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How to cite this thesis
THE IMPACT OF A TOTAL REWARD SYSTEM ON WORK ENGAGEMENT

by

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MINOR DISSERTATION

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in the

Faculty of Management:

Department of Industrial Psychology and People Management

at the

University of Johannesburg

Supervisor: Dr. Crystal Hoole

October 2014
MASTER’S AND DOCTORAL STUDENTS

DECLARATION

This serves to confirm that I, Gabi Jenna Hotz

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Qualification: Masters in Industrial Psychology, Department of Industrial Psychology and People Management, Faculty of Management at the University of Johannesburg

Herewith declare that the minor dissertation submitted by me for the degree Master’s of Commerce (Industrial Psychology) at the University of Johannesburg is my independent work and has not been submitted by me for a degree at another university.

_____________________________________

UNIVERSITY OF JOHANNESBURG
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ABSTRACT

Work engagement is defined as “a positive, fulfilling, work related state of mind that is characterized by vigour, dedication, and absorption” (Schaufeli & Bakker, 2010; Schaufeli, Salanova, González-Romá, & Bakker, 2002, p. 74). It is therefore critical for organisations to pay careful attention to the effect that total rewards have on engagement to ensure the highest level of work engagement within the organisation. Previous studies have shown that very little research has been conducted in the South African context to examine total reward strategies and how these programmes specifically relate to work engagement. The overall purpose of this study is to determine the relationship between total rewards and work engagement and to further determine which reward category predicts work engagement. The model proposed by Nienaber (2010) includes all the core dimensions under rewards and was therefore used for this study. Total rewards for the purpose of this study include: Base Pay, Performance, Career Management, Contingency Pay, Quality Work Environment, Benefits and Work-Home Integration. The Utrecht Work Engagement Scale (UWES) and The Rewards Preferences Questionnaire were administered to a random sample (N = 318) of South African employees in various different divisions and positions within several organisations. The results indicated that Total Rewards explained 14% of the variance within Work Engagement. Furthermore, only Performance and Career Management, and Work-Home Integration were significant predictors of Work Engagement. In relation to the gender and age as moderating variables, it was found that these two constructs did not act as moderators between total rewards and work engagement.

Keywords: Work Engagement, Total Rewards, Base Pay, Performance, Career Management, Contingency Pay, Quality Work Environment, Benefits, Work-Home Integration, Utrecht Work Engagement Scale (UWES), The Rewards Preferences Questionnaire
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CHAPTER 1: INTRODUCTION

1.1 Introduction

The world has changed radically in recent years. These changes can be seen more specifically in the workplace and through the constant demands and stress that have been placed upon the employee (Koekemoer & Mostert, 2010). Organisations constantly try and outdo one another, yet at the same time are determined to save money and time. The overall aim of this chapter is to gain an understanding of the importance of work engagement in the workplace and identify the need to analyse and determine the effect that different rewards may have on an individual’s level of work engagement.

1.2 Problem Statement

Work engagement has become a critical aspect of study, not only for individuals in the academic field, but for research practitioners within organisations (May, Gilson, & Harter, 2004; Schaufeli & Bakker, 2004; Strümpfer, 2003). Furthermore, work engagement has become a crucial predictor in determining organisational outcomes (Bakker et al., 2007).

Moreover, there has been a shift in psychology, with a focus being placed on human strengths and functioning, as opposed to the focus previously being on weaknesses and damage (Rothmann, 2003; Strümpfer, 2003; Seligman & Csikszentmihalyi, 2000). There are various factors that contribute to employee engagement in the workplace.

According to Wrzesniewski, McCauley, Rozin, and Schwartz (1997), individuals spend more than a third of their lives engaged in their jobs, therefore underlining the importance of engagement as a concept. Previous research that has been conducted found that individuals pursue specific work roles, which allow them to better discover and define themselves (May, et., 2004; Olivier & Rothmann, 2007). Engaged employees are willing to involve themselves in their work entirely and employ emotional, intellectual and physical resources to achieve and complete their work tasks (Kahn, 1990). Work engagement is
characterised by an employee’s level of vigour, effectiveness and participation in his or her work role (Schaufeli & Bakker, 2004). As a result, work engagement has a positive impact on an employee’s mind-set and relates to personal learning and initiative as well as fostering optional effort and concern for quality (Van Zyl, Deacon, & Rothmann, 2010). An individual with a substantial level of work engagement will experience a sense of enthusiasm, inspiration, significance, challenge, and pride.

In recent times, it has also become evident that rewards and the impact they have on work engagement have become significant research topics, both internationally and in the South African context. Organisations and agencies such as The Chartered Institute of Personnel and Development (CIPD) (2007) and WorldatWork (2007) have come to recognise that the demands and stress placed upon employees may compromise individual outcomes such as work engagement, commitment levels, and lack of performance, as well as have an effect on organisational outcomes. It has therefore become evident that traditional rewards systems are no longer accepted, as individuals no longer want to be rewarded for their work alone, but for the value that they add in the organisation (Zingheim & Schuster, 2008). This has resulted in a move from a reward (predominantly monetary) focus to a total reward approach including an array of other factors seen as rewards.

Fernandes (1998) describes total rewards as the sum of the values of each element of an employee’s reward package. A total reward system is implemented within organisations in order to direct the achievement of organisational objectives (Manas & Graham, 2003). In the past, reward placed specific focus on monetary rewards-pay and benefits (Gross & O’Malley, 2007). Traditional monetary rewards are not as significant as they were in the past, as they are now causing challenges within organisations. Problems related to solely linked monetary reward systems may include performance, engagement and motivation in the workplace.
According to Reynolds (2005), recent research shows that monetary rewards rank 15\textsuperscript{th} in importance compared to other rewards.

Nowadays, total rewards are encompassed by broader concepts that form part of organisational reward practices. According to Armstrong and Brown (2006) and WorldatWork (2006) a total rewards system now encompasses additional components that are used to attract and retain employees. Furthermore, the total rewards system now includes everything that employees may view as important and of value within their jobs (Worldatwork, 2006). Various non-financial benefits are being used within organisations to improve overall total reward strategies. Currently, total reward systems are deeply rooted in human resource management practices, reflecting the manner in which an organisation is able to improve processes such as selection, retention, motivation, engagement, and performance.

According to McMullen (2010) work engagement is influenced by various types of rewards. In 2010, WorldatWork (2010) conducted a study to determine the impact that different rewards had on employee engagement. Results found that pay and benefits had a weaker relationship to fostering work engagement than recognition, incentives, and intangible rewards. According to McMullen (2010), quality of work, leadership, career development, organisational culture and work-life balance all have a greater impact on work engagement than financial rewards. Work engagement is also driven by prospects such as recognition, growth and development, and opportunity to perform. These rewards are received over and above monetary rewards. The linkage between financial and non-financial rewards has led to the focus being shifted to efforts to encourage employee engagement.

In recent years a number of different total rewards models have been developed. For the purpose of this study, based on a comprehensive literature review, Nienaber’s (2010) Total Rewards Preference Model is applicable based on its multi-dimensionality and comprehensive view of total rewards. Total rewards will therefore be defined as the

It is crucial for organisations to focus on the effect that rewards may have on an individual’s level of engagement, ensuring that the highest level of work engagement is achieved. Organisations need to identify elements that fall under rewards, as these elements may have an effect on an individual’s level of work engagement.

Lawler (2003) contends that treating people fairly is crucial to organisational efficiency and effectiveness within modern organisations. According to Roath and Schut (2009), organisations need to understand how best to use reward systems in order to meet the needs and goals of both the organisation and employees. It is therefore essential to understand the link between work engagement and the impact that total rewards may have on engagement levels.

Additionally, previous research by Pitt-Catsouphes and Matz-Costa (2009) was conducted to determine whether certain constructs act as overall drivers of work engagement. Thus researchers believe that certain demographic variables may contribute towards better understanding work engagement. For this reason, moderated regression analysis was conducted in the study to determine whether age and gender moderate the relationship between total rewards and work engagement. Research found that both age and gender were the biggest contributing demographic variables to understanding work engagement levels (Pitt-Catsouphes & Matz-Costa, 2009) and thus these two variables were used to determine whether each of these constructs moderated the relationship between total rewards and work engagement.

In previous years little research has focused on the above concepts of interest within the South African context. Research within the South African context has mostly been on the
impact that a total rewards strategy has on satisfaction, commitment, cooperation, performance, and involvement, as well as reward preferences of employees (Bloom & Michael 2002; Bussin, 2002; Levine, 1991; Pfeffer & Langton, 1993; Snelgar, Renard, & Venter, 2013). However, the above-mentioned studies did not examine a total reward strategies and their components and how these strategies relate to work engagement.

1.3 Objectives of this Study

The overall aim of this study is to explore the relationship between total rewards and employee engagement to determine whether there exists a relationship between total rewards and work engagement, as well as to determine which reward sub-groups predict work engagement. The reward sub-groups consist of the following variables: a) Monthly Salary or Guaranteed Remuneration, b) Variable Pay, c) Benefits, d) Performance and Career Management, e) Quality Work Environment and f) Work/home Integration Furthermore, moderated regression analysis was conducted in the study to determine whether age and gender moderate the relationship between total rewards and work engagement. Additionally, in Chapter 2, an in-depth literature review is provided, the research objective and methodology are discussed in Chapter 3, results are presented in Chapter 4, discussion section included in Chapter 5 and finally conclusions and recommendations are discussed in Chapter 6.

1.4 Contribution of this Study

This study will contribute towards gaining a better understanding of the relationship between total rewards and work engagement, as well as the importance that individuals place on specific rewards within organisations in the South African context. This study will further focus on the implications of the study in the South African context, as well as possible future recommendations, in order to gain insight into how organisations may better design total
rewards frameworks to meet the needs of their employees, and allow them to engage on a higher level.

1.5 Conclusion

Chapter 1 provided a brief outline of work engagement and how total rewards may impact an individual’s ability to engage in the workplace within the South African context. This study indicates that research has been conducted on work engagement, but points out that little research has studied the relationship between total rewards and work engagement. Thus Chapter 1 identifies the specific objectives of the study, providing insight into whether there exists a relationship between total rewards and work engagement, as well as determining whether specific reward categories may predict work engagement.
CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Due to the shift in organisational demands over the years, Kahn (1990) specifies that it is crucial to further examine work engagement and aspects that may contribute to an individual’s level of work engagement. This study identifies that total rewards play a crucial function in understanding how individuals may engage in the workplace. Thus, in order to gain a broader understanding of how total rewards may affect work engagement, as well as the importance that individuals place on specific rewards, specific attention will be placed on work engagement, total rewards, the different reward frameworks and how gender and age may impact the relationship between total rewards and work engagement.

2.2 Work Engagement

The engaged life is an important concept as individuals spend more than a third of their lives engaged in their work (Van Zyl, et al., 2010). Work engagement is defined as “a positive, fulfilling, work related state of mind that is characterized by vigour, dedication, and absorption” (Schaufeli & Bakker, 2010; Schaufeli, Salanova, González-Romá, & Bakker, 2002, p. 74). Furthermore, according to Rothmann and Rothmann (2010, p. 28), work engagement is the extension of the self whereby individuals are provided with the opportunity to express their “…preferred self in task behaviours that promote connections to work and to others.” It is thought that this engagement occurs when individuals experience an optimum fit between themselves and their work roles.

In recent years, work engagement has become increasingly of more interest to researchers. Previous studies have focused on the negative outcomes of work engagement (Kahn, 1990; Maslach, Schaufeli, & Leiter 2001). Research has indicated that engaged employees are hands-on, dedicated to maintaining a quality performance standard, and take responsibility for their own growth (Rothmann & Rothmann, 2010). Research has found that
individuals who are engaged in their work are more passionate, enthusiastic and happy (Schaufeli & Van Rhenen, 2006).

Rothmann and Rothmann (2010) found that engaged employees experience a psychological presence in the workplace which helps them develop a sense of identity. Furthermore, Kahn identified three components that conceptualise work engagement, namely, a physical dimension which refers to Schaufeli’s concept of vigour, an emotional dimension which indicates an individual’s commitment to their job, and a cognitive dimension that is categorised by absorption (Schaufeli & Bakker, 2004; Schaufeli, et al., 2001). Vigour refers to increased levels of energy while working, as well as mental resilience. Dedication is described as a strong immersion in one’s work and is characterised by a sense of significance, enthusiasm, challenge, pride, and inspiration (Schaufeli, et al., 2001). Absorption is characterised by being happily engrossed and fully immersed in one’s work (Schaufeli, et al., 2001).

Thus, it is important to understand that organisations need to encourage and foster work engagement amongst employees in order to flourish and prosper during constant environmental changes (Shimazu & Schaufeli, 2009). Engagement occurs when individuals experience an ideal fit and identification between themselves and their work roles (Kahn, 1990). Work engagement aids in the contribution of employees’ organisational dedication as the organisation equips employees with not only the necessary resources to achieve their work goals, but also the opportunity to grow and develop in their work (Korunka, Kubicek, Schaufeli, & Hoonakker, 2009). The opportunity for individuals to express their true selves as well as their strengths may “lead to a greater work-role fit, which leads to work engagement” (Van Zyl et al., 2010, p. 3). At an organisational level, work engagement is a predictor of overall job satisfaction, level of productivity, commitment, and lower level of turnover,
therefore providing the organisation with an overview of overall performance (Bakker, Demerouti, & Schaufeli, 2005; Bakker & Demerouti, 2008; Richmond, 2006).

### 2.3 Rewards

One of the key aspects seen as impacting on employee engagement is rewards. In 2010, WorldatWork (2010) conducted a study to determine the impact that different rewards had on employee engagement. According to Eric (1994), rewards can be defined as various different benefits that are offered to employees in exchange for work or value. Rewards may differ in that they may either be intrinsic or extrinsic, direct or indirect and financial or non-financial (Armstrong, 2006).

According to Gross and O’Malley (2007), rewards now include the opportunity for career enhancement as well as the impact that the working environment may have on the individual. Organisations are required to propose both intrinsic and extrinsic rewards as a means of increasing organisational outcomes (Mahaney & Lederer, 2006).

Over the years, the reward systems have changed within organisations from merely financially remunerating individuals, to including rewards that motivate individuals in the workplace as well (Hankin, 2005). An organisational reward system should be designed to motivate employees, in terms of higher performance, productivity, engagement, and commitment levels. Furthermore, the rewards system should also match organisational strategies, goals and culture, as well as ensure that the organisation attracts and retains their people (Allen & Killman, 2001). The alignment of the overall rewards system to organisational strategies will ensure workplace effectiveness, positive work outcomes, and increased employee efforts (Bamberger & Levi, 2009).

According to previous research, many different reward systems may operate within organisations (Blackburn & Rosen, 1993). It is important to understand that a reward system will essentially impact individuals and team members’ performance and engagement levels.
within the workplace. It is therefore crucial to implement an effective and efficient reward system based on each unique organisation’s needs (Kerrin & Oliver, 2002). It can be seen throughout the literature that the vast majority of reward structures and practices are classified into the dimensions of extrinsic and intrinsic rewards (Mahaney & Lederer, 2006; Mottaz, 1985).

Intrinsic and extrinsic rewards differ to a large extent. Intrinsic rewards focus on the job and work itself, whereas extrinsic rewards are external to the job and the work that surrounds the job. Intrinsic rewards include growth opportunities, a sense of accomplishment, status, acknowledgement, satisfaction, self-esteem, challenge, autonomy, and responsibility (Mahaney & Lederer, 2006). An individual may derive intrinsic rewards through the ability to engage in challenging work, receive feedback and acknowledgement, as well as being provided with the opportunity for growth and development within their job (Mottaz, 1985). These employees will be able to produce results, yet at the same time remain engaged, satisfied and proud of their accomplishments (Mahaney & Lederer, 2006). Extrinsic rewards comprise of pay, job security, benefits, promotions, raise in salary, and bonuses (Mottaz 1985; Mahaney & Lederer 2006). According to Goldsmith, Veum, and Darity (2000), organisations remain competitive by continuously comparing their extrinsic rewards to their competitive companies, thus ensuring higher levels of employee productivity, engagement, commitment to the organisation and lower turnover levels.

According to Bussin (2011), there are various disadvantages that accompany extrinsic rewards such as monetary rewards. Monetary rewards, including salary and bonuses, fall under extrinsic rewards. It is asserted that extrinsic rewards have the ability to destroy an employee’s intrinsic motivation to do the job. The use of extrinsic rewards as a motivator may lead to individual employees and team members becoming money hungry, causing them not to focus on the work itself any longer (Balkin & Dolan, 1997). Extrinsic and monetary
rewards are criticised in previous research for their inability to measure performance and their ability to destroy teamwork (Crosby, Juran, & Deming, 1992). Thus, it can be understood that extrinsic rewards may act as a poor motivator and are not directly tied to an employee’s level of engagement and performance (Wruck & Jensen, 1998). On the other hand, extrinsic rewards are known to enhance productivity, increasing employee commitment to goals, decreasing turnover and attracting top talent individuals (Goldsmith, Veum, & Darity 2000). Thus, people may be attracted to their jobs, solely based on pay (Stajkovic & Luthans, 2001). Extrinsic rewards may be beneficial in allowing organisations to value their employees’ contributions through the distributions of cash bonuses and monetary rewards. Long and Shields (2010) propose evidence that intrinsic or non-cash rewards have become more common within organisational practices. Many organisations that have adopted the practice of non-cash (intrinsic) rewards have the ability to recognise the individual employee as well as groups and teams within the organisation. These intrinsic rewards, whereby employees are recognised for their efforts, accomplishment and quality of work, ensure the commitment, engagement and motivation of employees and team members. It is now more evident that employees have the opportunity to make suggestions on the structure of the reward system within their own organisations (Allen & Killman, 2001). Sweins, Kalmi, and Hulkko-Nyman (2009) propose that organisations should be obligated to explain to their employees how the reward system and structure works. Greater knowledge of the system is crucial in ensuring that employees understand what is expected of them. The question is therefore proposed as to which rewards are the real motivators of work engagement. From a strategic perspective, it is crucial that an effective total reward system is designed to ensure greater employee and organisational outcomes.
2.4 Total Rewards

In the past, the concept of total rewards referred to a narrow range of aspects, including only pay and benefits (Gross & O’Malley, 2007). The total rewards definition now includes broader concepts including ideas recognising both intrinsic and extrinsic factors in the workplace (Gross & O’Malley, 2007).

Total rewards are seen as the combination of various different rewards, including financial and non-financial rewards and intrinsic and extrinsic rewards, which are made accessible to working individuals in exchange for their value-add in the workplace (Armstrong, 2006). There has been a change in defining rewards over the years, combining both remuneration and benefits, with the aim of attracting, retaining and motivating employees within the organisation (Armstrong, 2006; Hankin, 2005).

With the South African context, Hay Group (2014) has directed research, aligning organisational strategies to ensure total reward programmes meet both business and employee needs optimising engagement in the workplace. Hay Group (2014) approaches rewards from an integrated organisational perspective, blending the financial, organisational, and behavioural aspects of total rewards to reward structures that fit the business strategy and organisational goals and objectives.

2.5 Total Rewards Models

In recent years, various total rewards models and frameworks have been developed and proposed. Various different examples of total rewards will be presented below.

2.5.1 Worldatwork’s Total Rewards Model

WorldatWork (2006) is known as one of the largest professional associations that strive towards the contribution of knowledge in the discipline of rewards. The WorldatWork model is a well-known reward model, known amongst practitioners globally. The WorldatWork model indicates the relationship between human resources, business strategies, organisational
culture and overall organisational strategies, specifying the effect that certain dimensions may have on organisational outcomes. Globally, many organisations make use of this specific model as a guideline or a toolkit in developing their own frameworks. According to WorldatWork (2006) a value proposition or reward structure is aligned to ensure that value is created for both the organisation and the employees. An effective total rewards strategy aims to attract, motivate, and retain the people, resulting in satisfied, engaged and productive employees, who in turn create desired business performance and results. Thus, the use of the WorldatWork (2006) reward strategy leads to the expectation of two overall outcomes: improved organisational results and success and a positive shift in employee behaviour and performance.

WorldatWork (2006) describes total rewards under five main groups, shown in the figure below, including: a) Remuneration b) Benefits c) Work life d) Performance and Recognition and e) Development and Career Opportunities. The layout of the WorldatWork (2006) model is presented below:

![WorldatWork Total Rewards Model](image)

*Figure 2.1: WorldatWork Total Rewards Model (WorldatWork, 2006, p.9) adapted from (Nienaber, 2010).*

2.5.2 Corporate Leadership Council (CLC) Total Reward Framework
The Corporate Leadership Council refers to the dimensions of total rewards from a philosophical viewpoint (Corporate Leadership Council, 2005). The CLC identifies core dimensions that encompass total rewards, including: Base Pay, Health and Wellness Benefits, Leave benefits, Retirement benefits, Bonus and Incentives and Family-friendly benefits. This framework differs from the WorldatWork (2006) model, in that the dimensions are more aligned to the organisational environment and organisational culture. In an updated version of Total Reward Framework (Corporate Leadership Council, 2007), dimensions such as performance management, and work life benefits are included whereas learning and development is excluded from the model. Dimensions within the Corporate Leadership Council (2007) model include: a) Remuneration and Benefits (previously Compensation), b) Work Environment, c) Work/Life Balance and d) Organisational Environment.

The components of the CLC model underlie various categories presented in the table below:
2.5.3 Armstrong and Brown’s Total Rewards Model

Armstrong and Brown (2006) added an additional component to the WorldatWork total rewards model. The component of work experience was added as an additional reward dimension to their model as well as learning and development. Furthermore, Armstrong and Brown’s (2006) total reward model was linked to employee performance in the workplace. Armstrong and Brown (2006) also refer to transactional and relational rewards, referring to non-financial and intrinsic rewards respectively. The model included five main dimensions, namely: a) Base Pay, b) Contingent Pay, c) Employee Benefits, d) Learning and
Development and e) The Work Experience. The overall model is depicted in Figure 2.2 below, indicating the different transactional and relational rewards categories that contribute to total reward which consists of remuneration and intrinsic and extrinsic rewards.

![Figure 2.2: Armstrong and Brown’s Total Rewards Model (Armstrong & Brown, 2006) adapted from (Nienaber, 2010).](image)

**2.5.4 Nienaber’s Rewards Preferences Model**

Nienaber’s reward preference model targets individuals in order to collect responses based on the specific importance they place on certain reward categories (Nienaber, 2010). Included in the Nienaber’s total rewards framework are dimensions such as: a) Monthly Salary or Guaranteed Remuneration, b) Variable Pay, c) Benefits, d) Performance and Career Management, e) Quality Work Environment and f) Work/home Integration.

It is clear that various different reward models exist from the aforementioned models listed above. This study will make use of a combination of rewards, focusing on the variables used in Nienaber’s Rewards Preferences Model. The model proposed by Nienaber includes
all the core dimensions under reward and will therefore be used for this study. A list of definitions will be provided based on each type of reward. A figure will also be included in order to provide an overview of the different categories of rewards mentioned in the literature review. This figure represents a comprehensive total rewards model that consists of eight clustered groups of rewards.

According to the Nienaber (2010) model and WorldatWork (2006), the various different rewards can be defined as:

- **Monthly Salary and Remuneration**: The pay that is provided by an employer to an employee for services incurred, including both fixed and variable pay, based on the individual’s level of performance.

- **Variable pay**: Also referred to as contingency pay. Variable pay is offered in different forms, including short- and long-term incentives. Short-term incentives are linked to the performance of the individual, the team or the organisation. Long-term incentive plans may include: share option schemes, premium-priced share option schemes, share purchase plans, share appreciation rights and deferred annual bonus share plans.

- **Benefits**: Packages or programmes provided by an employer to an employee in order to supplement cash remuneration. Benefits may include income protection benefits, savings, health benefits, job security benefits, and retirement programmes.

- **Performance**: The orientation of organisational, group and individual efforts, as well as the creation of employee expectations in order to move towards the achievement of organisational goals.

- **Career Management**: Combined learning experiences with the aim of enhancing employees’ skills, knowledge and competencies. Providing employees with the opportunity to grow and develop and advance in their careers. This type of reward encourages employees to become productive and engaged in their work.
• Quality Work Environment: Lawler, Nadler and Cammann (1980) describe quality of work/life as a focus on the individual, the work and the organisation, placing concern on the impact that work may have on people’s lives whilst still placing a focus on ongoing organisational effectiveness.

• Work-Home Integration: The implementation of organisational policies and practices supporting employees towards their achievement of success and balance between work and home lives.

Below is a figure including a comprehensive total rewards model that consists of six clustered groups of rewards, with the underlying sub-rewards in each category:
Moderators Affecting Work Engagement

A moderating variable has the ability to alter the relationship between the independent and dependent variable. This change contributes towards either increasing or decreasing the strength of the relationship (Sharma, Durand, & Gur-Arie, 1981). The moderator variable is responsible for bringing out an effect between the independent and dependent variables, and will not hold as a moderator if the relationship between the two does not change (Sekaran &
This study aims to determine whether the moderators of gender and age alter the relationship between total rewards and work engagement.

Organisations today consist of diverse workforces, as workplaces have changed over the past few years, and South African organisations are no exception (Van der Walt & Du Plessis, 2010). Research has been conducted in order to determine the overall drivers of work engagement (Pitt-Catsouphes & Matz-Costa, 2009). Many researchers emphasise the idea that there are certain demographic variables that are essential to the understanding of work engagement (Antoniou, Polychroni, & Vlachakis, 2006; Garner, Knight, & Simpson, 2007). Studies were conducted to determine characteristics that employees associated with high levels of work engagement. The two most important drivers that were associated with work engagement were age and gender (Pitt-Catsouphes & Matz-Costa 2009).

2.6.1 Gender

According to Bem (1974) and Spence, Helmreich, and Stapp (1975), it is essential that researchers and practitioners distinguish between gender differences and how gender is defined as a concept, based on the psychological ramifications of gender differences. Gender expands beyond its basic definition, to a more multidimensional and multilevel concept, including many different facets (Korabik, 1999). These facets may include stereotypes, gender roles, social roles, attitudes, values, and how the male or female may function differently in the workplace (Deaux & Major, 1987). Furthermore, gender can be seen as a status characteristic, with stereotypes regarding men having a higher social status, with more access to power and resources than women (Ridgeway, 1992).

Over the years, traditional stereotypes with regards to the different roles of men and women have remained present in the workplace. These stereotypes may represent the explanation for the continuous limited representation of women in senior positions in the workplace (Agars, 2004). It is evident that there remains a vast disparity of differences in
career advancement and opportunity between genders, essentially reflecting the stereotype and the fact that women struggle to progress in their careers, compared to men (De Pater, Van Vianen, & Bechtoldt, 2010; Jenkins & Beehr, 1983; Milner, Katz, Fisher, & Nortica, 2007). Within the South African context, previous research has found that women are less likely to obtain rewards and recognition for their input in the workplace (Bezuidenhout & Cilliers, 2010). Previous research has recognised that gender differences occur with regards to experience of work (Kular, Gatenby, Rees, Soane, & Truss, 2008). According to Kular et al. (2008), gender can have an impact on how individuals engage in the workplace. Furthermore, individual differences based on gender may have an impact on the level of engagement in the workplace (Kular et al., 2008; Robinson, 2006). It is therefore essential to determine whether gender differences exist with regards to work engagement levels in the workplace in South Africa.

Previous studies have been conducted in order to determine gender differences on the basis of meaning, pleasure and work engagement (Brown & Duan, 2007). Johnson (2004) and Kular et al. (2008) have found that women are able to find more fulfilment in their work and employ a higher level of engagement than men. Furthermore, Schaufeli and Bakker (2003) investigated the differences that exist in work engagement levels between men and women. Results found that men score higher on levels of absorption and dedication than women, but no differences on vigour seem to have been found.

Although various studies have found differences with regards to work engagement between men and women, numerous other studies have found no differences with regards to gender. Furthermore, the way work engagement is constructed and investigated in literature; it is assumed that gender remains neutral, where men and women have the ability to equally demonstrate their engagement in the workplace (Wilson, 1998). Burke and El-Kot (2009) found that men and women experience few differences in relation to work experience and
engagement. They believe that the studies stating that differences exist were conducted on a convenience samples, leaving results inconsistent and somewhat invalid.

In terms of the relationship between total rewards and gender, previous research indicates the gender differences exist in relation to reward structure (Murao, 2000), seen through the significant gender differences on wages that persist even though individual and job characteristics have been controlled. Furthermore, studies have found that reward structures between men and women may differ due to the vast differences and choice in occupation. On the other hand, Tam (1997) indicates that gender composition is not a factor that influences salary and reward structures. Gender segregation in terms of reward and wage structure is a major factor in identifying inequality in the economy (Blackburn, Jarman, Brooks, 2000).

It is essentially the responsibility of organisations to adopt systems whereby discrimination based on gender in the workplace can be addressed. According to Banihani, Lewis and Jawad Syed (2013), organisations need to maintain systems that address occupational segregation, status inequality, and the dissemination and reproduction of cultural images and stereotypes on the basis of gender in organisations. Within the South African workplace, legislation has been implemented to prohibit discrimination with regard to gender, among other demographic aspects. The Promotion of Equality and Prevention of Gender Discrimination Act 4 of 2000 has been implemented within the South African context with the aim of minimising the disparities between genders at work, allowing for the most gender-neutral environment possible when it comes to work engagement.

2.6.2 Age

Within 21st century organisations, age remains an ongoing issue, affecting employees of all ages within the workforce, within different phases of their work careers (James,
McKechnie, & Swanberg, 2011). Garner et al. (2007) and James et al. (2011) have emphasised the idea that age plays an important role in the engagement level of all employees. Organisations continuously strive towards enhancing work engagement within multi-generational workforces, focusing on how age affects work engagement as well as determining how to maximise levels of work engagement at work.

Previous research has found that women are discriminated against in the work place on the grounds of age (Granleese & Sayer, 2006). Duncan and Loretto (2004) report that women are more frequently discriminated against on the basis of age compared to men. Based on age differences, it seems as though younger employees in the early stages of their careers experience lower levels of engagement than do older employees (Antoniou et al., 2006; Brewer & Shapard, 2004; Jackson & Rothmann, 2005; Patrick & Lavery, 2007). The reasons for disengagement being more prevalent in younger employees may be due to lack of skills and experience in their new working environments (Ahola et al., 2006; Duchscher, 2009; Ghorpade, Lackritz, & Singh, 2007), as well as problems transitioning into a new environment (Patrick & Lavery, 2007). Overall, older workers seem to have higher levels of engagement compared to younger employees. However, certain older employees may also struggle to engage on a higher level, as they continuously compete with job demands and job resources in their jobs (Ten Brummelhuis, Ter Hoeven, Bakker, & Peper, 2011). This is true for individuals within the financial and banking sector, who struggle to meet their work demands (Ten Brummelhuis, et al., 2011).

Schaufeli (2004) reports a weak positive relationship between work engagement and age. Furthermore, weak correlations were found between age and the concepts of work engagement, including vigour, dedication, and absorption (Schaufeli, 2004). Yet, little research has been conducted on work engagement and the differing age groups within the South African context.
2.7 Conclusion

The overall aim of this study is to explore the relationship between total rewards and employee engagement to determine whether there exists a relationship between total rewards and work engagement, as well as to determine which reward sub-groups predict work engagement. The reward sub-groups consist of the following variables: a) Monthly Salary or Guaranteed Remuneration, b) Variable Pay, c) Benefits, d) Performance and Career Management, e) Quality Work Environment and f) Work/home Integration. Furthermore, moderated regression analysis was conducted in the study to determine whether age and gender moderate the relationship between total rewards and work engagement. The literature review highlighted gaps in the current understanding of the relationship between work engagement, total rewards and its underlying dimensions. There is no evidence of South African studies which look at the relationship between total rewards and work engagement as well as how gender and age may affect the relationship between total rewards and work engagement. It is therefore envisaged that this study will significantly contribute to our understanding of how these concepts are related.
CHAPTER 3: METHOD

3.1 Introduction

This chapter focuses on the research design and method that was used for the study. Specific emphasis is placed on the procedure that was used to approach participants and collect the data. The research instrument used to collect the data is discussed in detail as well as the statistical analyses used to analyse the data. Moreover, ethical considerations related to the study are discussed.

3.2 Research Objectives

The objectives of this research are to explore the relationship between total rewards, the reward categories and work engagement, and to determine whether gender and age moderate the relationship between total rewards and work engagement. A literature review indicated that previous studies have been inconclusive in determining how total reward strategies affect employee engagement. As pointed out in the literature review, a reward system may affect an individual’s level of work engagement in the workplace. An inadequate reward system may result in decreased levels of work engagement. Due to this, it is important for organisations to identify and analyse their reward systems and their components and the effect that they may have on work engagement.

Research questions are proposed in this study in order to answer several questions. Quantitative research questions inquire about the relationships among variables that the researcher seeks to know. The following research questions can be formulated based on the above mentioned description of the research problem:

Primary Question

What is the relationship between total rewards and work engagement?
There are two secondary questions:

1) Which reward category has the most influence/biggest impact on or predicts work engagement?

2) Do gender and age have a moderating effect on the relationship between total rewards and engagement?

3.3 Research Design

A quantitative, descriptive, cross-sectional research design will be used in this study in order to collect data. The overall aim of descriptive research is to best describe the characteristics of the population of interest (Zikmund, 2003). Furthermore, the use of a cross-sectional research design allows for the data to be collected from the population at one specific point in time (Gravetter & Forzano, 2009). Paper and pencil questionnaires will be allocated in order to collect data from a random sample of participants. According to Leary (2004), questionnaires carry many advantages in that they can be administered to a number of people simultaneously, being less time-consuming and costly.

3.3.1 Population and Sample Size

The research model allowed participants to participate voluntarily in the study. Therefore, participants were selected based on their availability and willingness to partake in the study. The participants within this study consisted of a random sample of 318 employees from various different divisions within organisations based in Johannesburg, South Africa ($N = 318$). The minimum criterion for participation in the survey was that individuals were required to have at least one year’s working experience within each specific organisation of interest. Specific focus was placed on both age and gender when selecting the sample size, as these two variables were used as moderators to determine the affect they may have on the relationship between work engagement and total rewards. Various South African financial
organisations were approached in order to gain permission and access to employees who were willing to partake in the study. Although convenience sampling was used as a method in this study, studying financial organisations are beneficial as the research findings contribute significantly to the economy in the South African context. Financial organisations are seen as a large contributing factor to the wealth of the economy in South Africa and therefore contribute towards understanding a comprehensive layout of an organisational reward structure. It can therefore be concluded that financial organisations make a contribution towards understanding the importance that may be placed on specific rewards and benefits that are offered to individuals in the organisation. Participants from all different hierarchical levels in these organisations were included, as well as employees from varying job positions within specific divisions.

After permission was granted to access the organisations, a date was scheduled at the participants’ convenience in order to administer the questionnaires. As previously mentioned, the questionnaires were administered via pencil and paper. Before completion of the questions, informed consent, instructions and the purpose of the study were provided. Participants were informed that they may remove themselves from the study if at any stage they felt uncomfortable and the researcher’s contact details were provided on the front cover of the questionnaire. Participants were informed that completion of the assignment should take around 15-20 minutes but were reassured to work at their own pace.

3.3.2 Sampling Procedure

A non-probability convenience and purposive sampling strategy was used to collect data from participants. A non-probability convenience sampling is a method which is used to select participants that are most conveniently available at the time (Zikmund, 2003; Fink, 2009). The benefit of using this sampling method is that the questionnaire can be handed out
to a number of people simultaneously, saving time and costs (Leary 2004; Zikmund, 2003; Fink, 2009). Purposive sampling is a method in which strategic choices are made with regard to the sample, about with whom, where and how to do your research (Zikmund, 2003; Fink, 2009). The manner in which the sample is chosen is based on the objective of the study and in this instance the inclusion criteria for the sample indicated that participants were required to have at least one year’s working experience within each specific organisation of interest. Demographic data such as gender, age and language was also captured. Table 3.1 provides an overview of the characteristics of participants included in this study.
Table 3.1

Demographic and Biographical Characteristics of Participants (N = 318)

<table>
<thead>
<tr>
<th>Item</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Men</td>
<td>110</td>
<td>34.6</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>208</td>
<td>65.4</td>
</tr>
<tr>
<td></td>
<td>Missing Values</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Age</td>
<td>18-27</td>
<td>81</td>
<td>25.4</td>
</tr>
<tr>
<td></td>
<td>28-38</td>
<td>111</td>
<td>34.8</td>
</tr>
<tr>
<td></td>
<td>39-48</td>
<td>70</td>
<td>21.9</td>
</tr>
<tr>
<td></td>
<td>49-59</td>
<td>41</td>
<td>12.9</td>
</tr>
<tr>
<td></td>
<td>60+</td>
<td>14</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>Missing Values</td>
<td>1</td>
<td>.6</td>
</tr>
<tr>
<td>Racial Group</td>
<td>African</td>
<td>74</td>
<td>23.2</td>
</tr>
<tr>
<td></td>
<td>Coloured</td>
<td>23</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>White</td>
<td>175</td>
<td>54.9</td>
</tr>
<tr>
<td></td>
<td>Indian</td>
<td>36</td>
<td>11.3</td>
</tr>
<tr>
<td></td>
<td>Asian</td>
<td>9</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>1</td>
<td>.3</td>
</tr>
<tr>
<td></td>
<td>Missing Values</td>
<td>1</td>
<td>.3</td>
</tr>
<tr>
<td>Current Position</td>
<td>Trainee/Intern</td>
<td>36</td>
<td>11.3</td>
</tr>
<tr>
<td></td>
<td>Junior Manager</td>
<td>67</td>
<td>21.0</td>
</tr>
<tr>
<td></td>
<td>Middle Manager</td>
<td>56</td>
<td>17.6</td>
</tr>
<tr>
<td></td>
<td>Senior Manager</td>
<td>33</td>
<td>10.3</td>
</tr>
<tr>
<td></td>
<td>Executive</td>
<td>17</td>
<td>5.3</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>99</td>
<td>31.0</td>
</tr>
<tr>
<td></td>
<td>Missing Values</td>
<td>10</td>
<td>3.5</td>
</tr>
<tr>
<td>Level of Education</td>
<td>Grade 8-11</td>
<td>13</td>
<td>4.1</td>
</tr>
<tr>
<td></td>
<td>Grade 12</td>
<td>92</td>
<td>28.9</td>
</tr>
<tr>
<td></td>
<td>Degree/Diploma</td>
<td>140</td>
<td>44.0</td>
</tr>
<tr>
<td></td>
<td>Post-Graduate</td>
<td>65</td>
<td>20.4</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>8</td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td>Missing Values</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Job Family</td>
<td>Human resources</td>
<td>39</td>
<td>12.2</td>
</tr>
<tr>
<td></td>
<td>Administrative</td>
<td>77</td>
<td>24.1</td>
</tr>
<tr>
<td></td>
<td>Sales &amp; Service</td>
<td>52</td>
<td>16.3</td>
</tr>
<tr>
<td></td>
<td>IT</td>
<td>18</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>Process &amp; Project Management</td>
<td>16</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>Marketing</td>
<td>19</td>
<td>6.0</td>
</tr>
<tr>
<td></td>
<td>Finance</td>
<td>42</td>
<td>13.2</td>
</tr>
<tr>
<td></td>
<td>Consulting</td>
<td>20</td>
<td>6.3</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>32</td>
<td>10.9</td>
</tr>
<tr>
<td></td>
<td>Missing Values</td>
<td>3</td>
<td>.4</td>
</tr>
</tbody>
</table>
The data show that 34.6% of the sample was male, while 65.2% of the sample was female. Furthermore, 25.4% of the sample ranged between 18 and 27 years, 34.8% were 28-38 years old, the age group 39-48 represented 21.9%, the category 49-59 made up 12.9% and 4.4% of the sample consisted of people above 60 years old. With regards to racial group, the predominant racial category of the sample was White, representing 54.9% of the sample, followed by African at 23.2% of the sample and Indian at 11.3%. With regards to the current position held within the organisations, the prominent position was made up of junior managers, consisting of 21.0% of the sample, followed by middle managers making up 17.6% of the sample and trainee/interns making up 11.3%. In relation to level of education, 4.1% of the sample had Grade 8-11, 28.9% had a Grade-12 level qualification, 44.0% had either a degree or diploma, 20.4% had a Post-Graduate degree and 2.6% had other levels of education. With regards to job family, 12.2% of the participants were in human resources, 24.1% in administrative positions, 16.3% in sales and services, 5.6% in the IT sector, 5.0% in process and project management, 6.0% in the marketing field, 13.2% in finance, 6.3% in consulting and 10.9% in other job families.

3.3.3 Measuring Instruments

As indicated previously, questionnaires are one of the most popular methods of collecting data but they do have a major disadvantage in that there could be a potential low response rate as it may be difficult to probe responses from the respondents (Thomas, 2003; Walonick, 2004). Questionnaires collect information linked to facts and opinions, but it must be ensured that questions only deal with the subject matter of interest (Denscombe, 2007). The questionnaire comprised of three parts:

Part A included a number of questions about respondents’ demographic composition (gender, race, age, marital status, education, work experience and current position).
Part B included The *Utrecht Work Engagement Scale* (UWES) developed by Schaufeli, Salanova, Gonzalez-Roma and Bakker (2002) which was adapted and used to measure work engagement. A Likert scale ranging from 0 (never) to 6 (always) was used. The items in this scale reflect Kahn’s (1990) conceptualisation of engagement, including physical, emotional and cognitive components that comprise an engaged state. The construct of work engagement is comprised of three dimensions: vigour, dedication and absorption. Typical items within this scale included: Vigour - ‘At my work, I feel that I am bursting with energy,’ Dedication - ‘I am enthusiastic about my job’ and Absorption – ‘I am immersed in my work.’ Storm & Rothmann (2003) obtained the following alpha coefficients for the UWES in South Africa: vigour: (α = .78), dedication: (α = .89) and absorption: (α = .78). For the purpose of this study, the UWES scale was combined and used as a one-factor scale, looking at total work engagement. According to Schaufeli and Bakker (2003), the 17-item, total work engagement scale obtained an alpha coefficient of .93 which largely exceeds the acceptable cut off point of .7 for reliability (Nunnaly & Bernstein, 1994).

Part C included *The Rewards Preferences Questionnaire* developed by Nienaber (2010) which was adapted and used to measure total rewards. The Rewards Preferences Questionnaire was designed from information gathered from the various different models identified in the literature review. A Likert scale ranging from 0 (not at all important, totally disagree) to 6 (extremely important, fully agree) was used. The items in the scale reflected Nienaber’s framework of six categorical rewards that are considered of importance. Part C consisted of 4 sections, sections C1, C2, C3 and C4 which were responsible for gathering responses in respect to different reward dimensions. Section C1 indicated the level of preference for each reward component listed. Section C2 determined which other rewards not mentioned in the list was of importance to individuals. Section C3 required the respondents to indicate the extent to which they agreed with the reward-related statements. Section C4 aimed
to collect responses based on the importance that individuals placed on each reward category.

The internal reliability of the questionnaire developed by Nienaber (2010) obtained a Cronbach’s alpha of ($\alpha = .82$) which indicates that the research instrument was reliable based on a sample size of 589 participants from the financial services industry.

### 3.3.4 Ethical Considerations

According to the American Psychological Association (2010), several factors and ethical guidelines should be taken into account before conducting the research study. When the questionnaires were distributed to participants the purpose of the study was explained to the participants on the front cover of the questionnaire. The informed consent process ensured that individuals were voluntarily participating in the research with the full knowledge of the relevant risks and benefits involved. The participants were ensured that they may remove themselves from the study at any point in which they feel uncomfortable. Anonymity and confidentiality was assured, as it was not necessary for participants to identify themselves. These guidelines were all adhered to in this study.

### 3.3.5 Statistical Analysis

Statistical analysis was carried out using the SPSS program (SPSS Inc., 2013). The data analysis techniques that were used to analyse the responses to the questionnaire included descriptive statistics (means, standard deviations and alpha coefficients), frequencies, Pearson product moment correlations, and reliability tests using Cronbach alpha. Regression was then conducted to determine if total rewards predicts work engagement. Moderated regression was then conducted last on two separate variables in order to determine whether gender and age moderated the relationship between the different reward preferences and work engagement.
3.3.5.1 Descriptive Statistics

The captured data was inspected and prepared for analysis by looking at missing values and outliers. The SPSS version 2013 (SPSS Inc., 2013) was used to analyse the data. Descriptive statistics were performed calculating the means, standard deviations, skewness and kurtosis. According to Pelham and Blanton (2007), descriptive statistics are used to provide the researcher with outputs to describe test scores. Furthermore, descriptive statistics allow the researcher to make comparisons between different groups in the study. Data should essentially match a normal bell-shaped curve if representing a true reflection of the population (McIntire & Miller, 2008). In order to identify the distribution of the data, both skewness and kurtosis were examined. According to Coolican (2009), skewness represents extreme scores on the data, whereby scores cluster around the tails of the distribution curve, based on the test question being too easy or too hard and kurtosis represents the spread of the data, either being peaked (clustering of scores around the mean) or flat (data are spread out). The cut-off scores for skewness and kurtosis are both $< 2$ and $< 4$, respectively (Finch & West, 1997). The items that did not meet the cut-off points were discarded from further analysis.

3.3.5.2 Pearson Correlation Coefficient

The Pearson Product-Moment Correlation Coefficient was used to determine and analyse the degree to which variables are related (Roberts, 2005). The relationship between the variables is based on the strength and direction that exists between the linear relationship of reward categories and work engagement. Statistical significance was set at the 95% confidence level ($p<0.05$), whilst effect sizes were used to decide on the practical significance of the findings. According to Cohen (1988), cut-off points of .10 (small effect), .30 (medium effect) and .50 (large effect) were used to decide on the practical significance of the correlation coefficients.
3.3.5.3 Frequencies

The Frequencies procedure provides statistics and graphical displays that are useful for describing many types of variables (Field, 2009). Frequencies look at the number of times an individual responded to a certain item within a questionnaire. Within this research, frequencies were provided based on the number of times individuals responded to certain items based on the Likert scale within the Reward Preference Questionnaire.

3.3.5.4 Reliability (Cronbach alpha (α) coefficient)

Reliability refers to the applicability or consistency in which a measure taps into an attribute (Field, 2005). The reliability of the constructs within the sample was assessed using Cronbach Alpha. Cronbach Alpha is one of the most common methods used to assess reliability and is able to determine the degree to which an individual varies on an item. Alpha coefficients are responsible for providing the internal consistency and dependability of the data, as well as the homogeneity of items (Field, 2009).

A common interpretation of Cronbach alpha is that it measures the unidimensionality of a construct, or the extent to which the scale measures one underlying factor or constructs (Field, 2009). According to Field (2005), it is therefore essential that if a measure contains sub-groups, a reliability analysis should be conducted for each sub-group. According to Nunnally and Bernstein (1994), Cronbach Alpha is acceptable at .70 level of reliability at the preliminary stages of research, but should reach at least reach the .80 level of reliability (Netemeyer, Bearden, & Sharma, 2003).

Reliability analysis (Cronbach Alpha) was conducted on the different reward sub-groups, the total reward scale and the work engagement (UWES) scale.

3.3.5.5 Validity

Validity was ensured throughout the study. According to Field (2009) validity refers to whether an instrument actually measures what it sets out to measure. Additionally,
Netemeyer, Bearden and Sharma (2008, p.11) define validity as “how well a measure actually measures the construct it intended to measure.” In terms of validity, the notions tied up to validity are not only linked to the measuring instrument or survey used, but validity and credibility must be ensured throughout the entire research process, from beginning to termination of the project, thus representing the overarching quality of the research study (Trochim, 2002).

### 3.3.5.6 Regression Analysis

According to Reynaldo and Santos (1999), regression aims to explore the relationship between the dependent and independent variables. A regression analysis was conducted in order to determine the relationship between the chosen demographic variables, total rewards, and work engagement. Both homoscedacity and multicollinearity were accounted for when conducting multiple regression. Homoscedasticity refers to the variance around the regression line remaining the same for all predictor (independent) variables (Tabachnick & Fidell, 2007) according to Tabachnick and Fidell (2007) multicollinearity refers to two or more predictor variables being highly correlated with one another. Within regression analysis, each independent variable (the different reward categories) was analysed to determine whether each construct was able to predict work engagement (p < 0.05). Furthermore, it was then determined whether total rewards as a whole predicted work engagement based on the adjusted R square value.

### 3.3.5.7 Moderated Regression Analysis

A moderator is a variable that affects the direction and/or strength of the relationship between an independent or predictor variable and a dependent variable (Baron & Kenny, 1986). A moderator variable specifies the conditions under which a given predictor is related to an outcome. The moderator explains when an independent (IV) and dependent variable (DV) are related. A moderating variable can alter the relationship between the independent
and dependent variable. This change contributes towards either increasing or decreasing the strength of the relationship (Sharma, et al., 1981).

One of the research questions of this study is whether gender and age alter the relationship between total rewards and work engagement. A moderated regression analysis was conducted on age and gender as separate moderators in order to determine whether gender and age act as moderators in the relationship between reward preferences and work engagement. The moderation was conducted in a three steps. It was first determined whether total rewards and work engagement have a relationship. It was then determined whether total rewards and work engagement maintain a significant relationship once the moderator variable was added into the equation. Furthermore, the last step determined whether the above relationship remained significant once the interaction variable was placed into the equation. The interaction variable is the multiplication of both the independent and moderator variables. If this relationship is found to be significant it can be deterred that the moderating variable influences the relationship between total rewards and work engagement. If the relationship remained insignificant it can be confirmed that no moderation is present.

3.4 Conclusion

Chapter 3 outlined the research design and research method. The chapter also described the statistical analysis techniques used. What follows is an in-depth analysis of the results that were obtained in the study.
CHAPTER 4: RESULTS

4.1 Introduction

This chapter covers the results of the statistical analysis. The following results will be presented: Frequencies, Descriptive statistics, Regression Analysis, Reliability and Moderated Regression Analysis.

4.2 Research Results

4.2.1 Descriptive Statistics

Descriptive Statistics and Reliabilities of the Reward Preference Questionnaire and Work Engagement (UWES) scale are presented in Table 4.1.

Table 4.1

<table>
<thead>
<tr>
<th>Scales</th>
<th>Mean</th>
<th>SD</th>
<th>α</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Pay</td>
<td>5.53</td>
<td>.72</td>
<td>.40</td>
<td>-.41</td>
<td>.44</td>
</tr>
<tr>
<td>Performance and Career Management</td>
<td>5.60</td>
<td>.77</td>
<td>.87</td>
<td>-.99</td>
<td>1.75</td>
</tr>
<tr>
<td>Contingency Pay</td>
<td>5.15</td>
<td>.88</td>
<td>.36</td>
<td>-.49</td>
<td>.22</td>
</tr>
<tr>
<td>Quality Working</td>
<td>4.98</td>
<td>.99</td>
<td>.87</td>
<td>-.44</td>
<td>-.09</td>
</tr>
<tr>
<td>Environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>4.74</td>
<td>1.14</td>
<td>.72</td>
<td>-.59</td>
<td>.35</td>
</tr>
<tr>
<td>Work Home Integration</td>
<td>4.62</td>
<td>1.30</td>
<td>.81</td>
<td>-.73</td>
<td>.32</td>
</tr>
<tr>
<td>Total Rewards Scale</td>
<td>5.11</td>
<td>.74</td>
<td>.91</td>
<td>-.44</td>
<td>.27</td>
</tr>
<tr>
<td>Work Engagement</td>
<td>4.96</td>
<td>1.03</td>
<td>.96</td>
<td>-.70</td>
<td>1.39</td>
</tr>
</tbody>
</table>
Table 4.1 shows the means scores of the different reward sub-groups, the total rewards scale and work engagement. The standard deviation, alpha coefficients, skewness and kurtosis were provided for the above constructs as well. Means and standard deviations for dimensions of the different reward preference sub-groups, the total rewards scale and work engagement ranged between 4.62 and 5.60, with standard deviations ranking from .72 and 1.30. Most of the alpha coefficients of the subscales were considered to be satisfactory when compared to the guideline of $\alpha > .70$ (Nunnally & Bernstein, 1994). Performance and Career Management, as well as Quality Working Environment maintained the highest reliabilities of .87, followed by Work Home Integration of .81. The lowest reliability amongst the subscales was .36 for Contingency Pay and did not meet the criterion for acceptable reliability. Furthermore, the Total Rewards Scale produced a reliability of .91 and the Total Work Engagement Scale had a reliability of .96. No items were found to problematic with regards to skewness and kurtosis (skewness < 2; kurtosis < 4) suggesting that the data is normally distributed (Finch & West, 1997).
4.2.2. Correlations

The correlation results between Total Rewards, The Reward Sub-Groups and Work Engagement are presented below in Table 4.2.
Table 4.2

*Correlation Coefficients of Total Rewards, Total Reward Sub-Scales and Work Engagement*

<table>
<thead>
<tr>
<th>Scales</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Pay</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Performance and Career Management</td>
<td>.34**++</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contingency Pay</td>
<td>.47**++</td>
<td>.50**++</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quality Working Environment</td>
<td>.26**++</td>
<td>.70**+++</td>
<td>.42**++</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benefits</td>
<td>.27**++</td>
<td>.62**+++</td>
<td>.56**+++</td>
<td>.67**+++</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Work Home Integration</td>
<td>.25**++</td>
<td>.45**++</td>
<td>.47**++</td>
<td>.55**+++</td>
<td>.60**+++</td>
<td>1.00</td>
<td>-</td>
</tr>
<tr>
<td>Total Rewards</td>
<td>.52**+++</td>
<td>.78**+++</td>
<td>.74**+++</td>
<td>.81**+++</td>
<td>.85**+++</td>
<td>.79**+++</td>
<td>1.00</td>
</tr>
<tr>
<td>Work Engagement</td>
<td>.08</td>
<td>.37**++</td>
<td>.19**+</td>
<td>.27**+</td>
<td>.25**+</td>
<td>.06</td>
<td>.26**+</td>
</tr>
</tbody>
</table>

**Statistically Significant   p < .05**

Practically Significant + r > .10 (small effect)

++ r > .30 (medium effect)

+++ r > .50 (large effect)
Based on the findings by Cohen (1988) cut-off points were set at three different levels, .10 being a small effect, .30 a medium effect and .50 a large effect. These cut-off scores were used to determine the practical significance between the correlations.

Table 4.2 indicates that Base Pay has a statistically and practically significant positive relationship with Performance and Career Management ($r = .34; p<0.05; \text{medium effect}$), Contingency Pay ($r = .47; p<0.05; \text{medium effect}$), Quality Working Environment ($r = .26; p<0.05; \text{small effect}$), Benefits ($r = .27; p<0.05; \text{small effect}$), Work Home Integration ($r = .25; p<0.05; \text{small effect}$) and Total Rewards ($r = .52; p<0.05; \text{large effect}$).

Furthermore, it can be seen that the construct Performance and Career Management has a statistically practically significant positive relationship with Contingency Pay ($r = .50; p<0.05; \text{large effect}$), Quality Working Environment ($r = .70; p<0.05; \text{large effect}$), Benefits ($r = .62; p<0.05; \text{large effect}$), Work Home Integration ($r = .45; p<0.05; \text{medium effect}$), Total Rewards ($r = .78; p<0.05; \text{large effect}$) and Work Engagement ($r = .37; p<0.05; \text{medium effect}$).

Moreover, the findings confirm that Contingency Pay has a statistically and practically significant positive relationship with Quality Working Environment ($r = .42; p<0.05; \text{medium effect}$), Benefits ($r = .56; p<0.05; \text{large effect}$), Work Home Integration ($r = .47; p<0.05; \text{medium effect}$), Total Rewards ($r = .74; p<0.05; \text{large effect}$) and Work Engagement ($r = .19; p<0.05; \text{small effect}$).

Additionally, results indicate that Quality Work Environment has a statistically and practically significant positive relationship with Benefits ($r = .67; p<0.05; \text{large effect}$), Work Home Integration ($r = .55; p<0.05; \text{large effect}$), Total Rewards ($r = .81; p<0.05; \text{large effect}$) and Work Engagement ($r = .27; p<0.05; \text{small effect}$).
Simultaneously, Benefits maintain a statistically and practically significant positive relationship with Work Home Integration \(r = .60; p<0.05; \text{large effect}\), Total Rewards \(r = .85; p<0.05; \text{large effect}\) and Work Engagement \(r = .25; p<0.05; \text{small effect}\).

In addition, Work Home Integration indicates a statistically and practically significant positive relationship with Total Rewards \(r = .79; p<0.05; \text{large effect}\). Total Rewards has a statistically and practically significant positive relationship with Work Engagement \(r = .26; p<0.05; \text{small effect}\).

**4.2.3 Frequencies**

Within section 2 of the Rewards Preference Questionnaire, respondents were required to indicate the extent to which different reward categories were important to them. Forty six items were presented and divided into two sections. Section 2(a) required respondents to indicate the extent to which the different reward categories were important and section 2(b) assessed the level to which respondents indicated agreement in relation to reward-related statements. In order to determine the respondent’s level of agreement, the frequencies were extracted from each response.

The questions in Section 2(a) were phrased as follows: “The following questions are aimed at determining how important different benefits and types of reward structures are to you. Please indicate your choice on the scale of 0–6 provided, where 0 = not at all important and 6 being extremely important by clicking on the appropriate box”.

The raw frequencies of responses in respect of Section 2(a) are reported in Table 4.3.
<table>
<thead>
<tr>
<th>Section 2(a)</th>
<th>Not Important</th>
<th>Low Importance</th>
<th>Slightly Important</th>
<th>Neutral</th>
<th>Important</th>
<th>High Importance</th>
<th>Extremely Important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. My salary/ guaranteed remuneration is</td>
<td>2.6</td>
<td>2.6</td>
<td>19.6</td>
<td>3.1</td>
<td>94.0</td>
<td>29.5</td>
<td>91.28.5</td>
<td>99</td>
</tr>
<tr>
<td>2. My annual performance bonus/incentives is</td>
<td>6.0</td>
<td>1.9</td>
<td>5.6</td>
<td>1.6</td>
<td>15.6</td>
<td>4.7</td>
<td>28.8</td>
<td>96</td>
</tr>
<tr>
<td>3. Annual allocation of shares/share options is</td>
<td>30.0</td>
<td>9.4</td>
<td>21.6</td>
<td>6.6</td>
<td>25.7</td>
<td>7.8</td>
<td>65.20.4</td>
<td>72.22.6</td>
</tr>
<tr>
<td>4. Medical/health benefit through medical aid schemes are</td>
<td>14.4</td>
<td>4.4</td>
<td>7.2</td>
<td>2.2</td>
<td>11.3</td>
<td>3.4</td>
<td>33.10.3</td>
<td>70.21.9</td>
</tr>
<tr>
<td>5. Retirement and disability benefits are</td>
<td>14.4</td>
<td>4.4</td>
<td>7.2</td>
<td>2.2</td>
<td>11.3</td>
<td>3.4</td>
<td>33.10.3</td>
<td>70.21.9</td>
</tr>
<tr>
<td>6. The opportunity to take study leave for further studies is</td>
<td>19.6</td>
<td>6.0</td>
<td>14.4</td>
<td>4.4</td>
<td>21.6</td>
<td>6.6</td>
<td>32.10.0</td>
<td>84.26.3</td>
</tr>
<tr>
<td>7. The opportunity to take sabbatical leave is</td>
<td>33.10.3</td>
<td>20.6</td>
<td>6.3</td>
<td>2.6</td>
<td>26.8</td>
<td>8.2</td>
<td>73.22.9</td>
<td>79.24.8</td>
</tr>
<tr>
<td>8. A dedicated parking bay in the building where I work is</td>
<td>49.15.4</td>
<td>22.6</td>
<td>6.9</td>
<td>34.0</td>
<td>10.7</td>
<td>57.17.9</td>
<td>76.23.8</td>
<td>44.13.8</td>
</tr>
<tr>
<td>9. Monthly communication sessions about business with my manager are</td>
<td>8.22.5</td>
<td>18.3</td>
<td>3.1</td>
<td>22.6</td>
<td>6.9</td>
<td>11.0</td>
<td>86.27.0</td>
<td>89.27.0</td>
</tr>
<tr>
<td>10. Constructive and honest feedback on my performance is</td>
<td>4.13</td>
<td>4.1</td>
<td>13.3</td>
<td>4.1</td>
<td>14.4</td>
<td>4.3</td>
<td>75.23.5</td>
<td>100.34.5</td>
</tr>
<tr>
<td>11. The opportunity to rotate and experience different types of jobs is</td>
<td>18.5.6</td>
<td>19.3</td>
<td>3.1</td>
<td>19.6</td>
<td>6.0</td>
<td>40.12.5</td>
<td>130.34.5</td>
<td>65.20.4</td>
</tr>
<tr>
<td>12. Growth opportunities, learning, and development are</td>
<td>4.13</td>
<td>5.6</td>
<td>1.6</td>
<td>6.1</td>
<td>15.4</td>
<td>4.7</td>
<td>63.26.0</td>
<td>60.35.0</td>
</tr>
<tr>
<td>13. I think coaching and mentoring are</td>
<td>3.9</td>
<td>6.1</td>
<td>1.9</td>
<td>5.6</td>
<td>31.9</td>
<td>9.7</td>
<td>81.25.4</td>
<td>90.32.5</td>
</tr>
<tr>
<td>14. Informal recognition for a job well done (e.g. a thank you note) is</td>
<td>6.19</td>
<td>3.9</td>
<td>10.3</td>
<td>3.1</td>
<td>24.7</td>
<td>7.5</td>
<td>83.26.0</td>
<td>62.38.2</td>
</tr>
<tr>
<td>15. Formal recognition on a job well done (e.g. a fully paid overseas trip)</td>
<td>9.28.8</td>
<td>13.4</td>
<td>4.1</td>
<td>18.5.6</td>
<td>53.16.6</td>
<td>72.22.6</td>
<td>86.27.0</td>
<td>65.20.4</td>
</tr>
<tr>
<td>16. Having a balanced scorecard or performance agreement/contract with my objectives is</td>
<td>14.44</td>
<td>4.4</td>
<td>1.3</td>
<td>20.6.3</td>
<td>28.8</td>
<td>8.8</td>
<td>99.31.0</td>
<td>91.28.5</td>
</tr>
<tr>
<td>17. Bursaries/funding for tertiary qualifications is</td>
<td>14.44</td>
<td>4.4</td>
<td>13.8</td>
<td>4.4</td>
<td>75.44</td>
<td>13.8</td>
<td>89.27.9</td>
<td>82.25.7</td>
</tr>
<tr>
<td>18. Having a good working relationship with colleagues is</td>
<td>2.6</td>
<td>6.0</td>
<td>3.9</td>
<td>8.2</td>
<td>25.19</td>
<td>6.0</td>
<td>68.21.3</td>
<td>50.28.2</td>
</tr>
<tr>
<td>19. A comfortable work environment (decoration, equipment) is</td>
<td>3.6</td>
<td>5.6</td>
<td>1.6</td>
<td>18.5.6</td>
<td>30.9.4</td>
<td>9.4</td>
<td>97.30.4</td>
<td>82.28.8</td>
</tr>
<tr>
<td>20. An on-site fitness centre is</td>
<td>42.13.2</td>
<td>29.9.1</td>
<td>28.88</td>
<td>8.4</td>
<td>74.23.2</td>
<td>63.19.7</td>
<td>40.12.5</td>
<td>33.10.3</td>
</tr>
<tr>
<td>21. An on-site medical centre is</td>
<td>32.10.0</td>
<td>30.9.4</td>
<td>27.3</td>
<td>2.7</td>
<td>69.21.6</td>
<td>67.21.0</td>
<td>57.17.9</td>
<td>33.10.3</td>
</tr>
<tr>
<td>22. On-site or subsidised childcare facilities is</td>
<td>56.17.6</td>
<td>27.8.5</td>
<td>27.85</td>
<td>8.5</td>
<td>85.26.6</td>
<td>48.15.0</td>
<td>44.13.8</td>
<td>24.7.5</td>
</tr>
<tr>
<td>23. An on-site staff cafeteria is</td>
<td>29.9.1</td>
<td>32.18.0</td>
<td>33.10.3</td>
<td>66.20.7</td>
<td>77.24.1</td>
<td>45.14.1</td>
<td>29.9.1</td>
<td>311</td>
</tr>
<tr>
<td>24. An on-site convenience store is</td>
<td>44.13.8</td>
<td>28.8.8</td>
<td>34.10.7</td>
<td>64.20.1</td>
<td>62.19.4</td>
<td>47.14.7</td>
<td>34.10.7</td>
<td>313</td>
</tr>
<tr>
<td>25. ParaSafely and security in the workplace is</td>
<td>3.9</td>
<td>4.1</td>
<td>13.4</td>
<td>4.1</td>
<td>18.5.6</td>
<td>78.24.5</td>
<td>82.25.7</td>
<td>117.36.7</td>
</tr>
<tr>
<td>26. The quality of co-workers in my team is</td>
<td>3.9</td>
<td>2.6</td>
<td>7.2</td>
<td>2.2</td>
<td>29.9.1</td>
<td>67.21.0</td>
<td>100.33.2</td>
<td>99.31.0</td>
</tr>
<tr>
<td>27. Subsidised tuition for my children is</td>
<td>47.14.7</td>
<td>18.5.6</td>
<td>19.60</td>
<td>7.9</td>
<td>71.22.3</td>
<td>60.18.8</td>
<td>49.15.4</td>
<td>48.15.0</td>
</tr>
<tr>
<td>28. The ability to work flexible hours is</td>
<td>11.3.4</td>
<td>5.6</td>
<td>1.6</td>
<td>4.1</td>
<td>36.11.3</td>
<td>76.23.8</td>
<td>87.27.3</td>
<td>85.20.6</td>
</tr>
</tbody>
</table>
Based on the frequencies reported in Table 4.3, the highest frequencies per question were highlighted in green. The significance of the cut off points (25%) is based on the highest percentage or cluster of frequencies as reported by the participants that formed part of the study. As can be seen on Table 4.3, more than 25% of respondents rated the following reward categories as ‘extremely important’ (6):

Base Pay

1. Salary/ guaranteed remuneration (31%)

Quality Work Environment

1. Good working relationship with colleagues (38.9%)
2. Quality of co-workers in my team (31%)

Benefits

1. Medical aid benefits (28.5%)
2. Retirement and disability benefits (29.2%)
3. Personal safety and security in the workplace (36.7%)

Work Home Integration

1. Ability to work flexible hours (26.6%)

When looking at frequency response scores in the neutral category, items that scored more than 20% in terms of frequency are indicated as follows:

Benefits

1. An on-site fitness centre
2. An on-site medical centre
3. On-site or subsidised childcare facilities
4. An on-site staff restaurant
5. An on-site convenience store

Work Home Integration
1. Subsidised tuition for my children

It is evident that these response scores are important enough to take into consideration when designing a rewards framework.

In order to determine the degree to which respondents fully agreed or totally disagreed with statements listed in section 2(b), the frequencies of each response were extracted. The statements in section 2(b) were phrased as follows: “The following questions are aimed at determining the extent to which you agree (or not) with the following statements. Please indicate your choice on the scale of 0–6 provided, where 0 = totally disagree and 6 = fully agree by clicking on the appropriate box”.

The raw frequencies of responses in respect of Section 2(b) are reported in Table 4.4.
**Table 4.4**

**Frequencies of Responses in Terms of Section 2(b).**

<table>
<thead>
<tr>
<th>Section 2(b)</th>
<th>Totally Disagree</th>
<th>Mildly Disagree</th>
<th>Disagree</th>
<th>Neither Agree</th>
<th>Mildly Agree</th>
<th>Agree</th>
<th>Fully Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Merit increases should be linked to personal performance</td>
<td>25 (6.2%)</td>
<td>9 (2.4%)</td>
<td>72 (22.6%)</td>
<td>35 (11.0%)</td>
<td>54 (16.9%)</td>
<td>75 (23.9%)</td>
<td>41 (12.9%)</td>
</tr>
<tr>
<td>2. My salary must be market related</td>
<td>48 (13.3%)</td>
<td>4 (1.3%)</td>
<td>18 (5.6%)</td>
<td>26 (8.2%)</td>
<td>43 (13.5%)</td>
<td>110 (37.3%)</td>
<td>102 (32.0%)</td>
</tr>
<tr>
<td>3. I would like to structure my remuneration according to my own needs</td>
<td>1 (0.7%)</td>
<td>2 (0.6%)</td>
<td>12 (3.8%)</td>
<td>32 (10.0%)</td>
<td>68 (21.3%)</td>
<td>104 (34.0%)</td>
<td>69 (21.6%)</td>
</tr>
<tr>
<td>4. Increases should be linked to inflation and not to personal performance</td>
<td>26 (6.2%)</td>
<td>9 (2.4%)</td>
<td>72 (22.6%)</td>
<td>35 (11.0%)</td>
<td>54 (16.9%)</td>
<td>75 (23.9%)</td>
<td>41 (12.9%)</td>
</tr>
<tr>
<td>5. Bonus allocations should be linked to my personal performance</td>
<td>1 (0.3%)</td>
<td>4 (1.3%)</td>
<td>13 (4.1%)</td>
<td>11 (3.4%)</td>
<td>121 (40.1%)</td>
<td>182 (59.8%)</td>
<td>120 (37.6%)</td>
</tr>
<tr>
<td>6. Bonus allocations should be linked to my team’s performance</td>
<td>25 (7.8%)</td>
<td>10 (3.1%)</td>
<td>57 (17.9%)</td>
<td>34 (10.7%)</td>
<td>82 (25.7%)</td>
<td>69 (21.6%)</td>
<td>38 (11.9%)</td>
</tr>
<tr>
<td>7. My employer should provide me with financial assistance</td>
<td>33 (10.3%)</td>
<td>13 (4.1%)</td>
<td>55 (17.2%)</td>
<td>68 (21.3%)</td>
<td>56 (17.6%)</td>
<td>53 (16.6%)</td>
<td>38 (11.9%)</td>
</tr>
<tr>
<td>8. I enjoy having total control over my work methods without my manager’s interference</td>
<td>2 (0.6%)</td>
<td>1 (0.3%)</td>
<td>21 (6.6%)</td>
<td>35 (10.9%)</td>
<td>71 (22.3%)</td>
<td>106 (33.2%)</td>
<td>78 (24.5%)</td>
</tr>
<tr>
<td>9. My career path planning should align with my personal interests and goals</td>
<td>2 (0.6%)</td>
<td>1 (0.3%)</td>
<td>12 (3.8%)</td>
<td>22 (6.9%)</td>
<td>56 (17.6%)</td>
<td>104 (34.0%)</td>
<td>91 (28.5%)</td>
</tr>
<tr>
<td>10. My job should be challenging and test my abilities</td>
<td>1 (0.3%)</td>
<td>2 (0.6%)</td>
<td>6 (1.9%)</td>
<td>19 (5.9%)</td>
<td>35 (11.0%)</td>
<td>117 (37.6%)</td>
<td>114 (35.7%)</td>
</tr>
<tr>
<td>11. I should be held accountable for my personal job outputs</td>
<td>1 (0.3%)</td>
<td>2 (0.6%)</td>
<td>6 (1.9%)</td>
<td>19 (5.9%)</td>
<td>39 (12.9%)</td>
<td>146 (46.4%)</td>
<td>106 (33.2%)</td>
</tr>
<tr>
<td>12. I would like to go on an international secondment</td>
<td>11 (3.4%)</td>
<td>6 (1.9%)</td>
<td>20 (6.3%)</td>
<td>73 (22.9%)</td>
<td>52 (16.3%)</td>
<td>83 (26.0%)</td>
<td>67 (21.0%)</td>
</tr>
<tr>
<td>13. My employer should provide holiday programmes for my children</td>
<td>60 (18.8%)</td>
<td>15 (5.0%)</td>
<td>53 (16.6%)</td>
<td>84 (26.3%)</td>
<td>36 (11.3%)</td>
<td>41 (12.9%)</td>
<td>25 (7.8%)</td>
</tr>
<tr>
<td>14. My employer should provide me with an allowance or a subsidy to care for my financially dependent parents</td>
<td>60 (18.8%)</td>
<td>15 (5.0%)</td>
<td>53 (16.6%)</td>
<td>84 (26.3%)</td>
<td>36 (11.3%)</td>
<td>41 (12.9%)</td>
<td>25 (7.8%)</td>
</tr>
<tr>
<td>15. I need to log into the employer’s network from home</td>
<td>30 (9.4%)</td>
<td>13 (4.1%)</td>
<td>31 (9.7%)</td>
<td>48 (15.0%)</td>
<td>48 (15.0%)</td>
<td>92 (28.8%)</td>
<td>52 (16.3%)</td>
</tr>
<tr>
<td>16. I need a laptop/3G card to perform optimally</td>
<td>30 (9.4%)</td>
<td>8 (2.6%)</td>
<td>39 (12.2%)</td>
<td>49 (15.4%)</td>
<td>35 (11.0%)</td>
<td>87 (27.3%)</td>
<td>67 (21.0%)</td>
</tr>
<tr>
<td>17. I think employers should provide phased in return to work after maternity leave</td>
<td>17 (5.3%)</td>
<td>8 (2.5%)</td>
<td>18 (5.6%)</td>
<td>70 (21.9%)</td>
<td>59 (18.5%)</td>
<td>94 (29.5%)</td>
<td>50 (15.7%)</td>
</tr>
</tbody>
</table>
Section 2b) provided the frequencies aligned with the responses that participants made in relation to a number of statements that are linked to a rewards system in the workplace. The significance of the cut off points (25%) is based on the highest percentage or cluster of frequencies as reported by the participants that formed part of the study. As can be seen from Table 4.4, more than 25% of respondents agreed with the following statements (namely a rating of 5):

**Base Pay**

1. Merit increases should be linked to personal performance
2. My salary must be market related
3. I would like to structure my remuneration according to my own needs
4. Increases should be linked to inflation and not to personal performance

**Performance and Career Management**

1. I enjoy having total control over my work methods without my manager's interference
2. My career path planning should align with my personal interests and goals
3. My job should be challenging and test my abilities
4. I should be held accountable for my personal job outputs
5. I would like to go on an international secondment

**Contingency Pay**

1. Bonus allocations should be linked to my personal performance
2. Bonus allocations should be linked to my team's performance

**Quality Working Environment**

1. Management should encourage team performance

**Work Home Integration**

1. I need to log into the employer's network from home
2. I need a laptop 3G card to perform optimally

3. I think employers should provide phased-in return-to-work after maternity/paternity leave

For the following statements, more than 20% of respondents indicated that they neither disagreed nor agreed, namely a ranking of 3:

Benefits

1. My employer should provide me with financial assistance

Work Home Integration

1. My employer should provide holiday programmes for my children

2. My employer should provide me with an allowance or subsidy to care for my financially dependent parents

4.2.4 Multiple Regression

This section discusses the findings of Multiple Regression between the Total Reward subscales and Work Engagement as displayed in Table 4.5.
Table 4.5

Hierarchal Multiple Regression of Work Engagement (WE) as the Dependent Variable and the multiple Independent Variables

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardised Coefficient</th>
<th>Standardised Coefficients</th>
<th>t</th>
<th>p</th>
<th>F</th>
<th>R</th>
<th>$R^2$</th>
<th>$\Delta R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>2.78</td>
<td>.50</td>
<td></td>
<td>5.58</td>
<td>.000**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BP</td>
<td>-.07</td>
<td>.09</td>
<td>-.06</td>
<td>-92</td>
<td>.36</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCM</td>
<td>.39</td>
<td>.10</td>
<td>.30</td>
<td>3.81</td>
<td>.000**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP</td>
<td>.08</td>
<td>.08</td>
<td>.06</td>
<td>93</td>
<td>.35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QWE</td>
<td>.12</td>
<td>.07</td>
<td>.12</td>
<td>1.66</td>
<td>.09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>.08</td>
<td>.08</td>
<td>.09</td>
<td>1.08</td>
<td>.28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WHI</td>
<td>-0.20</td>
<td>.06</td>
<td>-.24</td>
<td>-34</td>
<td>.001**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TR</td>
<td></td>
<td></td>
<td></td>
<td>8.60</td>
<td>.14</td>
<td>.13</td>
<td>.14</td>
<td></td>
</tr>
</tbody>
</table>

**Statistically Significant  $p < .05$**

*Note: Independent variables: Base Pay(BP), Performance and Career Management(PCM), Contingency Pay(CP), Quality Working Environment (QWE), Benefits(B) and Work Home Integration (WHI) as the Total Rewards(TR)*

Multiple regression was used to explore the prediction of Work Engagement from the sub-categories of total rewards. Although three of the subscale did not have adequate reliability, it was decided to include them in the analysis since these scales are still under
development and refinement and the researcher wanted to determine whether they potentially could add value. The results, as shown in Table 4.5, indicate that Performance and Career Management and Work Home Integration, both independent variables ($p = .000; p = .001$) were statistically significant predictors of Work Engagement. The results indicate that the Total Rewards model accounts for 14% of the variance in Work Engagement. It can therefore be concluded that Performance and Career Management as well as Work Home Integration are significant predictors of Work Engagement and that the Total Rewards model only predicts 14% of Work Engagement, suggesting that there remain a number of other constructs that account for variance within Work Engagement as a construct.

In order to determine whether gender and age influenced the relationship between Total Rewards and Work Engagement, a moderation analysis was conducted. The results regarding whether gender acts as a moderator between Work Engagement and Total Rewards will be presented in Table 4.6.
4.2.5 Moderated Regression Analysis

Table 4.6

Hierarchical Moderated Regression of Work Engagement as the Dependent Variable and Total Rewards and Gender as Independent variables

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardised Coefficient</th>
<th>Standardised Coefficient</th>
<th>t</th>
<th>p</th>
<th>F</th>
<th>R</th>
<th>R²</th>
<th>ΔR²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β</td>
<td>SE</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Constant</td>
<td>3.12</td>
<td>.39</td>
<td>8.021</td>
<td>.000**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Rewards</td>
<td>.36</td>
<td>.08</td>
<td>.259</td>
<td>.000**</td>
<td>4.77</td>
<td>.067</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Constant</td>
<td>3.10</td>
<td>.42</td>
<td>7.35</td>
<td>.000**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Rewards</td>
<td>.36</td>
<td>.08</td>
<td>.26</td>
<td>.000**</td>
<td>4.73</td>
<td>.061</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.02</td>
<td>.12</td>
<td>.01</td>
<td>.871</td>
<td>.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Constant</td>
<td>1.74</td>
<td>1.32</td>
<td>1.32</td>
<td>.187</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Rewards</td>
<td>.63</td>
<td>.26</td>
<td>.45</td>
<td>.016</td>
<td>2.43</td>
<td>.062</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.87</td>
<td>.79</td>
<td>.41</td>
<td>.271</td>
<td>1.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Rewards*Gender</td>
<td>-.17</td>
<td>.16</td>
<td>-.46</td>
<td>-.09</td>
<td>.276</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Statistically Significant Correlation p < 0.05**

The findings in Table 4.6 show that Total Rewards (F = 22.74 ; β = .3.12; p < 0.05) was a significant predictor of Work Engagement and explained 7% of the variance in Work Engagement within Step one. In the second step, the explained variance persisted at 7% when
gender \( (F = 11.35; \beta = 3.10; p < 0.05) \) was added to the calculation, thus non-significantly predicting Work Engagement. The variance remained the same in Step three, yet gender and total rewards as an interacting variable was a statically non-significant predictor of Work Engagement. Therefore, gender does not act as a significant moderator between Work Engagement and Total Rewards.

Next, the results regarding the moderated regression of gender between Work Engagement and Total Rewards excluding three problematic variables (contingency pay, base pay, quality working environment) will be presented in Table 4.7. These three problematic variables were excluded in additional analyses as the above mentioned three variables did not seem to carry evidence of reliability and the researcher wanted to determine whether gender acted as a moderator between work engagement and total rewards once the problematic variables were removed.
Table 4.7

Hierarchical Moderated Regression of Work Engagement as the Dependent Variable and Total Rewards and Gender as Independent variables (excluding problematic variables of contingency pay, base pay, quality work environment)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardised Coefficient</th>
<th>Standardised Coefficient</th>
<th>t</th>
<th>p</th>
<th>F</th>
<th>$R^2$</th>
<th>$\Delta R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\beta$</td>
<td>$SE$</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>19.47</td>
<td>.24</td>
<td>.058</td>
<td>.058</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>3.60</td>
<td>.31</td>
<td>11.46</td>
<td>.000**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Rewards</td>
<td>.27</td>
<td>.06</td>
<td>.241</td>
<td>4.41</td>
<td>.000**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>9.72</td>
<td>.24</td>
<td>.058</td>
<td>.058</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>3.57</td>
<td>.36</td>
<td>10.02</td>
<td>.000**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Rewards</td>
<td>.27</td>
<td>.06</td>
<td>.24</td>
<td>4.37</td>
<td>.000**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>.02</td>
<td>.12</td>
<td>.01</td>
<td>.18</td>
<td>.858</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>7.18</td>
<td>.253</td>
<td>.064</td>
<td>.064</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>2.11</td>
<td>1.08</td>
<td>1.96</td>
<td>.051</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Rewards</td>
<td>.57</td>
<td>.22</td>
<td>.50</td>
<td>2.63</td>
<td>.009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>.92</td>
<td>.64</td>
<td>.43</td>
<td>1.44</td>
<td>.152</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Rewards*Gender</td>
<td>-.18</td>
<td>.13</td>
<td>-.52</td>
<td>-1.43</td>
<td>.154</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Statistically Significant Correlation $p < 0.05$

The findings in Table 4.7 show that Total Rewards ($F = 19.47; \beta = 3.60; p < 0.05$) was a significant predictor of Work Engagement and explained 6% of the variance in Work Engagement within Step one. In the second step, the explained variance persisted at 6% when gender ($F = 9.72; \beta = 3.57; p < 0.05$) was added to the calculation, thus non-significantly predicting Work Engagement. The variance remained the same in Step three,
yet gender and total rewards as an interacting variable was a statically non-significant predictor of Work Engagement. Therefore, the findings determine that even though three problematic variables were excluded from the total rewards variable, gender does not act as a significant moderator between Work Engagement and Total Rewards.

Next, the results regarding the moderated regression of age between Work Engagement and Total Rewards will be presented in Table 4.8.
The findings in Table 4.7 show that Total Rewards ($F = 22.74; \beta = .3.12; p < 0.05$) acted as a significant predictor of Work Engagement and explained 7% of the variance in Work Engagement within Step one. In the second step, the explained variance increased to 9% when age was added into the equation but did not remain a significant predictor of Work Engagement ($F = 15.41 ; \beta = 2.84 ; p > 0.05$). The variance remained the same in Step three,
yet age and total rewards as interacting variables were not a statistically significant predictor of Work Engagement. Thus, age does not have a moderating effect on the relationship between Work Engagement and Total Rewards.

Based on the low reliability of the three subscales i.e. contingency pay, base pay and quality work environment and the fact that they did not contribute to the model, it was decided to re-run the moderated regression excluding those scales. Next, the results regarding the moderated regression of age between Work Engagement and Total Rewards excluding three problematic variables (contingency pay, base pay, quality working environment) will be presented in Table 4.9. These three problematic variables were excluded in additional analyses as the above mentioned three variables did not seem to carry evidence of reliability and the researcher wanted to determine whether gender acted as a moderator between work engagement and total rewards once the problematic variables were removed.
The findings in Table 4.7 show that Total Rewards ($F = 22.74; \beta = .3.12; p < 0.05$) acted as a significant predictor of Work Engagement and explained 7% of the variance in Work Engagement within Step one. In the second step, the explained variance remained at 7% when age was added into the equation but did not remain a significant predictor of Work Engagement.
Engagement ($F = 15.41; \beta = 2.84; p > 0.05$). The variance remained the same in Step three, yet age and total rewards as interacting variables were not a statistically significant predictor of Work Engagement. Therefore, the findings determine that even though three problematic variables were excluded from the total rewards variable, age does not act as a significant moderator between Work Engagement and Total Rewards.

### 4.3 Conclusion

Chapter 4 discussed the findings obtained with the use of SPSS statistical analyses software programme (SPSS Inc., 2013). The main statistics used within this chapter were the descriptive results, reliabilities, correlations, frequencies, multiple regression, and moderated regression. What follows in Chapter 5 is a more in-depth discussion of the results that were obtained.
CHAPTER 5: DISCUSSION

5.1 Introduction

This chapter presents the integrated findings across the introduction, literature review, the research approach and findings. This chapter will firstly make reference to the objectives of the study in order to determine if the findings confirm the overall aim of the research project. Furthermore, this chapter presents and discusses the findings of the study in order to determine whether they aligned with previous research. This chapter also presents the overall conclusions of the study.

5.2 Discussion

The findings presented in Chapter 4 underline the importance of understanding and designing an effective reward preference framework within an organisation, as a tool for improving work engagement levels in the workplace (Kaliprasad, 2006; Lawler, 2000). In Chapter 2, a number of different total rewards frameworks were analysed in order to gain a better understanding of the different reward categories. Most of the models discussed placed emphasis on a number of different rewards and for the purpose of this assignment, Nienaber’s (2010) model of reward preferences was used, including the following reward components: Base Salary, Contingency Pay, Benefits, Performance and Career Management, Quality Work Environment and Work Home Integration (Armstrong & Brown, 2006; Armstrong & Thompson, 2002; Crawford & Gioia, 2008; CLC, 2007; Gross & Friedman, 2007; WorldatWork, 2007; Zingheim & Schuster, 2007).

The overall aim of this study was to determine whether there was a relationship between total rewards and work engagement, and whether certain categories predicted Work Engagement. It was then determined whether these certain reward preferences were able to
predict work engagement. Furthermore, a moderated regression was performed in order to
gain an understanding as to whether gender and age acted as moderators in the relationship
between total rewards and work engagement. Further analyses were then conducted
excluding three problematic total rewards variables to determine if gender and age may act as
moderators between work engagement and total rewards. The study was conducted on 318
individuals from different job families and divisions throughout a number of different
organisations in Gauteng. In order to attain the objective of this study the research focused on
the correlations between work engagement and the total reward scales, a multiple regression
to determine whether each independent scale predicted the dependent variable work
engagement and whether gender and age acted as moderating variables between total rewards
and work engagement.

What follows is a discussion around the following findings within this study:

5.2.1 Correlations

The first objective of the study was to determine what the relationship was between
total rewards and work engagement. This was conducted by correlating the sub-scales of total
rewards and work engagement and then further correlating total rewards as a whole and work
engagement. When analysing the results, the discussion was centred on the effect sizes and
whether the correlations were valid at the p < .05 level. Looking at the sub-scales of rewards
correlated with work engagement, it was found that only small and medium effect
correlations persisted between .08 - .37 based on Cohen (1988) cut-off points. When
analysing the correlation between total rewards and work engagement, a statistically and
practically significant small effect was found of .26. The practical significance of this
relationship is therefore limited as the correlation is seen as weak. This however did confirm
that there was a relationship between total rewards and work engagement even though it was
not strong. The weak correlation between total rewards and work engagement indicates that total rewards does not significantly predict or account for majority of the variance within work engagement. This indicates that there are various other factors or constructs that may account for variance within work engagement.

5.2.2 Reliabilities

The next step of the study involved analysing the reliabilities of each scale of rewards, as well as the reliability of the total work engagement and total rewards scales. Firstly, the reliabilities for the reward sub-scales presented findings ranging between .36 and .87. Base Pay and Contingency Pay did not meet the criterion for acceptable reliability of .70 according to Nunnally and Bernstein (1994), at .40 and .36 respectively. The fact that low reliabilities persist may indicate that further use of the scale may lead to different scores/outcomes each time in future studies, but the choice to keep these low reliability items in the study was indicated by the fact that an outcome was still produced and the remaining items within the scale produced seemingly high reliabilities. According to Pelham and Blanton (2007), it may be beneficial to include more items into a scale that carry a low reliability. Additionally, it would be beneficial to strengthen the overall reward scale through further investigation and determining whether this scale was inter-culturally tested within the South African context.

Performance and Career Management (.87), Quality Working Environment (.87), Benefits (.72) and Work Home Integration (.81) all met the criterion of satisfactory reliability above .70 (Nunnally and Bernstein). The reliability of .91 of the total rewards scale is highly satisfactory, and exceeds the reliability findings of Nienaber (2010), whose results produced a reliability of .82 indicting the consistency of the scale when produced across further studies. Previous research found the total work engagement scale reliability to be .93 (Schaufeli and Bakker, 2003). In terms of the reliability conducted in this study, results produced a
reliability for total work engagement of .96, which exceeds the criterion of acceptable reliability at a level of .70 (Nunnally and Bernstein, 1994). The high level of reliability that was presented for the Work Engagement Scale (UWES) further supports the credibility and future use of this scale in the South African context.

5.2.3 Multiple Regression

The secondary objective of research question two was to determine which reward category had the most influence/biggest impact on work engagement. Through the analysis of a multiple regression model, it was found that although total rewards only predicted 14% of work engagement and both Performance and Career Management and Work Home Integration as sub-categories of rewards significantly predicted work engagement at p < .05 level. Thus, although Performance and Career Management and Work Home Integration significantly predict Work Engagement, there remain a number of other factors and constructs that contribute towards predicting Work Engagement. As multiple regression aims to determine the predictive ability of multiple independent variables on a continuous dependent variable, it was found that the model fit between total rewards and work engagement produced a seemingly low percentage, indicating that more than three quarters of work engagement was not predicted by total rewards. It can therefore be concluded that it is too simplistic to state that total rewards alone predicts work engagement. The low percentage is due to the fact that other factors/constructs are also responsible for influencing work engagement and may also account for common variance within work engagement.

5.2.4 Moderated Multiple Regression

Within the South African context, there is limited information regarding the influence that demographic variables may have on work engagement. Another secondary objective of
the study was to determine whether gender and age had a moderating effect on the relationship between total rewards and engagement.

Previous international studies reported that gender remained neutral in terms of displaying levels of engagement in the workplace (Wilson, 1998). This study’s findings confirmed those of other studies such as Burke and El-Kot (2009) predicting that gender did not act as a moderator between the relationship of total rewards and work engagement. Furthermore, once additional analyses were conducted removing problematic unreliable variables from total rewards, it was found that gender did still not act as a moderator between work engagement and total rewards. The idea that gender does not moderate the relationship between total rewards and work engagement carries many implications for organisations, including breaking away from the stereotype that is characterised by men having higher power and status within modern organisations. The findings within this study can confirm that both genders have equal ability to demonstrate their work engagement levels within the workplace on the basis that gender as a moderator does not have an influence on how individuals may engage in the workplace.

Additionally, the findings within the study determined that age does not act as a moderator between total rewards and work engagement, even when the problematic variables were excluded from the total reward variable. This goes against previous international research, stating that older individuals find it easier to engage in the workplace than younger individuals, due to more experience and expertise in their discipline (Ahola, et al., 2006; Duchscher, 2009; Ghorpade, Lackritz, & Singh, 2007). Previous studies have shown that little research has been conducted on the differing age groups and work engagement in the South African context (Schaufeli, 2004) and therefore may indicate the reason that age did not act as a moderator between total rewards and work engagement.
5.3 Conclusion

The overall objective of this chapter was to discuss the findings of the study and determine whether they were aligned with the proposed research hypotheses. Furthermore, the findings of the research were compared to that of previous studies, to gain an understanding and determine whether this study could accept or reject previous research findings. Additionally, this chapter explained the relationship between total rewards, the total reward sub-scales and work engagement, in terms of correlations, reliabilities, multiple regression and moderated multiple regression.
CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The overall aim of the last chapter is to summarise information and findings from the previous chapters, based on the objectives of the study. A focus is also placed on the limitations of this study and recommendations for future research are made. Furthermore, this chapter aims to provide insight into the implications of this study and how this study can convey importance in an organisational context.

6.2 Conclusions

The main objective of this study was to determine the relationship between total rewards and work engagement, as well as to determine whether certain reward categories predicted work engagement. In order to achieve this objective, a quantitative study was conducted and analyses were applied in order to draw conclusions from the collected data set.

The primary objective of this study was to determine whether there was a relationship between total rewards and work engagement. It was found that there were correlations between the reward categories and work engagement, indicating that a relationship exists even though certain correlations were significantly weak. Additionally, the overall relationship between total rewards and work engagement was found to have a small effect, thus limiting the practical significance of the relationship that persists, indicating that there remain a number of other independent variables that account for variance within work engagement. Secondly, the results of this study confirmed that the six sub-categories of rewards produced satisfactory to high alpha coefficients, excluding Base Pay and Contingency Pay. This indicated that further research should be conducted in order to increase and strengthen the reward scale, as well as include more items to enhance the reliability of these two constructs. In addition, it remains to be determined whether the scale
has been tested between different cultures, providing insight into why these two reliabilities were significantly low. The Total Rewards Preference Scale, as well as the Total Work Engagement Scale (UWES) produced highly satisfactory reliability results. After the analysis of the multiple regression, it was found that only Performance and Career Management and Work Home Integration were significant predictors of work engagement. In addition, the Total Rewards Preference Scale only predicted 14% of work engagement, indicating that there remain several other variables that attribute variance within work engagement. It can be confirmed that total rewards as an independent variable only predicts less than a quarter of work engagement, demonstrating that other independent variables such as performance, work role fit, motivation and personality traits may contribute towards predicting work engagement. Lastly, it was found that through moderated regression, gender and age do not moderate the relationship between total rewards and work engagement. This confirmed previous research which found that gender does not play a role in influencing work engagement (Wilson, 1998) and age has not been studied to determine whether it affects work engagement in the South African context (Schaufeli, 2004).

6.3 Limitations

Although this study contributed towards understanding the impact of total rewards on work engagement in the workplace within Gauteng, South Africa, it had certain limitations. First, the sample size consisted predominantly of White females. Findings can thus not be generalised to or represent individuals within different demographic categories and cultures. The reason for the unequal distribution of gender could be due to the inclusion of more women than men in the study in order to determine the gender discrepancy that may persist in the moderated relationship between total rewards and work engagement with gender acting as a moderator. Furthermore, the sample could have been taken from organisations that were predominately female as well as dominated by the age group younger than 40. In addition, as
the sample was only drawn from organisations within the Gauteng region, the sample cannot accurately represent other provinces and organisations within South Africa. Furthermore, the study made use of a cross-sectional design and is unable to determine the relationship between total rewards and work engagement over time. Through the use of a longitudinal study, deeper insight could be provided into the causal relationships between the different reward categories and work engagement. Additionally, another limitation can be inferred by keeping in mind that the total reward instrument is still in the development phase and being tested. The research that was conducted was an exploratory study, and the overall purpose was not to validate the instrument. Last, the significantly low correlation and low reliabilities for certain constructs remain a limitation for this study. In terms of improving the correlation and reliability of this study, further research could be conducted to strengthen the Total Rewards Preference scale. Additionally, more items could be added to increase the validity and reliability of each sub-scale and it should be determined whether the scale has been tested on a cultural level based on the differences that exist amongst individuals.

6.4 Suggestions for Possible Future Research

Based on the conclusions and limitations of this study, a number of recommendations for possible future research can be made. The use of a larger sample size, taken across organisations within different provinces, could contribute to greater generalisation amongst individuals across the different demographic categories and cultures within the entire South African context. Furthermore, it is recommended that this study be conducted in the form of a longitudinal study, in order to determine the impact of different reward preferences on work engagement over time. Future research could examine the impact that these reward preferences may have on other constructs, such as performance and motivation and could also take a look at the impact that other moderating variables may have on the relationship between total rewards and work engagement, such as racial group, current position and
language. In addition, future research could include how to go about designing a rewards framework within an organisation, and how an industrial psychologist could contribute towards better understanding the impact of a total rewards framework within an organisation.

6.5 Practical Implications

It is essential that organisations place emphasis on understanding and encouraging work engagement in the workplace, to allow for the organisation to determine how different reward categories may influence work engagement. This study may make specific reference to the South African context but will benefit organisations on both a national and global scale. The study may further aid in contributing to the field of industrial psychology, allowing industrial psychologists within the South African context to better understand total reward frameworks and their relationships to work engagement. Additionally, this study will allow organisations to gain deeper insight into the influence that different rewards have on work engagement.

From the findings of this study, South African organisations may understand how to better improve an individual’s levels of work engagement, through designing a total rewards framework that matches the needs of employees and the organisation. Through the findings in this study, organisations can understand the importance that employees place on Performance and Career Management and Work Home Integration as factors that attribute towards enhancing one’s level of work engagement. It is therefore essential that organisations pay close attention to these factors when designing a total rewards framework that has the ability to enhance and improve an employee’s overall level of engagement in the workplace.

6.6 Conclusion

Chapter 6 focused on the conclusions, limitations, recommendations for future research and practical implications that this study may have on the world of work. The main objective of this study was to determine whether a relationship existed between total rewards
and work engagement, as well as determined whether specific reward categories predict work engagement. This study contributes towards understanding how different rewards preferences may allow individuals to engage on a higher level. This study should allow organisations to better understand and design a total rewards framework around the needs of employees, to allow employees to function and engage at an optimal level. The findings of this study identify that Performance and Career Management, as well as Work Home Integration as reward categories significantly predict an individual’s level of work engagement. It can be concluded that gender and age did not moderate the relationship between total rewards and work engagement.


Moodley, N. (2011). *Employees’ perceptions of whether monetary rewards would motivate those working at a State Owned Enterprise to perform better* (Master’s dissertation).


http://WorldatWork.org/pub/total_rewards_model.pdf


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