7</td>
<td>4.00</td>
</tr>
</tbody>
</table>
In Table 4.5 the majority of respondents rated self-esteem, status, personal growth and affiliation needs very positively. Even though affiliation and status needs were rated lower than personal growth and self-esteem needs, the results still indicate that all four needs listed should be considered when designing a reward structure. Table 4.6 shows the results of how rewards are related to job performance.

**Table 4.6: Results of job performance related to rewards**

<table>
<thead>
<tr>
<th>When do rewards positively impact on job performance?</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>1</th>
<th>MEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focussing on the real needs of the employees.</td>
<td>73.3</td>
<td>21.7</td>
<td>0</td>
<td>5.0</td>
<td>0</td>
<td>0</td>
<td>4.63</td>
</tr>
<tr>
<td>Complimentary of the good work performed.</td>
<td>60.0</td>
<td>36.7</td>
<td>1.7</td>
<td>1.7</td>
<td>0</td>
<td>0</td>
<td>4.55</td>
</tr>
<tr>
<td>Determined by myself.</td>
<td>15.0</td>
<td>26.7</td>
<td>30.0</td>
<td>20.0</td>
<td>3.3</td>
<td>5.0</td>
<td>3.15</td>
</tr>
<tr>
<td>Determined by my superiors</td>
<td>20.0</td>
<td>23.3</td>
<td>26.7</td>
<td>20.0</td>
<td>8.3</td>
<td>1.7</td>
<td>3.21</td>
</tr>
</tbody>
</table>

As can be seen from Table 4.6, the majority of respondents rated “rewards should focus on the real needs of employees” and “rewards should be complimentary of the good work performed”, as either very important or as important. The overall view of all respondents showed a sharing of this feeling. The overall view of respondents on “rewards are either determined by self or by superiors”, showed a neutral rating.

**4.5 REWARDS**

This section was included in the questionnaire to determine whether rewards have a positive impact on motivation of employees and performance. This section is further divided into monetary and non-monetary rewards to establish
whether both play a role in motivating employees to improve performance.

Table 4.7 illustrates the results of what effect monetary reward has on good performance.

**Table 4.7: The results of monetary reward and good performance**

<table>
<thead>
<tr>
<th>Are the following monetary rewards valuable for good performance?</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>MEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and wages</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>4.38</td>
</tr>
<tr>
<td>Annual company performance bonus</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>4.45</td>
</tr>
<tr>
<td>Monthly target based incentive schemes.</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>4.45</td>
</tr>
</tbody>
</table>

The results of all three statements in Table 4.7, show that the majority of respondents feels that money plays an important role as a reward that improves performance. The overall view, although still positive, indicates a lesser degree of positive response to the fact that salary and wages, annual performance bonuses and monthly target based incentive schemes are regarded as having a positive impact on performance. The results of further monetary reward statements are illustrated in Table 4.8.

**Table 4.8: The results of monetary reward statements**

<table>
<thead>
<tr>
<th>Do you agree with the following statements regarding monetary rewards?</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>MEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary rewards are the only rewards that motivate.</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>2.9</td>
</tr>
<tr>
<td>Monetary rewards are short-term motivators.</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>3.48</td>
</tr>
</tbody>
</table>

In Table 4.8 it can be seen that the statement, monetary rewards are the only rewards that motivate employees, are rated low by the respondents and the
results also stressed that monetary rewards can only be regarded as a short-term motivator. Table 4.9 illustrates the results of how respondents rated the non-monetary rewards that would increase good performance.

Table 4.9: The results of non-monetary reward and good performance

<table>
<thead>
<tr>
<th>Are the following non-monetary rewards valuable for good performance?</th>
<th>5 %</th>
<th>4 %</th>
<th>3 %</th>
<th>2 %</th>
<th>1 %</th>
<th>0 %</th>
<th>MEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal praise from your superior (thank you)</td>
<td>31.7</td>
<td>35.0</td>
<td>13.3</td>
<td>13.3</td>
<td>3.3</td>
<td>3.3</td>
<td>3.68</td>
</tr>
<tr>
<td>Formal praise from your superior (certificate)</td>
<td>36.7</td>
<td>26.7</td>
<td>16.7</td>
<td>13.3</td>
<td>1.7</td>
<td>5.0</td>
<td>3.68</td>
</tr>
<tr>
<td>Symbolic gifts (caps, badges, t-shirts)</td>
<td>25.0</td>
<td>35.0</td>
<td>25.0</td>
<td>10.0</td>
<td>0</td>
<td>5.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Mention in monthly magazine</td>
<td>23.3</td>
<td>35.0</td>
<td>26.7</td>
<td>5.0</td>
<td>1.7</td>
<td>5.0</td>
<td>3.61</td>
</tr>
<tr>
<td>Employee of the month trophy (nominated by management)</td>
<td>30.0</td>
<td>35.0</td>
<td>23.3</td>
<td>10.0</td>
<td>1.7</td>
<td>5.0</td>
<td>3.61</td>
</tr>
<tr>
<td>Employee of the month trophy (nominated by fellow employees)</td>
<td>30.0</td>
<td>33.3</td>
<td>26.7</td>
<td>6.7</td>
<td>1.7</td>
<td>1.7</td>
<td>3.78</td>
</tr>
<tr>
<td>Obtaining canteen vouchers by accumulating points for meeting performance standards</td>
<td>18.3</td>
<td>23.3</td>
<td>31.7</td>
<td>13.3</td>
<td>6.7</td>
<td>6.7</td>
<td>4.08</td>
</tr>
<tr>
<td>Achieving specific point levels to qualify for tickets for sporting or entertainment event.</td>
<td>28.3</td>
<td>38.3</td>
<td>20.0</td>
<td>6.7</td>
<td>6.7</td>
<td>0</td>
<td>3.75</td>
</tr>
<tr>
<td>Company sponsoring employee of the year to visit local holiday resort.</td>
<td>40.0</td>
<td>33.3</td>
<td>18.3</td>
<td>5.0</td>
<td>3.3</td>
<td>0</td>
<td>4.01</td>
</tr>
</tbody>
</table>

Table 4.9 illustrates that the overall rating of the impact of the following non-monetary rewards on performance varied between neutral and important.

- informal praise from your superior;
- symbolic gifts;
- mention in monthly magazine;
- employee of the month trophy (nominated by management);
- employee of the month trophy (nominated by fellow employees), and
- achieving specific point levels to qualify for tickets for sporting or entertainment event.
The previously mentioned non-monetary rewards can be regarded as important as the overall ratings tend to be above 3.5. Respondents rated the other non-monetary rewards as follows:

- *formal praise from your superior* – more than half of the respondents rated it either as *very important*, or as important. The overall group’s feeling was between *neutral and important*;
- *obtaining canteen vouchers by accumulating points for meeting performance standards* – although most of the group were *neutral or below*, the overall feeling was that it is *important*, and
- *company sponsoring employee of the year to visit local holiday resort* – majority of the respondents rated it either as *very important*, or as important. The whole group’s response was only *important*.

Table 4.10 illustrates the result of whether non-monetary rewards are necessary to improve job performance.

**Table 4.10: The result of non-monetary reward statement**
Do you agree with the following statement regarding non-monetary rewards?  

<table>
<thead>
<tr>
<th></th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-monetary rewards are necessary to improve job performance.</td>
<td>45.0</td>
<td>23.3</td>
<td>15.0</td>
<td>8.3</td>
<td>6.7</td>
<td>1.7</td>
<td>4.03</td>
</tr>
</tbody>
</table>

More than two thirds of respondents are in agreement that non-monetary rewards are necessary to improve job performance and they regard them as an important means of improving job performance.

4.6 OTHER COMMENTS

The feedback received from respondents regarding other comments related to non-monetary rewards, motivation and job performance is listed as follows:

- Non-monetary rewards should be tangible to be able to show to friends and family and to use as a future reference when applying for new positions (five respondents).
- Non-monetary rewards are important to motivate employees to improve performance (two respondents).
- Both employees and management should determine non-monetary rewards (five respondents).
- Rewards should be presented to employees on a more regular basis than annually (four respondents).
- Non-monetary rewards are definitely superior to monetary rewards when considering long-term motivators to improve job performance.
(two respondents).

4.7 SUMMARY

The purpose of this chapter was to analyse and interpret the data obtained from the research questionnaire. The analysis and interpretation was done according to the terms and objectives set out in Chapter 1. The analysis done in this chapter indicates that most of the guidelines from the literature discussed in Chapter 2 were adhered to.

Chapter 5 will focus on various recommendations and concluding remarks, based on the abovementioned findings. Limitations of the research, as well as opportunities for further research, will be highlighted.
CHAPTER 5
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMAR Y

The automotive component industry in South Africa needs to become globally competitive to ensure the long-term viability of the industry. One of the aspects that impact on the competitiveness of these companies is the labour costs and the level of labour productivity, which could be improved by motivating people through satisfying employee needs and by utilising monetary- and non-monetary rewards.

In Chapter 1 a brief outline of the research paper is given. This includes the objectives of the research paper, a brief look of what is intended in the literature study, the methodology used in the study and the structure of the research paper. Chapter 2 focuses on the literature study, which includes the main areas under research, namely: job performance, motivation and rewards. Chapter 3 describes the methodology used in the research and Chapter 4 gives a detailed interpretation of the empirical data.

In this chapter the results of the empirical study will be compared with the facts from the literature study to draw conclusions and to make recommendations regarding non-monetary rewards that can motivate employees to improve job performance.
The demographic profile will be outlined, followed by the factors that influence job performance, motivation and rewards respectively. Lastly, the limitations of the research, with reference to the above influencing factors, will be described and recommendations for further research will be suggested.

5.2 OVERVIEW OF THE DEMOGRAPHIC PROFILE OF THE RESPONDENTS

The results of the empirical study indicated that more than half of the respondents have been in the companies’ employ for less than three years. This was influenced by the fact that two of the companies under investigation had only been in existence for three to five years. Only one company has been in existence for 12 years.

The majority of the respondents were young (within the age group 20 to 29 years old), single, Xhosa speaking males with no or few dependants. This could be attributed to the fact that the companies have a policy that caters for a specific gender and previously disadvantaged group whereby they want to achieve equity goals that comply with the employment equity act.

Less than half of the respondents had a tertiary qualification with the remainder having attained grade 10 to grade 12. The education levels of the employees in the three companies were similar. As mentioned before, two of the companies had a strategy of employing staff with a minimum grade 12 qualification.

The majority of the respondents represented the monthly income group of
between R2001 to R4000 and all of them received similar fringe benefits, which indicates that the remuneration was very similar in the three companies. The biographical data can be summarised by stating that the majority of the respondents were of similar age, within the same income bracket and in the same life cycle phase.

It is recommended that management take into consideration the biographical data of employees when designing a non-monetary reward structure to improve performance. The reason being that different races, cultures, life cycle groups and genders have different needs and therefore will respond differently to the same rewards offered.

5.3 CONCLUSIONS AND RECOMMENDATIONS

This section outlines the comparison between the literature study and the empirical study to draw conclusions and make recommendations on what motivate employees and what motivational measures can be implemented to have a positive impact on employees’ performance.

5.3.1 Motivational aspects

The conclusions and recommendations on what motivates employees to improve job performance are as follows:

a) Conclusions
The majority of the statements in the questionnaire with reference to motivation were referring to the needs of people. From the findings of the biographical data it could be seen that the remuneration packages received by the respondents were sufficient to cover their basic needs. The majority of the respondents rated most statements in the questionnaire as important or very important. These statements were drawn up from the needs identified by Maslow and Alderfer in the literature study. Table 5.1 classifies the need statements according to Maslow and Alderfer.

**Table 5.1 Classifying of need statements according to Maslow and Alderfer**

<table>
<thead>
<tr>
<th>STATEMENTS</th>
<th>MASLOW</th>
<th>ALDERFER</th>
</tr>
</thead>
<tbody>
<tr>
<td>The need to achieve goals and targets</td>
<td>esteem</td>
<td>growth</td>
</tr>
<tr>
<td>The existence of training and development opportunities</td>
<td>self-actualisation</td>
<td>growth</td>
</tr>
<tr>
<td>Job security</td>
<td>security needs</td>
<td>existence</td>
</tr>
<tr>
<td>The opportunity to assist my team members</td>
<td>affiliation</td>
<td>relatedness</td>
</tr>
<tr>
<td>The need to be accepted by my team members</td>
<td>affiliation</td>
<td>relatedness</td>
</tr>
<tr>
<td>Potential promotional opportunities</td>
<td>self-actualisation</td>
<td>growth</td>
</tr>
<tr>
<td>Opportunities to use my own initiative</td>
<td>self-actualisation</td>
<td>growth</td>
</tr>
<tr>
<td>The feeling of accomplishment that I get from my job</td>
<td>esteem</td>
<td>growth</td>
</tr>
<tr>
<td>Broadening the functions of the job</td>
<td>self-actualisation</td>
<td>growth</td>
</tr>
</tbody>
</table>

Source: Hellriegel et al. (1999:465,469)

Jobs provided for dependants were regarded as less important to motivate employees to improve performance. The fact that the majority of the respondents fall into a young age group with very few if any dependants, can be
closely linked to the result that the respondents don’t regard, providing jobs for dependants and increasing their responsibility as important. Most of the needs could be related to either growth (as per Alderfer) or to self-actualisation or esteem (as per Maslow) as indicated in Chapter 2.

b) Recommendations

From the above it can be concluded that the needs of employees, as mentioned by Maslow and Alderfer in Chapter 2, should be seriously considered when designing and implementing a reward system to motivate staff to perform at their best. The first step would be to determine in which phase of the life cycle the majority of the employees are. Once this has been established, the hierarchy of needs in terms of importance within this life cycle phase must be determined. This is necessary, as basic physiological needs such as food, clothing and shelter must be satisfied before other needs can be satisfied with a non-monetary reward scheme. Physiological needs generally require monetary rewards.

From the conclusions of this study it is clear that non-monetary rewards should be included in reward schemes. The companies under investigation must therefore introduce training programmes to assist employees to accelerate their career paths and growth opportunities within the company. The employees that successfully complete their training could be rewarded with certificates, with the best student being awarded a trophy and mentioned in the company newspaper. These rewards can contribute to satisfying the employees’ self-actualisation and esteem needs. Introducing non-monetary rewards when a
team achieves team goals and objectives could satisfy affiliation needs.

5.3.2 Job performance

The conclusions and recommendations on how job performance relates to needs and rewards are as follows:

a) Conclusions

It is apparent from the empirical study that the performance standards in the respondents’ organisations are clear and easily understandable and very reasonable. The respondents take part in setting their own performance standards and they get continuous feedback and regular recognition. This coincides with the provisos in the literature study that performance standards should be clear and reward schemes easily understandable for them to have a positive impact on job performance.

According to the results of the empirical study, it is clear that self-esteem-, status-, personal growth- and affiliation needs are important employee needs that, when met, can improve job performance. Non-monetary rewards will impact positively on job performance if the real needs of employees are satisfied and they receive praise for their good performance. One can reiterate that when designing a reward system, both employees and management, must have input in the reward system design and agree to the final system before it is implemented.
b) Recommendations

Although the companies that were included in the survey adhere to most of the criteria mentioned in the literature study, companies within the industry must ensure that performance standards are clear and easy to understand. The first step should be to involve the employees when determining the performance standards. When the performance standards have been established, the employees need to be trained to ensure that all employees understand the performance standards. The second step should be to ensure that feedback and recognition regarding employees’ performances should take place on a regular basis. Regular feedback will differ from company to company, but it could vary between daily, weekly, monthly and quarterly feedback sessions. The intervals between feedback and recognition sessions should not exceed three months. The feedback should be in the form of face-to-face discussions to enable the employee to mention any limitations that impacted on his performance. During the course of these sessions the performance standards should be reviewed to set new standards in the event of problems being experienced and to ensure continuous improvement.

5.3.3 Rewards

The conclusions drawn and recommendations made on the impact of monetary and non-monetary rewards on employee performance are as follows:
a) Conclusions

The empirical results show that the respondents value monetary rewards such as salary and wages, annual company performance bonuses and monthly target based incentive schemes as important for good performance. Although money is valuable to them, they don’t believe that it is the only reward that motivates them and that money is a short-term motivator. According to the literature study, the views of Herzberg, Newstrom and Armstrong are that monetary rewards are short-term motivators and that attention should be paid to non-monetary rewards. Maslow and Alderfer have the opinion that pay satisfies the lower order needs and that consideration should also be given to the higher order needs to satisfy people and motivate them to perform at their best. The majority of respondents were of the opinion that non-monetary rewards are necessary to improve job performance. Rewards should be visible.

Respondents regard the following as valuable non-monetary rewards for good performance:

- informal praise from superior (thank you);
- formal praise from superior (certificate);
- symbolic gifts (caps, t-shirts);
- mention in monthly magazine;
- employee of the month or year trophy;
- tickets for sporting or entertainment event, and
- visit to local holiday resort.
The last two rewards on the list, namely tickets for sporting or entertainment event and visit to local holiday resort, could also be seen as monetary rewards as the company will have to spend a substantial amount of money indirectly on the employee. They can therefore be used as monetary rewards where applicable.

The literature study reiterates that non-monetary rewards satisfy employees’ needs for recognition, growth and responsibility. Spangenberg, in the literature study, refers to a survey that was conducted where recognition for a job well done was ranked above competitive salary and pay for performance. Armstrong says that non-monetary rewards can be focused on the needs most people have and they include achievement, recognition, responsibility, influence and personal growth.

b) Recommendations

It can be concluded that non-monetary rewards play as important a role in reward schemes as monetary rewards. Remuneration packages should integrate monetary rewards to satisfy the basic needs of employees. These basic needs include clothing, food, shelter and transport. It is imperative that the basic needs are first satisfied with monetary rewards.

Non-monetary rewards will satisfy the hierarchy of needs over and above physiological needs and should be included in reward systems. A survey could be conducted to establish what employees perceive as valuable non-monetary rewards specifically linked to the life cycle phase of the majority of the
employees. When the life cycle phase of the employees has been established, the various non-monetary rewards related to the needs that employees have in that life cycle should be determined.

Performance standards should be split into the following levels of performance:

- unacceptable;
- average;
- above average, and
- excellent.

These levels will give employees the opportunity to differentiate themselves from others by achieving the levels that they believe they are capable of and being rewarded accordingly. The employee of the year award should reward the employee that consistently performed at an excellent level during the course of the year. This award should be linked to other aspects that influence performance namely, low absenteeism and ideas proposed by the employee to improve productivity.

The model suggests that the higher a reward is rated as a valuable reward for good performance, the less frequently it should be awarded. The rewards shouldn’t be seen as the norm, but should be associated with real achievement of good performance. Rewards like informal praise by the supervisor, mention on notice boards and overtime preference can be awarded to more than one performance level, but one should keep in mind that the better performers will receive preferential selection for certain rewards.
Table 5.2 illustrates a non-monetary reward model, as compiled by the researcher from the results of the empirical study. This model indicates which non-monetary rewards to link to which performance level as well as how frequently these non-monetary rewards should be applied to be effective.

Table 5.2 Non-monetary reward model

<table>
<thead>
<tr>
<th>RECOGNITION FREQUENCY</th>
<th>NON-MONETARY REWARDS</th>
<th>EXCELLENT</th>
<th>ABOVE AVERAGE</th>
<th>AVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly</td>
<td>Informal praise by supervisor</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Mention on notice boards</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Monthly</td>
<td>Caps</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T-Shirt</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mention in monthly magazine</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee of the month trophy</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Overtime preference</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Quarterly</td>
<td>Day off</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Certificate for good performance</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tickets to Sport/Entertainment event</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annually</td>
<td>Employee of the year</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The model in Table 5.2 can be changed when needed and can be customised for each company according to size and industry. The list of non-monetary rewards, recognition frequency and performance levels could be increased or reduced depending on the outcome of surveys conducted amongst employees.
5.4 LIMITATIONS ENCOUNTERED DURING THE RESEARCH

Although the objectives of this study has been achieved, very few limitations were encountered during the research, but it is important to mention a few:

- the majority of the respondents are very similar in most of the biographical aspects investigated and within the same life cycle and therefore the recommendations could only be made applicable to employees in the life cycle group that was surveyed;
- the research was confined to the Nelson Mandela Metropole, and
- the research was only done on the automotive component industry and therefore the conclusions and recommendations are only applicable to this industry until further studies prove that they are applicable to other industries.

The next section focuses on opportunities for further research.

5.5 OPPORTUNITIES FOR FURTHER RESEARCH

During the course of the research certain limitations were encountered and these present one with opportunities for further research. These opportunities are as follows:

- to include respondents that will represent other groups that are in a different life cycle phase, such as females with dependants;
• to extend the study to include the other main metropoles in South Africa where the various automotive component suppliers are situated, and

• to extend the research to other related industries, such as engineering companies and exhaust system suppliers.

The literature study and the results of the analysis of the empirical data have proved that non-monetary rewards are useful tools that can be utilised to motivate employees to improve performance. Companies should therefore utilise non-monetary rewards to motivate employees to improve their performance.
REFERENCE LIST


Dear colleague

I am studying towards a MBA degree at the Port Elizabeth Technikon. As part of my course I have to investigate the role of non-monetary rewards in improving employee job performance. Kindly assist me by spending 10 minutes on completing a questionnaire. The information aims to investigate the role that non-monetary rewards can play in motivating employees to improve job performance. The questions focus on the following:

- biographical data;
- what you regard as motivators to improve job performance;
- what brings you job satisfaction, and
- what you expect from a reward system.

Please give the completed questionnaire to your supervisor by 29 October.

Thank you for your time.
INSTRUCTION:

1. INDICATE YOUR CHOICE BY MEANS OF A (X).

2. PLEASE ANSWER ALL QUESTIONS.

SECTION A: BIOGRAPHICAL DATA

1. Name of company: ..................................................

2. Job Title: .................................................................

3. How long have you been in the employment of the organisation?

<table>
<thead>
<tr>
<th>Option</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 3 years</td>
<td></td>
</tr>
<tr>
<td>3 to 6 years</td>
<td></td>
</tr>
<tr>
<td>7 to 10 years</td>
<td></td>
</tr>
<tr>
<td>More than 10 years</td>
<td></td>
</tr>
</tbody>
</table>

4. Age Group

<table>
<thead>
<tr>
<th>Option</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 20 years</td>
<td></td>
</tr>
<tr>
<td>20 – 29 years</td>
<td></td>
</tr>
<tr>
<td>30 – 39 years</td>
<td></td>
</tr>
<tr>
<td>40 – 49 years</td>
<td></td>
</tr>
<tr>
<td>50 – 59 years</td>
<td></td>
</tr>
<tr>
<td>Older than 60 years</td>
<td></td>
</tr>
</tbody>
</table>

5. Gender

<table>
<thead>
<tr>
<th>Option</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
</tr>
</tbody>
</table>

6. Home language

<table>
<thead>
<tr>
<th>Option</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Xhosa</td>
<td></td>
</tr>
<tr>
<td>Afrikaans</td>
<td></td>
</tr>
<tr>
<td>English</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

If other, specify

..........................................................
7. Highest education qualification

| Less than Grade 10 | Grade 10 to 12 | Tertiary qualification |

8. Marital status

| Single | Married | Divorced |

9. Number of dependants

| None | 1 - 2 | 3 - 5 | More than 5 |

10. Monthly Income

| Under 2000 | 2001 – 4000 | 4001 - 6000 | 6001 - 8000 | Above 8000 |

11. Fringe benefits

| Medical aid | Provident fund | Transport | 13th Cheque | Other |

If other, specify

....................................................
Instruction: Please rate the following statements:

Rating scale

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>5 = Strongly agree</th>
<th>4 = Agree</th>
<th>3 = Neutral</th>
<th>2 = Disagree</th>
<th>1 = Strongly disagree</th>
<th>0 = Uncertain</th>
</tr>
</thead>
</table>

SECTION B: MOTIVATORS

<table>
<thead>
<tr>
<th></th>
<th>The following motivates me to perform at my best.</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Uncertain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The need to achieve goals and targets.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>The need to be accepted by my teammates.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>The existence of training and development opportunities.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Potential promotional opportunities.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>An environment where jobs are provided for my dependants.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>Job security</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>Opportunities to use my own initiative.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>Increasing responsibility.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>Broadening the functions of the job.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>The feeling of accomplishment I get from my job.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>11</td>
<td>The opportunity to assist my team members.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>
### SECTION C: JOB PERFORMANCE

<table>
<thead>
<tr>
<th>I will improve my performance when:</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Uncertain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Performance standards in my organisation are clear and easily understandable.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 I am part of setting my own performance standards.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 I receive continuous feedback and recognition.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 The performance standards in my organisation are reasonable (easily attainable)</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will improve my performance when the following needs are fulfilled:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Self-esteem</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Status</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Personal growth</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Affiliation</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will improve my performance when rewards are:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Focussing on the real needs of the employees.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Complimentary of the good work performed.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Determined by myself.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Determined by my superiors.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SECTION D: REWARDS

<table>
<thead>
<tr>
<th>The following is a valuable monetary reward for good performance.</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Uncertain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Salary and wages.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Annual company performance bonus.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Monthly target based incentive schemes.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you agree with the following statements regarding monetary rewards?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Monetary rewards are the only rewards that motivate.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Monetary rewards are short-term motivators.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The following is a valuable non-monetary reward for good performance.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Informal praise from your superior (thank you)</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Formal praise from your superior (certificate)</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Symbolic gifts (caps, badges, t-shirts)</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Mention in monthly magazine.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Employee of the month trophy (nominated by management).</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Employee of the month trophy (nominated by fellow employees).</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Obtaining canteen vouchers by accumulating points for meeting performance standards.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Achieving specific point levels to qualify for tickets for sporting or entertainment event.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Company sponsoring employee of the year to visit local holiday resort.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you agree with the following statement regarding non-monetary rewards?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Non-monetary rewards are necessary to improve job performance.</td>
<td>5 4 3 2 1 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### SECTION E: OTHER COMMENTS

Any additional comments/recommendations concerning non-monetary rewards and/or motivational aspects at your company, please comment in the space provided below.
Thank you for your assistance. Please return the completed questionnaire to the researcher before 22nd October 2002.