

**AN INVESTIGATION INTO THE EFFECT OF REWARDS ON EMPLOYEE  
MOTIVATION: A CASE STUDY OF AGRIBANK, WINDHOEK.**

**A THESIS SUBMITTED IN PARTIAL FULFILMENT**

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**BY**

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## DECLARATION

I, **Asnath Zamuee**, hereby declare that this study is a true reflection of my own research, and that this work, or part thereof has not been submitted for a degree in any other institution of higher education.

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- Lastly, to my Creator, for bestowing the necessary courage, good health and mental ability to complete the study.

## DEDICATION

I dedicate this thesis to my late grandmother, **Fransina Zamuee**, who always loved me unconditionally and whose good example has taught me to work hard for the things I aspire to achieve. I would never be able to pay back the love, care, valuable prayers and affection showered upon me by you. You taught me the value of hard work and for that I shall be eternally grateful.

## **ABSTRACT**

The primary objective of this study is to examine the relationship between rewards and employee motivation. More specifically, the study aims to analyze the effectiveness of the current reward system at Agribank in motivating employees. The theoretical part of the study introduces different theories of motivation and rewards. Emphasis is put on Maslow's hierarchy of needs, two-factor theory, the goal setting theory and the total reward system. Eight intrinsic and extrinsic factors which denote employee motivation are utilized, as follows: 1) Salaries; 2) Fringe benefits; 3) Promotion; 4) Job security; 5) Recognition/Appreciation; 6) Empowerment and autonomy; 7) Challenging tasks; and 8) Sense of achievement. The empirical part of the research was conducted using quantitative research design. A self-developed questionnaire with closed-ended questions was administered to respondents. Data was analysed using SPSS statistical software. Six hypotheses were developed, interpreted and tested using *Chi-square goodness of fit*. The population in the study is 120 and consist of employees in job grades A1 to D3, which are the non-managerial employees. Simple random sampling was used to arrive at a sample of 80. Seventy three (73) questionnaires were returned, translating into a response rate of 91.25%. The result indicates that there is a positive association between intrinsic and extrinsic rewards and motivation. Accordingly, if rewards and recognition offered to employees were to be altered, then there would be a corresponding change in employee motivation and satisfaction. The results also revealed that the current remuneration philosophy at the bank is competitive but marred with inconsistencies and unfairness in the allocation of performance-based rewards. As a result thereof, team spirit is seriously compromised to the extent that it negatively impacts performance.

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Introduction**

No business organisation, irrespective of its size, can exist without people, and managers cannot be successful in isolation. Welch (2010) notes that people are the only active resource necessary to activate and convert the other more passive resources into need-satisfying goods and services. He further points out that people are an essential prerequisite for the formation and continued existence of any business organisation. As such, one of the objectives of any business should be to ensure that its people are fulfilling their maximum potential, thus contributing to a successful organisation. According to Hossan (2009), employees are regarded as an unsurpassed vital resource of any organisation, and the issue of employee motivation has become an indispensable part of the human resource strategy. Ajila(1997) points out that a firm's performance depends, to a large extent on the degree to which the members of the organisation work towards the accomplishment of organisational goals. He highlights that the interest of individuals in an organisation are not always aligned with those of the organisation as a whole, and this may drive employees to behave in ways that impede firm performance. Hossan (2009) further points out that the future of a corporation is in the hands of people acting on behalf of the company as employees, and the importance of human resources has been brought to centre stage. Now, more than ever, it is critical to identify the top talent available and groom talented employees towards mastery of the required competencies, so that individuals as well as organisational strategic objectives are met. Hossan (2009) further points out that motivation cannot be separated from leadership, which is the ability to inspire people to voluntarily and enthusiastically work towards the attainment of organisational goals.

Andrew (2007) highlights that banking institutions operate in a very dynamic and highly competitive environment, and to remain relevant in the market, they have to be able to respond quickly to ever-changing customer demands. It thus becomes critical for banking institutions to retain trained and skilled personnel to avoid the negative effects of employee turnover. Armstrong (2009) asserts that high employee turnover affects the smooth running of institutions and causes an undue burden on a company's budget in respect of a new recruitment and selection process. Andrew (2007) warns that for any organisation to remain competitive in today's rapidly changing global marketplace, it needs to address the issue of achieving productivity through its employees. To meet the challenges of the twenty-first century, businesses must have access to the best and brightest employees. Organisations are facing increasingly tough competition, and to survive they will need all the leadership, productivity and creativity employees have to offer.

## **1.2 Background of the study**

According to the annual report of the Agricultural Bank of Namibia (2013), Agribank started in 1907 as the Deutsch-Sudwest-Afrikanischer Farmer Bund. In April 1922, the Land and Agricultural Bank of South West Africa, was established and currently the bank is now known as the Agricultural Bank of Namibia. Agribank was established with the main aim of providing affordable and sustainable agricultural related financial solutions to farmers (Agricultural Bank of Namibia Act 5 of 2003). Though, to a certain extent, Agribank has been meeting this mandate, communal farmers keep pointing out that the bank can do better, especially in the area of assisting farmers in times of need such as droughts. In order to achieve this aim, committed and motivated employees are needed. According to *employee X*, the employees of Agribank are unhappy with certain Human Resource practices in the Bank. As a result of this, the employees held a peaceful demonstration in late 2011 to air their grievances. In 2012, the same situation

was repeated when employees went on strike for thirteen days. According to *Employee Y*, the situation became worse immediately after the strike, prompting the Bank to hire the auditing firm, Deloitte & Touché to interview employees and ascertain the reasons behind the unhappiness. However, the content of the report from the consultant was never released nor shared with the employees. *Employee Z* is of the firm view that the report implicated top managers hence the reluctance to release it. *Employee Z* further claims that the relationship between the workers and management has been tense and characterised by mistrust since the strike in 2012. This has led to some talented employees leaving the bank for greener pastures. Lawler (2003) warns that the absence of harmonious labour relations and on-going labour disputes have the potential of threatening the growth and stability of any organisation.

*Employee X* further points out that Agribnk has undergone a number of structural changes to improve its service delivery, as well as meeting its objectives as outlined in the Agricultural bank of Namibia, Act 5 of 2003 . Though some changes brought about positive results, the Bank still has a long way to go to ensure it fully meet its mandate. The line minister in the ministry of agriculture has carried out various interventions, including the establishment of a new board, to reverse the current trend. In a further attempt to entice workers to remain in the Bank, an incentive scheme was introduced in early 2014. The purpose of the afore-mentioned scheme is two-fold:

- Firstly, the financial aspect is meant to motivate employees and keep them happy
- Secondly, the scheme is designed to ensure increased performance.

This study investigates the effect of rewards on employee motivation. In particular, the study seeks to understand whether extrinsic rewards are more attractive to workers as opposed to intrinsic rewards, and whether such rewards lead to a motivated workforce.

### **1.3 Statement of the problem**

Hailesilassie(2009) points out that almost all employees have personal objectives which they strive to achieve. However, these objectives are not always aligned to the objectives of the company. Fillipkowaski(2008) argues that unmotivated and frustrated employees are more likely to value their own objectives more than those of the employer, and this will lead to a conflict of aims. Thus, organisations should devise compensation systems that support the connection between employees' goals and motivation factors and the objectives of the organisation. De Koker (2003) noted that there is increasingly lack of loyalty and commitment towards employees. This is not the case in goal-driven and motivated employees. Zuller (2006) argues that if managers know what drives the people working for them, they can modify job assignments and rewards accordingly.

The bank has as one of its strategic drivers, a high performance culture as a business priority and strategic intent. Building a high performance culture requires a number of factors to be present, one of which is high levels of job performance that is underpinned by a highly motivated workforce. The bank is thus under constant pressure to revise its benefit offering to employees, which includes a reward and recognition programme that employees buy in to, is pleased with and which is linked with the bank's strategy. This is absolutely necessary to avoid industrial actions and protests at the bank which emanates from unhappy employees, as was witnessed in the past. In response to this reality, the bank has implemented a reward system in pursuit of

increasing employee performance, motivation and loyalty so as to ensure prompt and quality service delivery. However, the extent to which these and other forms of extrinsic rewards motivate employees and influence performance positively has not yet been established. It has equally not been established whether employees value extrinsic rewards over intrinsic rewards or not. This study aims to explore both these aspects.

#### **1.4 Objectives of the study**

The objectives of the study are:

- to examine the impact of rewards on employee motivation at Agribank, Windhoek.
- to assess whether employees are reasonably satisfied with the current rewards
- to establish ways to achieve higher staff retention levels at the bank
- to assess whether extrinsic rewards are more attractive to employees than intrinsic rewards or vice-versa
- to develop a set of recommendations that, if implemented, would lead to a greater correlation between the expectations of workers and strategies adopted by the Board and management when it relates to motivation and employee retention

#### **1.5 Significance of the study**

This study will benefit Agribank in many ways. It may assist the Bank to improve or amend its reward system to survive in today's tough business environment. A thorough understanding of the nature and significant sources of motivation and performance, insofar as these concepts are related to rewards, will enable the Bank to effect the required positive strategic changes towards optimal employee loyalty and retention.

Since the Bank is desirous of and committed to ensuring that it has a hardworking and loyal workforce, it would serve a useful purpose to know whether the latest strategy of incentive

schemes will have the desired results in the long run; namely, a motivated workforce and satisfied clients. The study will assist in this regard.

Finally, it is expected that this study may serve as a catalyst for further research in the banking industry, and determine whether the results are context specific to this organisation or whether they may be common to other organisations in the same industry.

### **1.6 Delimitation (Scope) of the study**

The purpose of this study was mainly to establish the association between reward and motivation at Agribank, Windhoek. A sample of 80 was selected out of a population of 120. Only 73 questionnaires were returned. The study focused on employees in job grades A1-D3, and excluded line managers and senior managers. Accordingly, generalisation of the findings will be limited to the non-managerial employees in the bank.

### **1.7 Format of the study**

This study is structured as follows:

#### **Chapter One: Introduction**

This chapter explains the research problem that prompted the study. It further outlines the background to the problem, purpose of the study, definition of terms, delimitations, and significance of the study.

#### **Chapter Two: Literature Review**

This chapter provides definitions of the most important concepts such as motivation and reward. It outlines the various motivation theories, and generally presents a review of the core literature on the research problem. It is an evaluative process that critically compares the research topic to information and findings by previous scholars.

#### **Chapter Three: Research Methodology**

This chapter describes the research design utilised. Specifically, the chapter describes the population and sample of the study, the measuring instrument used, the procedure followed to gather the data, and the statistical techniques used to analyse the data

#### **Chapter Four: Findings of the Study**

This chapter reports on the results of the empirical analysis. It presents the findings of the study through the use of tables and figures as well as written descriptions. It also presents information on which variables were used in the analysis and the rationale behind the selection of those particular procedures.

#### **Chapter Five: Discussion of the Findings, Conclusions and Recommendations**

This chapter describes the results of the study in greater detail, and where appropriate, existing literature is integrated into the discussion. The implications for future research are addressed and the chapter concludes with recommendations.

### **1.8 Conclusion**

The main purpose of this chapter was to introduce the research topic. The chapter, in general, gives a picture of the origin of the problem and the benefits to Agribank and its various stakeholders if the current problem is properly addressed. The researcher concludes with a summary of what will be covered in each chapter of this thesis. The next chapter focuses on relevant literature.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 INTRODUCTION**

Saunders (2007) refers to a 'literature review' as the detailed and justified analysis and commentary on the merits and faults of the literature within a chosen area, which demonstrates familiarity with what is already known about the current research topic. Accordingly, this chapter examines the extant literature that has contributed, empirically and theoretically, towards understanding the relationship between rewards and motivation.

### **2.2 THEORETICAL FRAMEWORK**

This chapter deals with some of the core concepts and theories concerning rewards and motivation, and analyses the nature of motivation. It starts by defining the concepts of motivation and rewards, and proceeds to examine the relationship between motivation and rewards. It further touches on the link between motivation and employee performance, which ultimately is the objective of any organisation. It also highlights the impact of motivation on customer satisfaction and employee turnover. It focuses in particular on how these different perspectives explain the link between rewards and motivation. The term "motivation" is derived from the Latin word "movere", meaning to 'move' (Kretiner, 1998). Motivation represents "a psychological process that causes the arousal, direction, and persistence of voluntary actions that are goal oriented" (Mitchell, 1982, p.81). Robbins (1993) defines motivation as the "willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need". According to Greenberg (2003), Motivation is the desire to achieve beyond expectations, being driven by internal rather than external factors, and to be involved in a continuous striving for improvement. Motivation, in the context of work, is a psychological process that results from the interaction between an employee and the work environment and it is characterized by a certain level of willingness. The employees are willing

to increase their work effort in order to obtain a specific need or desire that they hold. Odendaal (2009) defines motivation as the processes that account for an individual's intensity, direction and persistence of effort towards attaining a goal. Intensity is concerned with how hard a person tries. He explains that high intensity is unlikely to lead to favourable job performance outcomes unless the effort is channeled in a direction that benefits the organisation. Therefore, the quality of effort as well as its intensity should be considered. Effort that is directed toward, and consistent with, the organisation's goals is the kind of effort that should be sought after. Finally, motivation has a persistence dimension. This is a measure of how long a person can maintain effort. Odendaal further highlights that motivated individuals stay with a task long enough to achieve their goal. So what does it mean to be motivated? While there can be reasons that all human behaviour is motivated, when there is a discussion about motivation in the organisation context, it refers to people who work hard, take initiative, apply their skills where needed, and put in an extra effort to achieve goals. Poisat (2014) asserts that motivated people voluntarily and enthusiastically does more than what is required of them. Thus, motivation can be described as intentional and directional. The word 'intentional' refers to personal choice and persistence of action. The word 'directional' indicates the presence of a driving force aimed at attaining a specific goal.

George (2008) highlights that a motivated person is always aware of the fact that a specific goal must be achieved, and continuously directs his or her efforts at achieving that goal, even in the face of adversity. Poisat (2014) further explains that motivation is affected by both internal and external forces. Internal forces are those personal drivers such as the desire to succeed, feelings,

personal values and wishes, while external forces are primarily outside the control of an individual and include aspects such as rewards and benefits.

McKenna (2011) offers an interesting alternative view of motivation. He believes that managers do not and cannot motivate their employees, but that constructive employee organisation relations (and therefore excellence) are a product of an employee's self-identity. According to him, employees (and people in general) are at all times already motivated 'to become who they want to be'. When a situation is congruent to the development of self-identity, or in other words, the employee's value system, a person will be motivated. This view relates to the concept of job involvement, and can be described as the degree to which an employee psychologically identifies with his or her job, and considers his or her performance important to self-worth. The challenge for managers is to help employees find an identity within the organisational context so that, through their individual motivation, employees will channel their efforts towards the attainment of organisational goals.

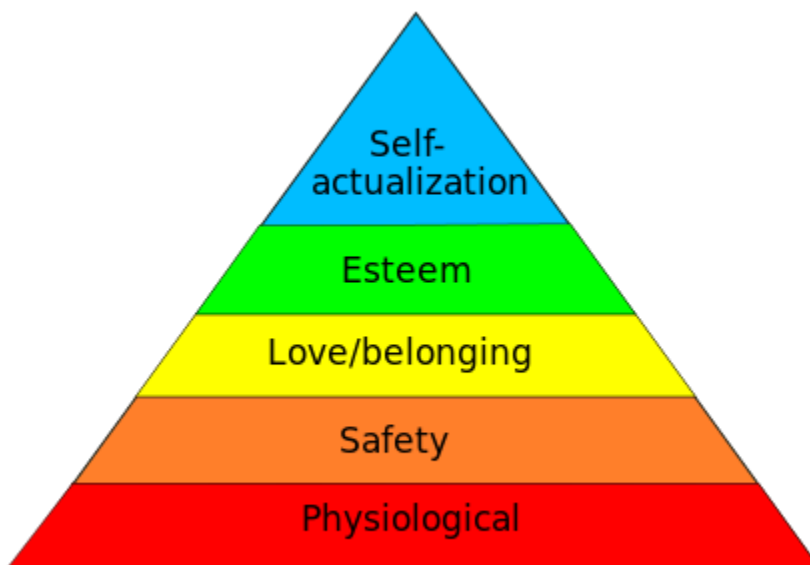
### **2.2.1.Theories on motivation**

Zuller (2006) makes it clear that motivation pertains to various drives, desires, needs, wishes and other forces. Managers motivate by providing an environment that induces employees to contribute. The need-want-satisfaction chain is somewhat oversimplified. The 1950s were a fruitful period in the development of motivation concepts. Six specific theories were formulated during this period, which although heavily attacked and now questionable in terms of validity, are probably still the best-known explanations of motivations, and represent a foundation from which contemporary theories have grown.

Abraham Maslow's Hierarchy of Need outlines an individual's needs in the following order of priority:

1. Physiological – Includes hunger, thirst, shelter, sex and other bodily needs
2. Safety – Security and protection from physical and emotional harm
3. Social – Affection, belongingness, acceptance, and friendship
4. Esteem – Internal factors such as self-respect, autonomy, and achievement, and external factors such as status, recognition, and attention
5. Self-actualisation – Drive to become what one is capable of becoming; includes growth, achieving one's potential, and self-fulfilment.

***Figure 1: Maslow's hierarchy of needs, represented as a pyramid with the more basic needs at the bottom.***



Maslow's theory argues that as each of these needs becomes substantially satisfied, the next need becomes dominant. From the standpoint of motivation, the theory would suggest that although no need is ever fully gratified, a substantially satisfied need no longer motivates. However, when motivating an employee, according to Maslow, there is need to understand what level of the hierarchy the employee is currently on and focus on satisfying the needs at or above that level. Maslow separated the five needs into higher and lower orders. Physiological and safety needs

were described as lower-order needs, and social esteem and self-actualisation as higher order needs. The differentiation between the two orders was made on the premise that higher-order needs are satisfied internally (within the person), whereas lower-order needs are predominantly satisfied externally by things such as pay, union contracts, and tenure.

The second theory encompasses Theory X and Theory Y by Douglas McGregor, (1960). Theory X and Theory Y proposed two distinct views of human beings: one basically negative, labelled Theory X, and the other basically positive, labelled theory Y. Under Theory X, managers believe that employees inherently dislike work and must therefore be directed or even coerced into performing it. In contrast to this negative view about the nature of human beings, under Theory Y, managers assume that employees can view work as being as natural as rest or play, and therefore the average person can learn to accept, and even seek responsibility.

Robbins (2005) also asserts that the Two-factor Theory from psychologist Frederick Herzberg suggesting that an individual's relation to work is basic and that one's attitude towards work can very well determine success or failure. According to Herzberg, the factors that lead to job satisfaction are separate and distinct from those that lead to job dissatisfaction. Therefore, managers who seek to eliminate factors that can create job dissatisfaction may bring about peace but not motivation. As a result, Herzberg characterises conditions surrounding the job such as quality of supervision, pay, company policies, and physical working conditions, relations with colleagues, and job security as dissatisfaction factors. When they are adequate, people will not be dissatisfied, but neither will they be satisfied.

The next theory, from David McClelland (1952), focuses on three needs, which are: The need for achievement (nAch) – the drive to excel or to achieve in relation to a set of standards, or to strive to succeed; the need for power (nPow) – the need to make others behave in a way in which they would not have behaved otherwise; and the need for affiliation (nAff) – the desire for friendly and close interpersonal relationships. Of the three needs, McClelland (1952) and, subsequent researchers focused most of their attention on nAch. High achievers perform best when they perceive their probability of success as 0,5 – that is, when they estimate that they have a 50-50 chance of success. They dislike gambling with high odds because they get no achievement satisfaction from success that comes by pure chance. Similarly, they dislike low odds (high probability of success) because then there is no challenge to their skills. They like to set goals that require stretching themselves a little (Coulter, 2005).

Vroom's (2006) Expectancy Theory of Motivation argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. In more practical terms, expectancy theory says that employees will be motivated to exert a high level of effort when they believe that effort will lead to a good performance appraisal, that a good appraisal will lead to organisational rewards such as bonuses, salary increases, or promotions, and that the rewards will satisfy the employees' personal goals.

Developed by Alderfer, the ERG theory is closely related to Maslow's hierarchy of needs. Instead of five categories of needs, Alderfer (1972) hypothesises that individual motivation in

organisations can be understood in terms of existence (E), relatedness (R) and growth (G) needs.

**Figure 2: Alderfer's Hierarchy of Motivational Needs**

Level of Need	Definition	Properties
Growth	Impels a person to make creative or productive effects on himself and his environment	Satisfied through using capabilities in engaging problems; creates a greater sense of wholeness and fullness as a human being
Relatedness	Involves relationships with significant others	Satisfied by mutually sharing thoughts and feelings; acceptance, confirmation, understanding, and influence are elements
Existence	Includes all of the various forms of material and psychological desires	When divided among people, one person's gain is another's loss if resources are limited

According to Koontz (2009), motivational theories can be divided into two contrasting theories: content and process theories.

### **Content theories**

According to Koontz (2009), content theories focus on the needs and factors that motivate behaviour, the 'what' of motivation. They place emphasis on what motivates, and are concerned with identifying people's needs and their relative strengths, and the goals they pursue in others to satisfy these needs. Main content theories include: Maslow's hierarchy of needs model; Alderfer's modified needshierarchy model; Herzberg's two-factor theory, and McClelland's achievement motivation theory.

## **Process theories**

According to Koontz (2009), process theories focus on the origin of behaviour and the factors that influence the strength and direction of the behaviour, or in other words, the 'how' of motivation. It places emphasis on the actual process of motivation. These theories are concerned with the relationships among the dynamic variables which make up motivation, and with how behaviour is initiated, directed and sustained. Major approaches under this include expectancy-based models, equity theory, goal theory and attribution theory.

Zuller (2006) advises that managers should attempt to have an understanding of key motivational factors and techniques, as without this knowledge, it will be difficult to properly motivate employees to perform optimally.

### **2.2.2 Key motivational factors**

In his book titled: *The Benefit of Motivated Employees*, Zuller (2002), asserts that there are certain key factors in motivation that drive employee behaviour in the workplace. They are as follows:

#### **i) Goals and ambitions**

According to Zuller (2002), goals tell an employee what needs to be done and how much effort will need to be expended. Goals must be both realistic and achievable if satisfaction is eventually to occur. Clear, specific and difficult goals lead to higher levels of employee productivity.

#### **ii) Recognition**

Zuller (2002) postulates that the most critical part or process of developing self-esteem and self-worth lies in the nature and levels of recognition accorded to the achievement of particular goals. The need for recognition itself therefore becomes a drive. Individuals tend to pursue goals that will be recognised and valued by those whose opinions and judgments are important to them:

family, friends, peers and social groups, as well as work organisations. Dissatisfaction occurs when this recognition is not forthcoming.

**iii) Achievement**

Zuller (2002) points out that an individual's purpose directs his action. The components of achievement are the anticipated and actual rewards that the fulfilment of a particular goal brings. High levels of achievement occur where these overlap completely; a high level also normally occurs where real rewards exceed those that are anticipated. Low levels occur when the anticipated rewards are not forthcoming. This devaluates the achievement. High and complete achievement is normally seen and perceived as successful. Low achievement or failure to achieve is seen and perceived as failure.

**iv) The need for success**

According to Zuller (2002), people tend to set their sights on what they know or think they can do, or think that they may be able to do, so that success is forthcoming. This, in itself, is a driving force.

**2.2.3 Motivational techniques**

La Belle (2009) argues that increased motivation in the workplace will lead to improved performance and high morale, and will boost productivity. While different motivators work for different types of employees, there are several common techniques for getting employees excited and energised for their jobs. Johnson (2012) suggests that one of the most effective ways of motivating a team is to ensure that they understand and appreciate the aims of an organisation and are supported by their managers in working towards the achievement of those aims. La Belle (2009) lists a range of motivational techniques that can be used to improve productivity, reduce workplace stress, increase self-confidence and inspire a team. They are as follows.

**i) Team-building**

La Belle (2009) starts by pointing out that organisations are increasingly relying on teams to accomplish work tasks. Team building utilises high-interaction group activities to increase trust and openness among team members. Team building can be applied within groups or at the intergroup level where activities are interdependent. The objective is to improve coordinated efforts of members, which will result in increasing the team's performance. La Belle further explains that the activities considered in team building typically include goal setting, development of interpersonal relations among team members, role analysis to clarify each member's role and responsibilities, and team process analysis. Improving team relationships can result in increased productivity and morale, and can lead to a much happier and healthier working environment. Such exercises can also help in the resolution of pre-existing issues within the team.

**ii) Training**

People can be taught to become more motivated by showing them how to deconstruct tasks and challenges, and how to feel less intimidated by their job roles. According to Daniel (2001), demonstrating to employees how to cope in the workplace can lead directly to improved motivation. Odendaal (2009) lists four principles that are crucial to the success of workplace training programmes. These relate to the following: (1) establishing the training needs, (2) developing the training programme, (3) implementing the training programme, and (4) evaluating the training outcomes.

**iii) Employee engagement**

Odendaal (2009) refers to employee engagement as an "individual's involvement with, satisfaction with, and enthusiasm for, the work she/he does". Highly engaged employees have a

passion for their work and feel a deep connection to their company. On the other hand, disengaged employees have essentially ‘checked out’ – putting time but not energy or attention into their work.

**iv) Enhanced communication**

According to Daniel (2001), communication means not only talking to one’s team, but also listening to them. It is important to ensure their understanding of companies’ objectives and their individual job roles, but it is equally important to show them the importance of their feedback for the achievement of targets and standards.

**v) Creating a positive work environment**

Instead of responding to competitive pressures by ‘turning up the heat’, some organisations are trying to realise a competitive advantage by fostering a positive work environment. This area concerns how organisations develop human strengths, fostering vitality and resilience, and unlocking potential. Organisations that promote positive moods at work are likely to have more motivated workers (Daniel, 2001).

**vi) Targets, rewards and incentives**

Daniel (2001) asserts that having targets to work towards, as long as they are realistic, is one of the most effective ways of improving performance. He argues that hitting targets improves morale and self-confidence, but that it should be remembered that those who consistently underachieve will end up feeling frustrated. However, targeted achievements cannot be rewarded by financial incentives only or even promotion. Due to the fact the employees are differently motivated by different things and it is always easier when there is an understanding that they may not necessarily be motivated by the same things. Teams in organisations need to be appreciated and supported and also feel self-esteem when they progress and develop through

the completion of challenging tasks. Employee involvement into company's objectives enables the employees to be more engaged and likely to accomplish their achievements. Delegation also helps employees to respond well to given tasks and are able to make decisions and allow room for additional responsibilities.

**vii) Job enrichment**

Odendaal (2009) describes job enrichment as the vertical expansion of jobs. It increases the degree to which the worker controls the planning, execution, and evaluation of the work. Combining tasks takes existing and fractionalised tasks and puts them back together to form a new and larger module of work. It attempts to build into jobs a higher sense of challenge and achievement. Expanding jobs vertically gives employees responsibilities and controls that were formerly reserved for management. The overall evidence on job enrichment generally shows that it reduces absenteeism and turnover costs and increases satisfaction, but on the critical issue of productivity, the evidence is inconclusive.

**viii) Job rotation**

If employees suffer from too much routine in their work, one alternative is to use job rotation, or what many now call "cross-training". Odendaal (2009) describes this practice as the periodic shifting of an employee from one task to another. When an activity is no longer challenging, the employee is rotated to another job, usually at the same level, that has similar skill requirement. The strengths of job rotation are that it reduces boredom, increases motivation through diversifying the employee's activities, and helps employees better understand how their work contributes to the organisation.

**ix) Quality of working life programs (QWL)**

These programs as described by Koontz (1990) and Bateman and Snell (2004) create a workplace that enhances employees' wellbeing and satisfaction. The general goal of Quality of Work Life (QWL) programmes is to satisfy a full range of employee needs. Workers' needs are divided into eight categories: Adequate and fair compensations, safe and healthy environments, jobs that develop human capacities, chance for personal growth and security, social environment that fosters personal identity, freedom from prejudice, sense of community and upward mobility, work role that minimises infringement on personal leisure and family needs.

**x) Checking system for equity**

Odendaal (2009) cautions that employees make comparison of their job input (effort, experience, education, competence) and outcomes (salary levels, raises, recognition) relative to those of others. If employees perceive the ratio to be equal to that of others with whom they compare themselves, a state of equity is said to exist. The situation is perceived to be fair and just. However, when the employees see the ratio as unequal, they experience equity tension. Zuller (2006) also points out that when employees see themselves as under-rewarded, the tension creates anger and when they see themselves as over-rewarded, the tension creates guilt. According to Osborne (2013) the basis of employee pay satisfaction can be grouped into four categories:

- **External equity:** This is how the pay relates to other companies in the industry.
- **Internal equity:** This measures how fair the pay is compared to the size and profitability of the company.
- **Individual equity:** This measures how fair the pay is based on the performance of individuals doing the same job.

- **Procedural equity:** Measures the fairness of the decision-making process of pay distribution.

Odendaal (2009) advises that while most research on equity theory has focused on pay, employees seem to look for equity in the distribution of other organisational rewards. For instance, it has been shown that the use of high status job titles as well as large and lavishly furnished offices may function as outcomes for some employees in their equity equation.

#### **xi) Money**

Muyogi (2013) warns that most companies often underestimate the importance of pay in keeping top talent. Whether in the form of wages, bonuses, stock options, company-paid medical insurance or any of the other things that may be given to people for performance, money is important. It could also mean status or power. For some people, money will always be of the utmost importance, while for others it may never be. Paying more gets better-qualified, more highly motivated employees who will stay with the organisation longer. However, pay is often the highest single operating cost for an organisation, which means that paying too much can make the organisation's products or services too expensive. It is a strategic decision an organisation must make, with clear trade-offs. The way to ensure that money has meaning, as a reward for accomplishment and as a way of giving people pleasure from accomplishment, is to base compensation as much as possible on performance.

#### **xii) Recognising individual differences**

According to Robbins (2008), employees have different needs. It is important not to treat them all alike, and to understand what is important to each employee. This allows for individualised goals, levels of involvement, and rewards to align with individual needs.

#### **2.2.4 Definition and meaning of rewards**

Odendaal (2009) points out that an organisation is formed in order to fulfil a specific mission or purpose. This mission or purpose cannot be achieved unless the organisation searches for and selects the best potential employee for each identified job or position. It is imperative, therefore, that an organisation should design and implement an appropriate reward system in order to attract the best suitable employees to achieve its desired goals and objectives. Osborne (2013) defines reward as anything that an employee may value and desire and that the employer is able or willing to offer in exchange for the employee's contributions. Reward management is one of the ways used by organisations to attract and retain suitable employees as well as facilitating them to improve their performance and act in the interest of the employer. De Koker (2003) defines rewards as all forms of financial return, tangible services and benefits an employee receives as part of an employment relationship. According to Zuller (2006), compensation refers to extrinsic rewards such as salary and benefits as well as intrinsic rewards such as personal goals, autonomy, and more challenging job opportunities. La Belle (2005) points out that different individuals have different perceptions of rewards. Some individuals may consider cash as a sufficient and adequate reward while others may consider material incentives as more rewarding. Others still may consider a shift in the treatment they get from their managers to be a more rewarding experience. The well-rewarded employee feels that he/she is being valued by the employer. Akintoye (2000) asserts that money remains the most significant motivational strategy, even though Maslow (1943) offers a model that shows that factors that motivate an individual keep changing as one climbs the ladder of age and maturity. In addition, achievement of one goal sets the ball rolling for another one to be achieved. Thus, to be motivated is a constant need.

Akintoye (2000) points out that designing and managing a reward system is a very complex task in that it must not only ensure that the organisation is attractive to potential employees, but must also ensure that the employees, when placed, are as productive as possible with optimum levels of job satisfaction. According to Osborne (2013), the objective of a reward system is to influence employee motivation in a positive manner which will lead to improved organisational performance and strategy. Groblel (2011) indicates that motivation can be improved by rewarding good performance and offering incentives. If rewards must stimulate desired behaviour, they must meet the demands of the relevant employees. Osborne (2013) further points out that reward systems are also used to attract potential job applicants, to retain good employees and to administer pay within legal constraints. Many organisations are discovering that they want to reward more than just the skills or knowledge necessary for a new role. Employees are required who are skilled, energetic, service-conscious and problem solvers. Individuals are encouraged to behave ethically when they are incentivised to do so. It is thus important for organisations to examine their reward systems to ensure that the preferred behaviour is supported. Kohlberg (2010) advises that anyone is capable of advancing in moral reasoning and behaviour throughout their long lifetime. When employees do not realise that their unethical behaviour is not acceptable, their value system worsens, which could negatively impact the organisation. According to Bohlander (2004), reward has been revolutionised by heightened domestic and global competition. This has resulted in a paradigm shift that requires managers to change their pay philosophies from paying for a specific position to rewarding employees on the basis of their individual or group contribution to organisational success.

#### **2.2.5 Impact of extrinsic rewards on employee motivation**

According to Welch (2010), extrinsic rewards help enhance individuals' creative performance.

The literature is still divided when it comes to the effects of extrinsic rewards on individuals'

creativity. The effectiveness of skilled employees is likely to be limited if they are not motivated to perform. Zuller (2006) suggests that one of the means that organisations can use to enhance employee motivation and performance is to provide performance related compensation. A reward and compensation system is based on the expectancy theory, which suggests that employees are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the rewards they receive. Nel (2010) refers to new trends in compensation as total compensation. Such a reward system includes anything that an employee may value and desire, and that the employer is able or willing to offer in exchange for employee contributions (Robison 2012:75). Zuller (2006) further defines rewards systems as “a reward mechanism that emanates from the allocation, conversion, and transfer of a portion of the revenue of an organisation to its workers and staff for their monetary and in-kind claims on goods and services. Monetary claims on goods and services, in Nel’s (2010) words, are wages or salaries paid to an employee in the form of money or a form that is quickly and easily transferable to money at the discretion of the employee.

According to Zuller (2006), the various needs and expectations at work can be categorised in a number of ways which is the simple divisions into physiological and social motives or into intrinsic and extrinsic rewards. The latter is related to “tangible” rewards such as salary and fringe benefits. Mullins (2005) postulates that such tangible rewards are often determined at the organisational level and may be largely outside the control of individual managers.

Nokoks (2010) points out that a clear and well thought-through compensation policy is needed in organisations. The objective of any compensation function is to create a system of rewards that meets the needs of the employer and employee alike. The desired outcome is an employee who is

attracted to work and motivated to do a good job. Khunda (2008) advises that a compensation system aimed at motivating employees should be equitable, taking into account internal, external and individual equity factors. Donna (2008) agrees, and equally highlights the importance of fairness in the allocation of performance-based increases and bonuses. He warns that if unfairness is perceived in the compensation system, employees become negative and rebellious and the opposite of motivation is achieved.

As mentioned by De Wee (2012), employees always compare their remuneration to that of fellow employees and/or the market, and have an idea of their worth. If they feel under-paid, they might quit their jobs for better paying ones. Kuzunda (2007) emphasises that once someone is employed by an organisation, the job of a manager is to effectively utilise this human resource. The rewards sought are not only material (wages, salaries, and fringe benefits) but also spiritual (self-development, self-actualisation, sense of achievement) and social (the need to belong). Zuller (2006) asserts that there should be an effective reward system to attract, retain and motivate the top performers in the organisation and reward should be linked to productivity. There is a rising need for organisations to develop reward systems that motivate staff to work harder and be creative. Robbins (2009) strongly believes that an effective reward system would trigger high performance. He further asserts that monetary incentives remain the most effective tool to reward workers for their excellent job performance. Non-monetary reward incentives, on the other hand, describe a reward system for workers aimed at generating excellent job performances through employee recognition programmes, empowerment, autonomy and pleasant working environment. According to Nokoks (2010), implementing a non-monetary reward programme can build loyalty, culture, and communication between internal networks while

reducing conflict and conflict-related competitiveness between management and staff - all at little cost to the company.

Odendaal (2009) believes that despite the intuitive appeal of pay for performers, merit pay plans have several limitations. According to him, such plans are based on an annual performance appraisal and therefore, the merit pay is as valid or invalid as the performance ratings on which it is based. Another limitation pointed out by Odendaal is that sometimes the pay raise pool fluctuates based on economic conditions or other factors that have little to do with an employee's performance. Aldervey (2007) warns that trade unions typically resist merit pay plans and strongly rely on collective bargaining processes to determine salary increases for their members. He further asserts that managers should be sensitive to individual and cultural differences. For example, employees from Asian cultures prefer not to be singled out as special because it makes them uncomfortable. His advice is that managers should spend the time necessary to understand what is important to each employee. This allows managers to individualise goals, level of involvement, and rewards to align with individual needs. Also, managers should design jobs to align with individual needs, and by so doing, maximise the motivation potential in jobs.

#### **2.2.6 Impact of intrinsic rewards on employee motivation**

Strovall (2003) argues that non-financial rewards motivate workers, which enhances job satisfaction, and an effective reward package could have a significant impact on the employee's performance. Dzuaranin (2012) suggests that organisations that focus only on financial incentives to motivate their employees must also introduce non-financial rewards to their performance rewards systems to increase the motivation level of their employees, since many people prefer the former over the latter. In his study Dzuaranin (2012), suggests that organisations using effective reward programmes better achieve their organisational objectives

and also influence employee behaviour. In the same vein, Diote (2011) found that recognition in various forms is an excellent motivational and retention strategy for any organisation. He argues that it is cost-effective for any organisation to implement strategies to motivate their talented employees by recognising their hard work. A study conducted by Angelo in 2013 found that 39% of people quit their work because they feel unappreciated, and management fails to handle this huge turnover because of the absence of proper employee rewards and recognition programmes.

Welch (2011) emphasises the importance of intrinsic reward, and advises companies to build recognition programmes into their reward systems. According to him, recognition and appreciation of employees contribute significantly towards employee job satisfaction. He notes that intrinsic rewards are related to ‘psychological’ satisfaction such as opportunity to use one’s ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner. The psychological rewards are those that can usually be determined by the actions and behaviour of individual managers. Kelly (2010) highlights that recognition is an important factor that managers must identify in motivating their employees. Recognition can come in many forms, most of them with little or no real cost to a company. A simple “thank you” goes a long way in motivating employees, or it can be more formal such as an “employee of the month” award. The value of recognition is the attention they receive. Gelleman (2007) states in his book, *Motivation in the Real World: The Art of Getting Extra Effort From Everyone – Including Yourself*, that “If you are dealing with individuals who, regardless of their demographics, want to take charge of their own life, at least to the extent that circumstances permit them to do that, you can motivate them. What that kind of person needs is plenty of opportunity for achievement and recognition”.

Employees and people in general want to feel like they are individuals and that they can distinguish themselves by doing an exceptional or outstanding job. This concept would relate to the level of “ego” in Maslow’s theory on the hierarchy of needs, which deals with independence, achievement, freedom, status, recognition, and self-esteem. By acknowledging the excellence and well-performed activities of employees, managers can determine the type of recognition required. The level of appreciation from recognition rises if it is an honest and well-deserved recognition because “if employees believe you are a fair, honest and caring boss, most of them will remain loyal and respond in kind” (Wiscombe, 2002, p. 69). The general belief is that all people can be motivated, but people are not motivated by the same things and at the same intensity. This is why it is important for managers to understand the different motivational theories and how they apply in different situations and to different individuals.

### **2.3 Literature review**

Akintoye (2009) postulates that the entire success of an organisation is based on how an organisation keeps its employees motivated and in what way they evaluate the performance of employees for compensation. Likewise, Jibowo (2007) suggests that commitment of employees is based on rewards and recognition. On the other hand, Lawler (2003) argues that prosperity and survival of the organisations is determined through how they treat their human resources. Zuller (2006) asserts that financial motivation has become the most common concern in today’s organisations, and tying to Maslow’s basic needs, non-financial motivation only comes in when financial motivation has failed. According to Greenberg (2003), motivation can be divided into three main parts. The first part looks at arousal, which deals with the drive, or energy behind individual(s) action. People tend to be guided by their interest in making a good impression on

others, doing interesting work and being successful in what they do. The second part refers to the choice people make and the direction their behaviour takes. The last part deals with maintaining behaviour, clearly defining how long people have to persist at attempting to meet their goals. Marriott (2010) observes that motivation can be intrinsic and extrinsic.

Extrinsic motivation concerns behaviour influenced by obtaining external rewards in the form of money and other tangible financial rewards such as vouchers, shares and paid holidays. Deci (2008) argues that intrinsic motivation has to do with inner joy or satisfaction, while Hagedoorn (2006) provides examples of intrinsic motivation as recognition, growth, interesting job and achievement. Linz (2002) reveals that several studies have found a positive relationship between intrinsic motivation and job performance as well as intrinsic motivation and job satisfaction. This is significant to institutions in today's highly competitive business environment in that intrinsically motivated employees will perform better and, therefore, be more productive, and also because satisfied employees will remain loyal to their institution and feel no pressure or need to move to a different institution.

A study conducted by Zuller (2006) to examine the effects of performance-contingent rewards on an employee's intrinsic motivation found that these types of rewards are very controlling since they are directly associated with an employee's performance of some task. Vroom (2006) proposes that people are motivated by how much they want something and how likely they think they are to get it. He suggests that motivation leads to effort and the effort, combined with employee's ability together with environment factors, is highly important and results in performance. Adams (2006), on his part, suggests that people are motivated to seek social equity

in the rewards they receive for high performance. According to him, the reward from jobs includes: pay recognition, promotion, social relationship and intrinsic rewards. To get these rewards, various factors are considered such as engagement, experience, education and loyalty. He suggests that people tend to view their outcomes and inputs as a ratio, and then compare these ratios with others, and tend to become motivated if this ratio is high. Work motivation does not determine an employee's level of performance, but it does influence his/her effort towards performing the task.

According to Daniel (2001), happy and motivated workers are more productive. In dealing with today's workforce, managers need to devise jobs that are both challenging and interesting. In order to design the "right" job for the right person, the job designing process needs to involve employees because their needs have to be addressed. Cupido (2010) points out that a significant number of jobs in the workplace are not very challenging. In situations like these, managers can set goals and objectives so employees know what is expected of them. These goals and objectives need to be specifically stated in order to have the most motivating effect. Having a clear goal can make a previously routine job become more of a challenge. With this view, the worker becomes more motivated in order to achieve that goal.

A highly motivated worker is likely to be one who has the necessary skills and supplies to accomplish the job. Cupido (2010) asserts that employees consider the opportunity for growth to be more of a factor in job motivation than pay. As such, they require growth opportunities from their place of employment. These workers value new knowledge and new skills. Organisations that can offer these growth opportunities garner the benefits of having a motivated workforce

with enhanced skills (Greenberg, 2003). Such growth opportunities were articulated by Ajila (1997) as involving on-the-job training or company-paid technical training. He also mentioned that Managers need to comprehend that challenging work and opportunities for growth really go hand-in-hand. Workers who consistently perform challenging work accede to personal growth and become even more motivated and creative. In support of the strategy, Egwurudi (2008) postulates that crafting challenging tasks and providing professional developmental opportunities can be gainful ways to enhance employees' motivation.

Non-financial rewards also play an important part in any organisation, as rewards for outstanding performance are critical for employee motivation. Employees want and need appreciation on the job, and an effective way of meeting this need is through non-financial rewards. His sentiments indicated that non-financial rewards appeal to employees on a personal level. Because non-financial rewards have proven to be useful motivators, companies that want rewards to be cost-effective but unforgettable are seeking the services of firms that specialise in employees' recognition. This seems to reveal that money is not everything when it comes to motivating an employee on the job. Non-financial rewards play a critical function in employees' motivation and knowing their contributions count is vital to employee performance.

Moslem (2005) developed a threefold classification for determining motivation, as follows: **Economic rewards** are tangible rewards such as pay, fringe benefits, pension rights, material goods and security. **Intrinsic satisfaction** is derived from the nature of the work itself, interest in the job and personal growth and development. This is a personal orientation to work and be concerned about oneself. **Social relationships** such as friendships, group work, and the desire for

affiliation, status and dependency is a relational orientation to work and be concerned about other people. A person's motivation, job satisfaction and work performance will be determined by the comparative strength of these sets of needs and expectation and the extent to which they are fulfilled. For example, some people may make a deliberate choice to forgo intrinsic satisfaction and social relationships (particularly in the short term or in the earlier years of their working life) in return for high economic rewards. Other people are happy to accept comparatively lower economic rewards in favour of a job which has high intrinsic satisfaction and/or social relationships.

#### **2.4 Impact of motivation on performance**

According to Banjoko(2010), performance in organisations can be separated into organisational performance and job performance. Banjoko argues that the performance of an organisation is dependent upon the performance of employees (job performance) and other factors such as the environment of the organisation. In Cupido's (2010) view, a good employee's performance is necessary for the organisation, since an organisation's success is dependent upon the employee's creativity, innovation and commitment. Excellent job performances and productivity growth are also important in stabilising the economy. The level of performance of employees relies on their actual skills and the level of motivation each person exhibits. Harrington (2005) highlights that over-achieving, talented employees are the driving force of all institutions, so it is essential that institutions strive to motivate and hold on to the best employees. The quality of human resource management is also a critical influence on the performance of the institution. Concern for strategic integration, commitment, flexibility and quality has called attention to employee motivation and retention.

The importance of motivation is emphasised by Landy (2006). If motivation is zero, even the most talented employee will not deliver. The effects of motivation do not stop with performance. In a group of motivated employees, there are fewer work accidents, fewer rates of ethical problems, less employee turnover and lower levels of absenteeism (Brown, 2006). Robison (2012) observes that motivated employees feel less stress, enjoy their work, and as a result have better physical and mental health. Furthermore, motivated employees are more committed to their institutions and show less insubordination and grievance. They are also more creative, innovative, and responsive to customers, thus indirectly contributing to the long-term success of the institution. In short, motivated employees are the greatest asset of any institution.

Mulwa (2012) conducted a study on employee performance in public audit institutions in Kenya. He explains the various motivation theories such as Abraham Maslow's hierarchy of needs, Herzberg's two factor theories, and the equity theory of Adams. The studies shows that motivation is key for the productivity, profitability and sustainability of every institution - as the employees are its movers and its lifeblood. Dorey (2007) point out that motivation is not a once-off undertaking; rather it is a continuous undertaking by management as long as the organisation exists. She further stresses that it is the responsibility of management to continually work on employee motivation for long term sustainability of the organisation.

A study carried out by Nokoku in 2009 concluded that there is a positive correlation between motivation and performance because generally “happy employees are productive employees”. According to Nokoku, motivation plays a critical role in employee performance. Motivated

employees are more creative and innovative and are more prone to taking on new challenges because they are enjoying the workplace and find it stimulating. De Koker (2002) suggests that growth opportunities and challenges have a positive effect on a person's motivation in the work place, and advises that managers should keep this in mind when assigning work to their employees. Work itself is a further motivator according to Herzberg's two-factor theory; a worker derives a sense of self-worth in the process of performing the job and, upon completion of that job, a sense of accomplishment.

## **2.5 Impact of employee's motivation on customer service**

In service organisations, customer retention and defection are highly reliant on how frontline employees deal with customers. Motivated and happy employees are more likely to be friendly, upbeat, and responsive – which customers value. Furthermore, because motivated employees are less prone to turnover, customers are more likely to come upon familiar faces and receive quality service. Odendaal (2009) points out that these benefits build customer satisfaction and loyalty. George (2008), agrees, and highlights that the banking industry is in need of employees that are both engaged and motivated, for without them, customer satisfaction levels would be impacted. This theory is further supported by Hooney (2010) who maintains that interpersonal relationships established between bank personnel and the customers are a big driving force behind customer loyalty. McKay (2012) adds that employees are the face of the bank, and a good relationship established between the employees and the customers is invaluable to the bank and may lead to customer retention. When a high perception of value is achieved, then it is also likely that the customer will be satisfied, thereby bringing in more business for the bank. Johnson (2012) argues that if organisations reward excellent service delivery, employees will often think of excellence in

their work which may show the way to better options of doing the job, consequently, improving organisational performance. George (2007) believes that it is vital for any bank to reward customer intimacy and satisfaction. This way, he asserts, employees will adjust and change their behaviour to build a good relationship with customers in order to understand and satisfy their needs. Once this is met, performance of the organisation is likely to improve. Ndoni (2009) points out that innovation and creativity are the driving forces behind successful banking institutions, and this can only be achieved with highly motivated and engaged employees. Goodwin (2008) asserts that a worker's emotional state influences customer service, which in turn influences levels of repeat business and levels of customer satisfaction. According to him, providing excellent customer service makes demands on employees because it often puts them in a state of emotional dissonance. Over time, this state can lead to job burnout, declines in job performance, and lower job satisfaction. Goodwin further warns that employees' emotions may transfer to the customer.

Zuller (2006) points out that all efforts must be geared towards developing workers interest in their job so as to make them happy in giving their best to their work; this will ensure industrial harmony. Wright (2008) agrees with this notion, and asserts that workers will excel in their performance if their wages are tied to their performance, based not on personal bias or prejudice, but on objective assessment of an employee's merit. Khan (2010) undertook a study on the effect of rewards on employee motivation in Commercial Banks in Pakistan. The study showed a strong positive correlation between rewards and employee motivation. According to the study findings, motivated employees are more vigorous and dynamic in their duties. When employees are personally valued, recognised and rewarded, they undoubtedly work harder and feel

motivated to accomplish their tasks. They are likely to perform way beyond the level expected of their ability. According to a study by Jorons (2009), there is a positive relationship between organisation effectiveness and employee motivation. Earlier, Schuler (2009) had found that the link between rewards, recognition and motivation of employees is tactically significant to the success of an organisation.

## **2.6 Impact of motivation on employee retention**

According to Zuller (2006), it is important for managers to have an understanding of why people would leave an organisation. Equally important is to identify those factors that attract people to organisations, and keep them there. Nokoku (2010) insists that there is a positive association between rewards, motivation and employee retention. He argues that if employees are well taken care of financially through effective incentive schemes, they will be motivated to perform and are likely to build long-term career plans with such organisations. Evans (2006) disagrees and argues that financial rewards alone are not sufficient to keep employees, especially those in senior positions. A study carried out by Stredwick (2000), in South Africa concluded that non-financial rewards play an important role in employee motivation and retention. A spontaneous “thank you” can lighten up an employee’s day. Ignoti (2004) suggests that whereas financial incentives may be more motivating in the short term, in the long run, non-financial incentives are more motivating. Dierks (2007) disagrees with the concept of employee recognition programmes as a motivating tool, and argues that these programmes are highly susceptible to political manipulation by management. When applied to jobs where performance factors are relatively objective, such as sales, recognition programmes are likely to be perceived by employees as fair. However, in most jobs, the criteria for good performance are not measurable, which allows

management to manipulate the system and recognise their favourite employees. He warns that “abuse of such a system can undermine the value of recognition programs and lead to demoralised employees, which eventually will see employees leave organisations” (Dierks, 2007, p.233).

## **2.7 The Namibian context on rewards**

According to Dyer,&Schwab(1982),most organisations in Namibia have merit pay plans, especially for salaried employees. In an effort to motivate and retain top performers, more companies are increasing the differential between top and bottom performers. In a recent survey, (Ondero Associates, 2013) found that in 2013, employers gave their best performers roughly 12% raises, compared to 7.6% for average performers and 3.9% for below-average performers. Namibia Dairies 2013),report stated that the company has widened the merit pay gap between top and average performers because “as much as we would regret our average performers leaving, we’d regret more an above-target performer leaving”. De Klerk (2009) points out that with skills in short supply in Namibia, some organisations are turning to the retention bonus as a way of hanging on to their best people. This bonus, if pitched at the right level, can be a very effective weapon in a human resource department’s arsenal. Recently, (Saunderson & Co , 2009) implemented a staff bonus scheme in an effort to retain scarce skills as demands for financial acumen see audit firms losing higher numbers of graduates to other sectors of the economy.

A study by Alexia Ndone in 2009 concluded that pay is not a primary factor driving job satisfaction but it does motivate people, and companies often underestimate the importance of pay in keeping top talent. AlsoJohnson, 2008 found that whereas 45% of employers thought that

pay was a key factor in losing top talent, 71% of top performers indicated that it was a top reason. Namibia Hrs Solutions (2009), profiled an HR Benchmark survey across-section of Namibian companies within a range of industry sectors, found that 14% of Namibian companies' staff leave their place of employment each year, and this decision is primarily influenced by base pay and benefits. Nel (2010) identified six factors that should be considered and fine-tuned in order to positively contribute to employee motivation and satisfaction in any organisation, as follows:

- Organisational policies
- Structures and systems
- Internal and external relationships
- Attractiveness of a job in terms of its design and opportunities for growth
- How people are led
- How people are paid, and how much

Interestingly, another study conducted by the auditing firm, (Kellerman & Co, 2013) highlights the importance of ethical leadership. According to this study, good leadership played a key role in Namibia Financial Institutions Supervisory Authority, (NAMFISA), winning the “employer of choice” award for three consecutive years in Namibia. The aforementioned study concluded that good leadership increases employee confidence and trust, which are critical factors in employee motivation.

## **2.8 Conclusion**

This chapter compared and contrasted the views of various researchers in the field of motivation and rewards. It also analysed the effect of motivation on other important variables such as employee retention, employee performance and customer service. It generally provided an overview of the various approaches in understanding the reward/motivation link. The next chapter presents the methodology adopted in this study.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

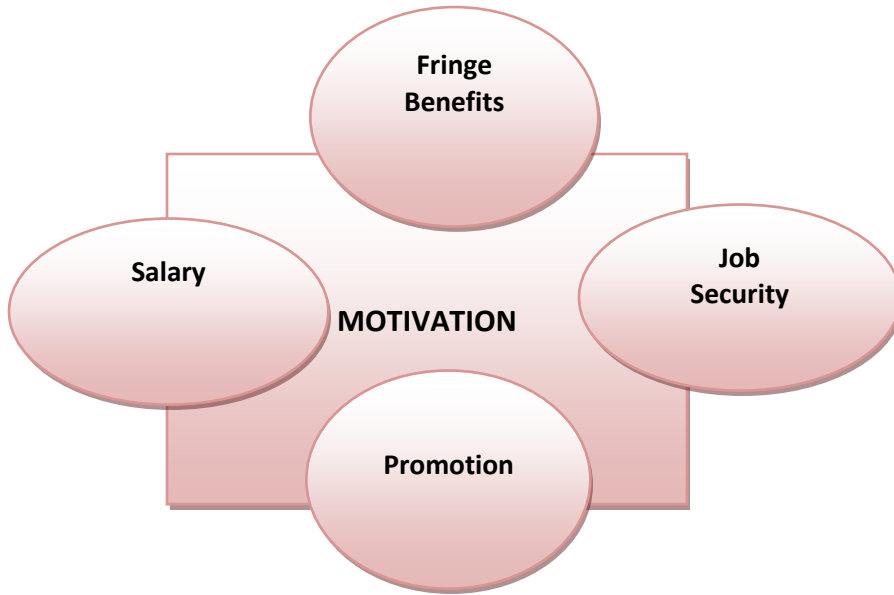
### **3.1 Introduction**

The previous chapter dealt with literature review relating to rewards and motivation. This chapter highlights the research methodology that was used in arriving at the relationship between rewards and employee motivation. The chapter will analyse and deal with: research types; research design; target population; sampling and sampling procedure; data collection; research instrument; questionnaire construction; pilot study; data analysis; validity; reliability and elimination of bias. Bush(2009) points out that methodology implies more than simply the set of methods one intends to use to collect data. It is necessary to include a consideration of the concepts, theories and philosophical assumptions which underlie the methods.

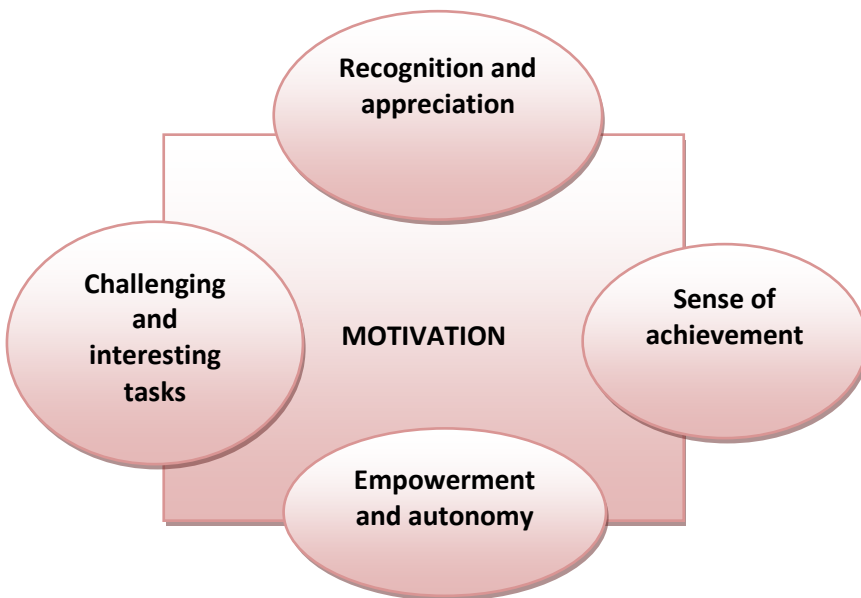
### **3.2 Type of research**

According to Holloway(1997), quantitative research involves the use of numerical measurement and statistical analysis of measurements to examine social phenomena. He further asserts that quantitative research places great premium on objectivity and reliability of findings and encourages replication. This study will be quantitative in nature, the purpose being to discover the relationship between rewards and motivation. Eight intrinsic and extrinsic factors which denote employee motivation are taken into consideration, as follows: 1) Salaries 2) Fringe benefits, 3) Promotion, 4) Job security, 5) Recognition/Appreciation, 6) Empowerment and autonomy, 7) Challenging tasks and 8) Sense of achievement. The framework of the study is given in Figures 3, 4 and 5 respectively.

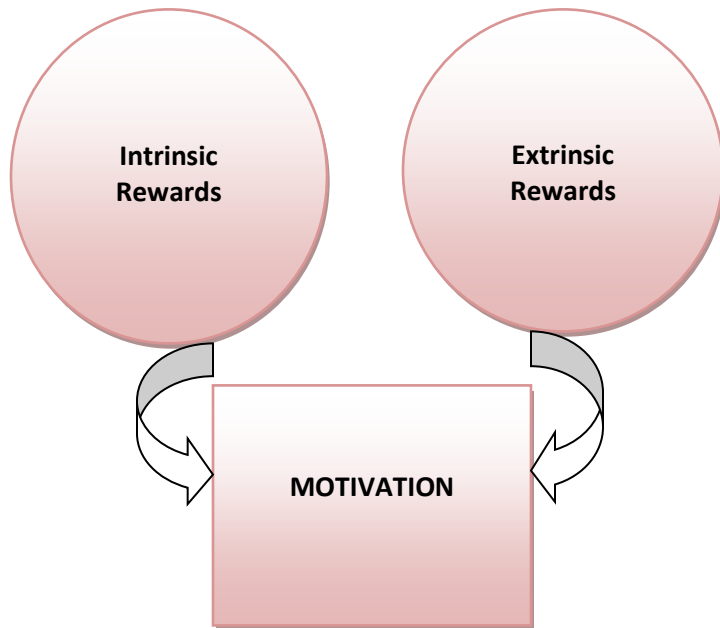
*Figure 3: Extrinsic Rewards and Motivation*



*Figure 4: Intrinsic Rewards and Motivation*



**Figure 5: Research framework**



The diagram above shows the relationship between intrinsic and extrinsic rewards to motivation. The two factors indicate that motivation in organisations depend on these two factors among others. This research analysed the impact these two factors have on motivation.

### **3.3 Research design**

According to LeCompre, & Preissle (1993), research design deals with a logical problem and not a logistical problem. In general, research design includes all the issues involved in planning and executing a research project, which are the following:

1. Identifying the research problem clearly, and justifying its selection, particularly in relation to any valid alternative designs that could have been used.
2. Reviewing and synthesising previously published literature associated with the problem.
3. Clearly and explicitly specifying hypotheses [i.e., research questions] central to the research problem.

4. Effectively describing the data which will be necessary for an adequate testing of the hypotheses and explaining how such data will be obtained, and
5. Describing the methods of analysis to be applied to the data in determining whether or not the hypotheses are true or false.

According to Creswell (1994), the choice of research design is critical in every research study as it influences a large number of subsequent research activities and it forms the basis for analysis of data collected. He warns that failure to work on a proper research design at the beginning might affect conclusions drawn which might consequently be weak and/or unconvincing, and as a result will fail to answer the research questions. What is further important is that the method of data collection produces reliable, valid and meaningful data. The main question of this study is: does reward play a critical role in employee motivation? To answer this question meaningfully, the study will survey selected employees at Agribank, Windhoek.

### **3.3.1 Target Population**

Saunders, Lewis and Thornhill (2007), points out that collecting and analysing data from every potential case or group member included in a research problem is called a census. However, it is often not feasible or possible to study the entire population. He describes a 'population' as the full group of potential participants to whom the researcher wants to generalise the findings of the study. The population in this study is 120 and consist of employees in job grades A1 to D3. In essence, the population comprises non-managerial employees in Agribank, Windhoek. This group of employees would be best placed to know whether rewards indeed motivate them or not.

### **3.3.2 Sampling and sampling procedure**

A complete enumeration of a population is not only time consuming and expensive, but it is also impossible in certain contexts. The process of sampling solves the problem. Saunders, Lewis and

Thornhill (2007), describes sampling as the process of systematically selecting cases for inclusion in a research project. The basic idea is that by selecting some of the elements in a population and focusing research attention on this finite group, the researcher may apply the findings of the study to the whole population of interest. In other words, the properties of the sample are generalised to the population. Some of the major reasons why sampling is necessary are highlighted Marshall & Rossman (1999), and they are as follows:

1. Cost-effective procedure for quality control
2. Physical impossibility of checking all items in the population
3. High cost of studying all items in a population
4. Adequacy of sample results
5. Contacting the entire population would often be too time-consuming.

It is therefore important for the researcher to draw a sample from the population to avoid the obvious challenges of a census, and also to improve the quality of the study. It is also worth keeping in mind that a sample that is too small is not likely to be representative, while one that is too large is likely to increase costs and time demands without producing significant benefits.

Saunders, Lewis and Thornhill (2007) further points out that there are two broad types of sampling, namely: probability sampling and non-probability sampling. With probability sampling, the likelihood of any one member of the population being selected is known. In non-probability sampling, the exact number of elements in the population is unknown, with the result that the likelihood of selecting any one member of the population is also not known. This study adopted probability sampling with the resulting outcome that each member of the population had an equal chance of being selected for the research. Another motivation is the fact that with probability sampling, it is easier to calculate sampling error. Saunders, Lewis and Thornhill

(2007)) defines sampling error as the difference between the statistical characteristics of the sample and those of the population from which the sample was selected. In essence, it is the degree to which a sample might differ from the population, which is unknown in non-probability sampling. The objective of good sampling is to ensure that the sampling error value is as low as possible. There are various types of sampling designs in probability sampling. This study adopted simple random sampling. The selection of actual participants was computer-aided. The biggest motivation for this sampling type was to reduce the potential for human bias in the selection of cases to be included in the sample. According to Patton, (1990) simple random sampling reflects an accurate representation of the larger population.

The sample used in this study was selected from employees in job grades A1-D3, which comprises non-clerical, clerical, specialist and supervisory job categories. This group of employees was considered most suitable since motivation in the workplace is generally geared towards them. Management was purposefully excluded because they have to spearhead the process of motivation, and that is an entirely different perspective altogether. A sample of 80 was selected. Simple random sampling was used to select the actual participants, a process which was computer-aided. To access employees to participate in the study, the researcher relied on the assistance and cooperation of the human resources department.

### **3.4 Data collection**

The entire research planning, design and literature review processes converge at the data collection stage. There are a number of methods by which data can be collected. Whittemore, Chase, & Mandle, (2001) suggests four main ways in which data can be collected in surveys. These are:

- Observation
- Panel
- Interview
- Questionnaire

This study used a questionnaire to collect data. Whittemore, Chase, & Mandle, (2001) asserts that a questionnaire is very useful in collecting data because it is time-saving and cost-effective.

### **3.4.1 Research instrument**

A questionnaire was designed based on the study objectives, and in such a way as to ensure that it provided the needed information. In this regard, closed-ended questions were used to collect data. Respondents were asked to respond to the statements on the questionnaire. The said questionnaire consisted of two sections. The first part comprised seven socio-demographic questions including gender, age, marital status, race, education level, length of service and position in the organisation (title), and the second part consisted of statements which were aimed at investigating the thoughts of employees on the current reward scheme and its effect on motivation. The respondents answered the questions based on a 5-point Likert scale, as follows: “Strongly Disagree” (5), “Disagree” (4), “Uncertain” (3), “Agree” (2), “Strongly Agree” (1).

The questionnaire included a covering letter. The aim of the covering letter was to obtain informed participation in the study and to orient the participants on the research subject. In addition, the questionnaire had an opening section that clearly and concisely explained the basic aim of the study and the importance of the participants’ involvement in the study. A questionnaire was considered and found appropriate for bankers, considering their work pressure and busy schedules, because it does not take up too much of their time. Wheeler and Carter (2002) lists the advantages of questionnaires as follows:

- They permit respondents time to consider their responses carefully without interference from an interviewer.
- Each respondent receives the identical set of questions. With closed-ended questions, responses are standardised, which can assist in interpreting huge amounts of data from large samples.
- They permit anonymity. It is usually argued that anonymity increases the rate of response and may increase the likelihood that responses reflect genuinely held opinions.

According to Wheeler and Carter (2002) some of the shortcomings of questionnaires are as follows:

- They may lead to collection of worthless and irrelevant information.
- Open-ended questions may require a lot of the respondent's time and effort, and may engender a high refusal rate.
- Lack of flexibility. There is no interpersonal relationship involved, nor any face-to-face contact.
- Many questions may remain unanswered.

### **3.5 Data collection process**

The researcher visited all the participants to administer the questionnaires. Once in the company of the participants, the researcher explained the purpose and method of completion of the questionnaire to them, and attended to all questions/concerns. The questionnaire was then given to the sampled participants for completion. The participants had five days in which to complete the questionnaire.

### **3.5.1 Collection of questionnaires**

The questionnaires were completed and returned within five days, as planned. The researcher personally visited the participants to collect the questionnaire, and checked to determine whether all participants had handed in their questionnaires.

### **3.6 Data analysis**

According to Cooper, & Emory(2003), data analyses is the process of reducing accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. Data from the study was coded, processed and analysed using the computer based statistical package for social sciences (SPSS).

The descriptive statistics utilised are based on frequency tables and graphical illustrations to provide information on key demographic variables in this study. This is followed by a presentation of the inferential statistics based on examination of each hypothesis formulated for the research. To test the hypothesis, a chi-square test of goodness of fit was employed. The statistical significance for null hypothesis testing was set at 5%.

### **3.7 Validity**

According to DeVaus (1996) validity refers to the degree to which a study accurately reflects or assesses the specific concepts that the researcher is attempting to measure. He further explains that validity is usually defined by such questions as: does the test measure what it is supposed to measure? The emphasis in this question is on what is being measured. Saunders (2009) identifies four specific types of validity that should be established prior to administering the actual study. The researcher was guided by two of those validity types, as listed below:

- **Face validity** requires the research instrument to be relevant to participants in the study. Face validity can be established by asking friends, colleagues and individuals from the target population to comment on the relevance, balance and adequacy of the research instrument in relation to the research objectives. This was done during the pilot study where the questionnaire was given to friends, colleagues and other individuals to comment on.
- **Content validity** is similar to face validity except that the researcher must seek the opinion of experts in the field on the adequacy of his/her research instrument. To ensure content validity, the research instrument was given to a specialist in the field of research for commentary, after which necessary modifications were made to the instrument, as already explained in the pilot study.

### **3.8 Reliability**

According to De Vaus (1996), reliability is concerned with the consistency or repeatability of the measurement of certain phenomena. Based on the above definition, it becomes clear that reliability is chiefly concerned with making sure the method of data gathering leads to consistent results. De Vaus (1996) further highlights that there are three types of reliability, as follows:

1. **Parallel reliability** which is a measure of equivalence and involves administering two different forms of measurements to the same group of participants and obtaining positive correlation between the two forms.
2. **Test-retest reliability** which essentially involves administering the same research instrument at two different points in time to the same research subjects and obtaining a correlation between the two sets of responses.

3. **Inter-rater reliability** which is a measure of homogeneity. With inter-rater reliability one measures the amount of agreement between two people who rate a behaviour, object or phenomenon.

The researcher used the test-retest technique. DeVaus(1996) defines the test-retest technique as the only practical approach to the establishment of the reliability of the questionnaire. A respondent who has completed the questionnaire as part of its standardisation can be asked to complete it again, and his/her choices can be compared for consistency.

### **3.9 Limitations of the study**

The quality of data analysis of any research depends on the quality of information and the data collected in the field, on the survey planning, and on the respondents involved. Although this study will make several contributions to organisational performance literature, it has several limitations. Firstly, the data was collected from only one banking institution in Namibia, and was limited to Windhoek. This was due to time constraints. The study further focussed only on non-managerial positions. Therefore, the findings may be limited to the sample studied. Future studies could consider conducting tests with different banks (public and private) to deal with external validity issues. In addition, this study was cross-sectional in nature. Future studies could consider a longitudinal approach.

### **3.10 Elimination of bias**

According to Zuller (2009), researcher bias is a form of response bias that occurs whenever there is a flaw in a survey's research design. This systematic error can be caused by problems with various different aspects of a study's research methodology. Most of these issues arise from lack

of establishing a clear research purpose and objectives as well as the absence of secondary research before initiating a study. The following steps were taken to eliminate researcher bias:

1. The study specifically outlined the type of population to be studied.
2. The sample was selected in a random manner, and each member of the population had an equal chance of being selected.
3. In order to avoid data analysis errors in the main study, data from the pilot study was analysed to ensure a proper understanding of all the statistical techniques to be used on the study survey's raw data before creating the questionnaire.
4. The pilot study and the appointment of a research specialist assisted greatly in eliminating researcher bias. In this regard, some questions were rephrased and modified, while others were completely removed to ensure adequacy and relevancy to the study objectives.

### **3.11 Ethical consideration**

According to Cooper & Schindler (2003), ethics in research deals with the development of moral standards that can be applied to a situation in which there can be actual or potential harm to an individual or a group. The research methodology employed was scientifically sound and practically feasible. All participants were sensitised about the purpose of the research. Respondents were well-informed of the risks and/or benefits that could accrue to them as a result of participating. Participation was voluntary, and confidentiality was guaranteed. In addition, all participants signed a consent form. The researcher also assured the participants of the utmost safe-keeping of the raw data. The data collected will be stored in a locked cabinet for five (5) years in the researcher's office, and will be destroyed after the period.

In order to protect the anonymity of the three employees who were interviewed from the Bank, pseudonyms were employed. The three employees are referred to as Employee X, employee Y and employee Z in the study.

### **3.12 Conclusion**

This chapter presented the research methodology and research design of the study as outlined therein. Measures taken to ensure validity and reliability were explained. A pilot study was conducted as a fine-tuning tool on the research instrument. The next chapter presents data collected from participants and gives a short statement of the findings at the end of each section.

## CHAPTER 4: DATA ANALYSIS AND INTERPRETATION

### 4.1 Introduction

This chapter presents the results of the study collected from a total of 73 participants at Agribank, Windhoek. The findings are presented using charts, tables and graphs, followed by a brief discussion. There are six sections in this chapter.

### 4.2 Response rate

*Figure 6: Population, sample size, and response/non-response rate*

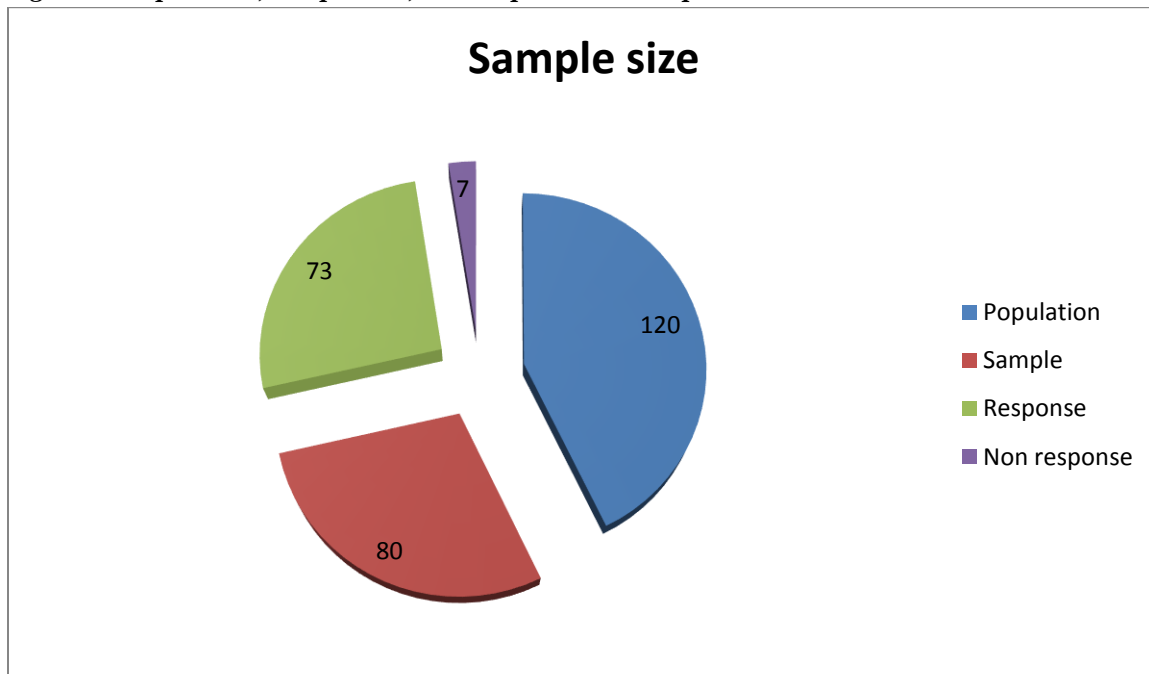


Figure 6 illustrates the population size in the study, which was 120. The sample selected was 80. Accordingly, 80 questionnaires were distributed but only 73 questionnaires were returned. This represents a response rate of 91.2%, and a non-response rate of 8.75%.

### 4.3 Demographic Information

This section presents the demographic characteristics of the respondents in relation to gender, age, educational qualifications, length of service and job categories.

### 4.3.1 Gender

**Figure 7: Responses by gender (n-73)**

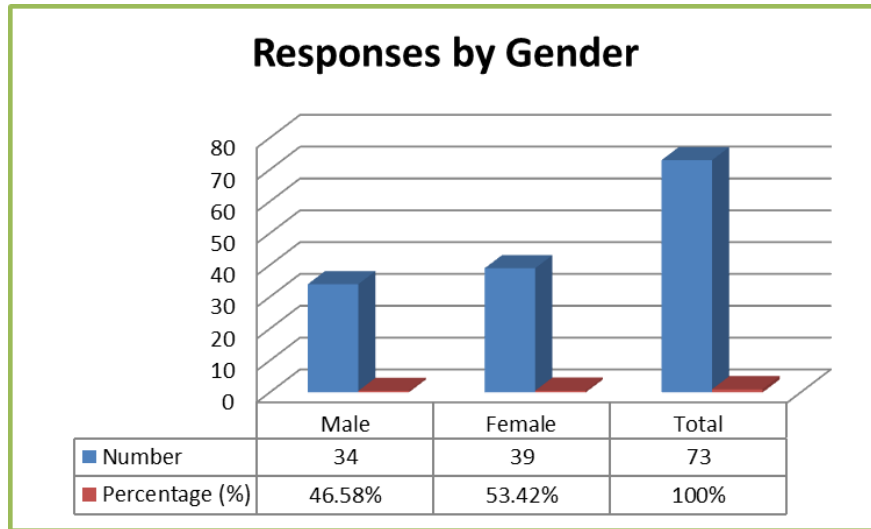


Figure 7 shows that there was a fair representation of both males and females in the study, with females dominating slightly. The number of women participants was 39, while only 34 men participated in the study.

### 4.3.2 Age

**Figure 8: Responses by age category (n =73)**

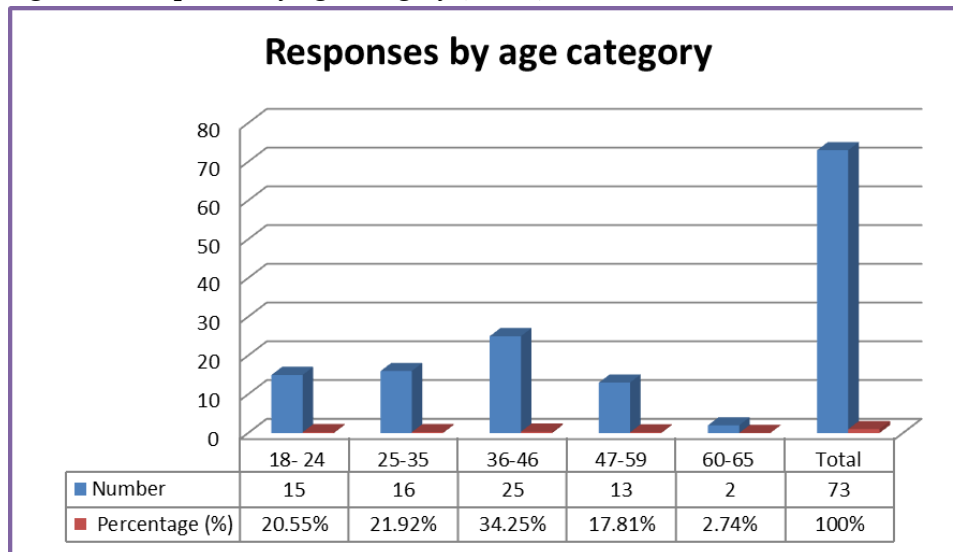


Figure 8 indicates that the majority of participants were in the age group of 36-46. This group represented 34.25% of the overall participants. The least represented group was the 60+ group, with a representation of 2.74% of the overall participants. This makes sense, because employees retire at the age of 60 unless there is a special agreement with retiring employees to help out for a specific time frame due to specified circumstances.

#### 4.3.3 Academic qualifications

*Figure 9: Responses by academic qualifications*

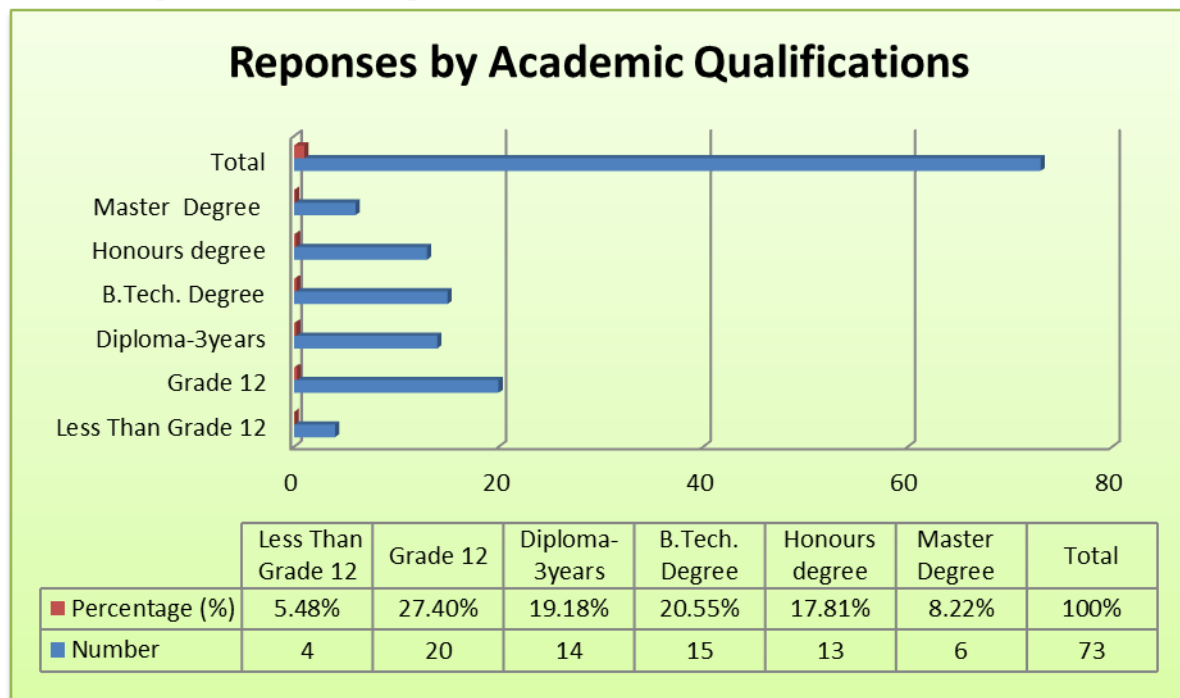
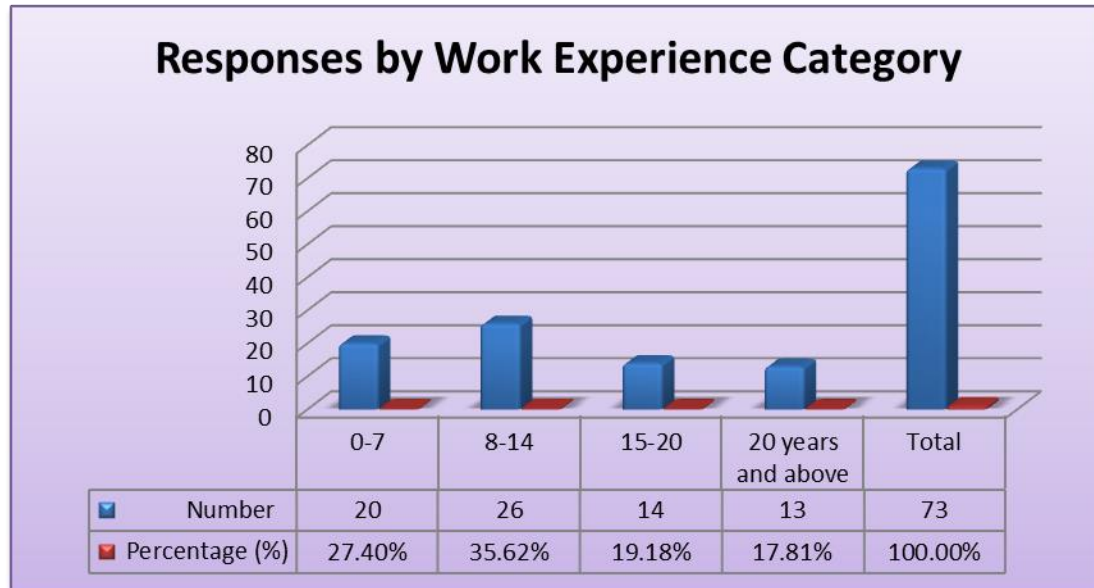


Figure 9 gives an overview of the educational qualifications of the participants. The majority of the participants were literate. 20 respondents were grade 12 holders, while 49 were holders of tertiary qualifications. Only 4 participants had less than grade 12 qualifications. The majority (20.55%) of respondents had Bachelor's degrees, while the least (5.48%) were those who had no grade 12. This was important to the research as the level of education was critical for the understanding of the research.

#### 4.3.4 Work experience

*Figure 10: Responses by work experience category*



In terms of Figure 10, the majority of participants had worked for a substantial number of years at Agribank. The results revealed that 35.62% of participants had more than 8 years of work experience in the Bank. However, 13% of participants had worked in the bank for more than 20 years.

#### 4.3.5 Job category

*Figure 11: Responses by job category*

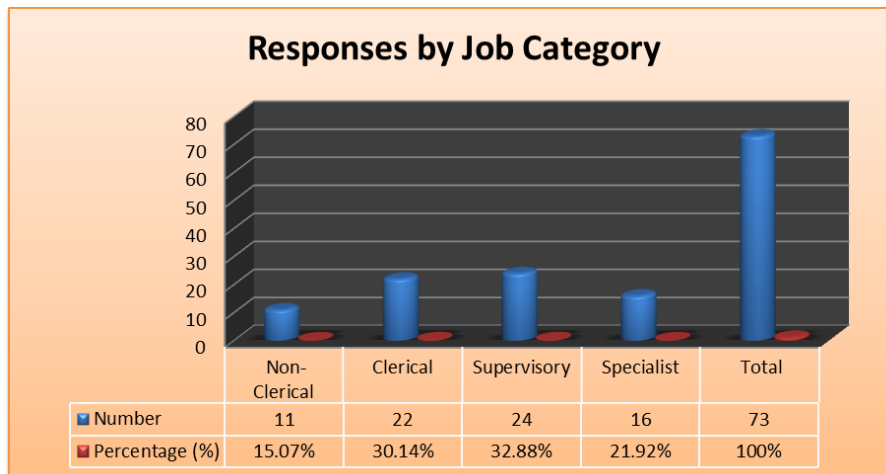


Figure 11 shows a graphical presentation of the participants based on job categories. The majority of respondents surveyed were supervisors, which were overall 24 in total. The next highest group was the clerical category, which had 22 respondents. The number of specialists was 16, while the number of non-clerical employees was 11.

#### 4.3.6 Responses by Race

*Figure 12: Responses by race*

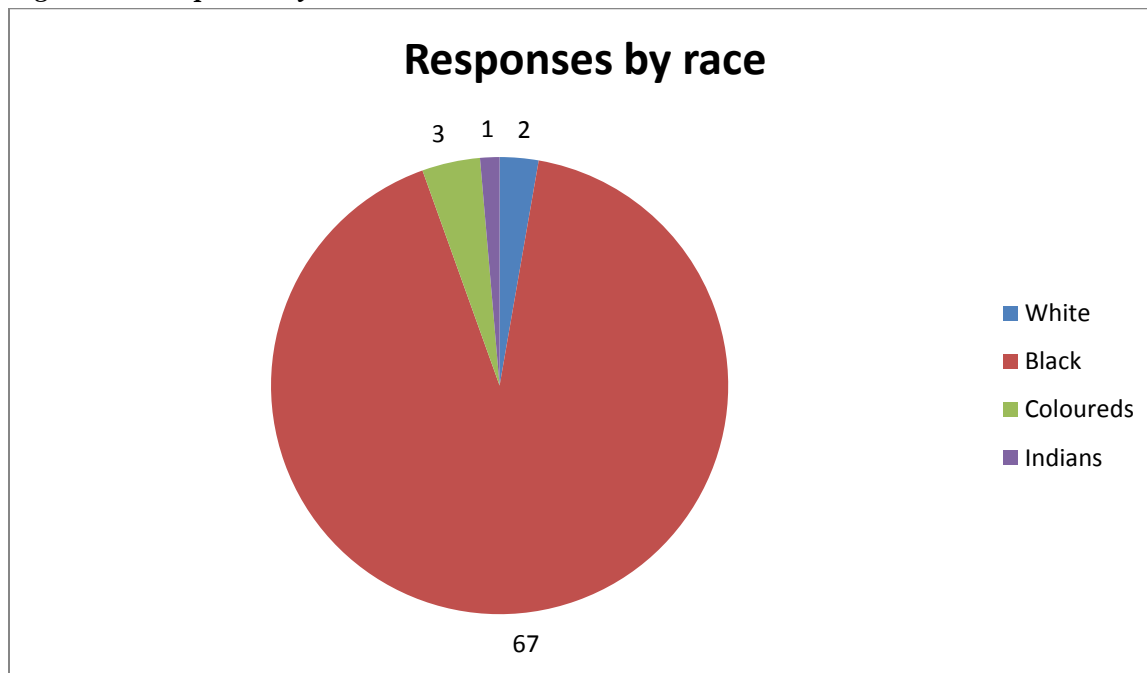


Figure 12 provides a graphical presentation based on race. The majority of the participants surveyed were blacks, making up 67 of the total participants. The least represented race was Indians, with only one participant. There were 2 whites, and 3 coloureds.

#### 4.4 Influence of remuneration on employee motivation

The aim of the questions on remuneration was to test the general level of satisfaction of employees with their current remuneration, and also to ascertain whether remuneration had the desired effect of motivating employees to perform optimally. The statements and the responses from participants are presented in Table 1.

Table 1: Impact of Remuneration in the Bank

Statement	SA	A	U	DA	SD	
<b>I am satisfied with the amount of remuneration I receive for my work</b>	0	57	7	9	0	73(100%)
<b>Financial incentives such as bonuses are allocated fairly and in a transparent manner</b>	0	7	15	37	14	73(100%)
<b>The rewards have a positive effect on the work atmosphere</b>	0	6	17	41	9	73(100%)
<b>I am ready to increase my work efforts in order to gain the rewards</b>	0	25	10	34	4	73(100%)
<b>Employees work more as a team in order to gain the rewards</b>	2	12	22	37	2	73(100%)

#### **4.4.1 I am satisfied with the amount of remuneration I receive for my work.**

The majority of participants were generally happy with their remuneration. Out of 73 participants, 57 respondents agreed with the statement. Seven respondents were undecided, while 29 respondents were not happy with their remuneration. Thus, 78% of the respondents were of the view that they were receiving remuneration that was fair in relation to their work obligations.

#### **4.4.2 Financial incentives such as bonuses are allocated in a fair and transparent manner.**

Only 23% of the respondents felt that financial incentives were distributed in a fair and transparent manner. Although 57 respondents were generally happy with their remuneration, only 17 felt that performance bonuses were distributed fairly and in a transparent manner. Fifteen respondents were undecided, while 37 disagreed. Fourteen respondents strongly disagreed.

#### **4.4.3 The rewards have a positive effect on the work atmosphere.**

From the responses, it can be concluded that the current rewards in Agribank do not have a positive effect on the work atmosphere. Only 6 respondents agreed that the rewards had a positive effect on the work atmosphere. Seventeen respondents were undecided, while 41 respondents disagreed with the afore-mentioned statement. Nine respondents strongly disagreed.

#### 4.4.4 I am ready to increase my work efforts in order to gain the rewards.

Four respondents strongly agreed with the above statement. Thirty five agreed with the statement, while 20 were undecided. Fourteen respondents disagreed with the statement.

#### 4.4.5 Employees work more as a team in order to gain the rewards.

There were mixed responses on this statement. Twenty five respondents agreed with the above statement. Ten respondents were undecided. Thirty four respondents disagreed and 4 respondents strongly disagreed.

### 4.5 Intrinsic motivating factors

The aim of questions on intrinsic motivating factors was to ascertain whether employees assigned value to intrinsic factors. The responses on intrinsic rewards as a motivating factor were as follows:

Table 2: Intrinsic Motivation Factors

	SA	A	U	DA	SD	Total
<b>Recognition and appreciation</b>	64	7	2	0	0	73(100%)
<b>Sense of meaningfulness and achievement in my work</b>	37	33	3	0	0	73(100%)
<b>Challenging and interesting tasks</b>	14	13	37	7	2	73(100%)
<b>Empowerment and autonomy</b>	59	12	2	0	0	73(100%)

#### 4.5.1 Recognition and appreciation as motivating factors

The majority of participants (64) strongly agreed that recognition and appreciation were motivating factors. Seven participants agreed, while 2 participants were undecided. None of the participants disagreed that recognition and appreciation were motivating factors.

#### 4.5.2 Sense of meaningfulness and Achievement as a motivating factor

Thirty seven participants strongly agreed with the above motivating factors. Thirty threeparticipants agreed, while 3 participants were undecided. None of the participants disagreed.

#### 4.5.3 Challenging and interesting tasks

Fourteen participants strongly agreed with the above motivating factors. Thirteen agreed, while 37were undecided. Seven participants disagreed and 2 participants strongly disagreed.

#### 4.5.4 Empowerment and autonomy as motivating factors

Fifty nine participants strongly agreed with the above motivating factors. Twelve participants agreed, while 2participants were undecided. None of the participants disagreed with empowerment and autonomy as motivating factors.

#### 4.6 Extrinsic rewards as a motivating factor

The purpose of the questions relating to extrinsic motivating factors was to test the importance of these factors in relation to employee motivation. The responses were as follows:

Table 3: Extrinsic Motivating Factors

Statement	SA	A	U	DA	SD	Total
Salaries	8	49	0	16	0	73(100%)
Fringe benefits	26	23	14	10	0	73(100%)
Job security	61	12	0	0	0	73(100%)
Growth opportunities	65	8	0	0	0	73(100%)

##### 4.6.1 Salaries

Eight participants strongly agreed thatSalaries werea motivating factor. Forty eight participants agreed, while 16participants were undecided. None of the participants disagreed.

#### 4.6.2 Good fringe benefits

Twenty six participants strongly agreed that Fringe benefits were a motivating factor. Twenty three participants agreed, while 14 participants were undecided. Ten participants disagreed.

#### 4.6.3 Job security

Sixty one participants strongly agreed that job security was a motivating factor, while 12 participants agreed. None of the participants disagreed that job security was a motivating factor in the workplace.

#### 4.6.4 Growth opportunities as a motivating factor

Almost all participants affirmed that growth opportunities in an organisation were critical and thus an effective motivating factor for employees. Out of 73 participants surveyed, 65 participants strongly agreed with this notion, while 8 participants agreed. None of the participants disagreed.

#### 4.7 Agribank staff turnover intentions

The purpose of questions on turnover intentions is to test whether there is any link between remuneration and turnover. The responses from the participants are as per Table 4.

Table 4: Agribank Staff Turnover Intentions

Statement	SA	A	U	DA	SD	Total
<b>I plan to work at my present job as long as possible</b>	1	24	15	24	9	73(100%)
<b>I love my job and would hate to quit my job</b>	1	21	14	25	12	73(100%)
<b>I am at the Bank for lack of an alternative employer</b>	25	16	2	25	5	73(100%)

#### **4.7.1 I plan to work at my present job as long as possible**

The responses on the above statement were mixed. Four participants strongly agreed, thus confirming that they had long term career plans with the bank. Thirty-one agreed with the statement, while 5 were undecided. Twenty-four disagreed, and 5 strongly disagreed.

#### **4.7.2 I love my job and would hate to quit my job**

One participant strongly agreed, thus confirming that he/she loves his/her job at the bank. Twenty one participants agreed with the statement. Fifteen were undecided while 25 disagreed. Twelve participants strongly disagreed.

#### **4.7.3 I am at the Bank for lack of an alternative employer**

More than half of the participants indicated that they were working at the bank for lack of an alternative employer. Twenty-five participants strongly agreed with the statement. Sixteen agreed, while 2 were undecided. Twenty-five participants disagreed, while 5 strongly disagreed.

### **4.8 Testing and Interpretation of the Hypotheses.**

The six hypotheses were tested and discussion and interpretations of the hypotheses are presented. There are three hypotheses for intrinsic rewards and three hypotheses for extrinsic rewards.

#### **4.8.1 Intrinsic rewards**

##### **Hypothesis 1 (Null Hypothesis)**

There is no significant relationship between recognition/appreciation and employee motivation at Agribank.

To test this hypothesis, the Square( $\chi^2$ ) test of goodness of fit was employed. The formula is as follows:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where;

O = The observed frequency of any value

E = Expected frequency of any value

$$E = 73 \div 5 = 14.6$$

There are 73 respondents and five response options: Strongly Agreed (SA), Agreed (A), Undecided(U), Disagreed (DA) and Strongly Disagreed(SD) as presented in Table 5.

Table 5: Relationship between Recognition/Appreciation and Motivation

<b>Response</b>	<b>O</b>	<b>E</b>	<b>O-E</b>	<b>(O - E)<sup>2</sup></b>	<b><math>\frac{(O - E)^2}{E}</math></b>
<b>SA</b>	64	14.6	49.4	2440.36	167.15
<b>A</b>	7	14.6	-14.6	213.16	14.6
<b>U</b>	2	14.6	-12.6	158.76	10.87
<b>D</b>	0	14.6	-14.6	213.16	14.6
<b>SD</b>	0	14.6	-14.6	213.16	14.6
<b>Total</b>	73				221.82

From Table 5, the calculated chi-square value is 221.82

Degree of freedom (DF) = (Rows-1) (Columns-1)

$$= (5-1) (2-1)$$

$$=4$$

Number of rows = 5(4 horizontal rows of response)

Number of columns =2(1 for response and 1 for no response)

The chi-square table value at  $\alpha = 0.05$  and 4 degree of freedom is 9.49

### **Decision Rule/Criterion**

When the calculated chi-square value is greater than the table value we reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis. If the calculated chi-square value is less than the table value, we accept the null hypothesis.

### **Interpretation**

From the above calculation, the chi-square computed value of 221.82 is greater than the table value of 9.49. Therefore we reject the null hypothesis and accept the alternative hypothesis.

### **Conclusion**

Based on the interpretation, it is evident that there is a significant relationship between recognition/appreciation and employee motivation at Agribank.

### **Hypothesis 2(Null Hypothesis)**

There is no significant relationship between employee empowerment and motivation at Agribank.

To test this hypothesis, the chi-square( $\chi^2$ ) test of goodness of fit was employed. The formula is as follows:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where;

O = The observed frequency of any value

E = Expected frequency of any value

$$E = 73 \div 5 = 14.6$$

There are 73 respondents and five responseoptions: Strongly Agreed(SA), Agreed (A), Undecided(U), Disagreed (DA) and Strongly Disagreed (SD) as presented in Table 6.

Table 6: Relationship between Empowerment and Motivation

<b>Response</b>	<b>O</b>	<b>E</b>	<b>O-E</b>	$(O - E)^2$	$\frac{(O - E)^2}{E}$
<b>SA</b>	59	14.6	44.4	1971.36	135.02
<b>A</b>	12	14.6	-2.6	6.76	0.46
<b>U</b>	2	14.6	-12.6	158.76	10.87
<b>D</b>	0	14.6	-14.6	213.16	14.6
<b>SD</b>	0	14.6	-14.6	213.16	14.6
<b>Total</b>					175.55

From Table 6, the calculated chi-square value is 175.55

Degree of freedom (DF) = (Rows-1) (Columns-1)

$$= (5-1) (2-1)$$

$$=4$$

Number of rows = 5 (5 horizontal rows of response)

Number of columns =2(1 for response and 1 for no response)

The chi-square table value at alpha =0.05 and 3 degree of freedom is 9.49

### **Decision Rule/Criterion**

When the calculated chi-square value is greater than the table value, we reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis. If the calculated chi-square value is less than the table value, we accept the null hypothesis.

### **Interpretation**

From the above calculation, the chi-square computed value of 175.55 is greater than the table value of 9.49. Therefore we reject the null hypothesis and accept the alternative hypothesis.

### **Conclusion**

Based on the interpretation, it is evident that there is a significant relationship between empowerment and employees motivation

### **Hypothesis 3(Null Hypothesis)**

There is no significant relationship between challenging tasks and employee motivation.

To test this hypothesis, the chi-square( $x^2$ ) test of goodness of fit was employed. The formula is as follows:

$$x^2 = \sum \frac{(O - E)^2}{E}$$

Where;

O = The observed frequency of any value

E = Expected frequency of any value

$$E = 73 \div 5 = 14.6$$

There are 73 respondents and five responseoptions: Strongly Agreed (SA), Agreed (A), Undecided(U), Disagreed (DA) and Strongly Disagreed(SD) as presented inTable 7.

Table 7: Relationship between Challenging tasks and Motivation

<b>Response</b>	<b>O</b>	<b>E</b>	<b>O-E</b>	$(O - E)^2$	$\frac{(O - E)^2}{E}$
<b>SA</b>	14	14.6	-0.6	0.36	0.02
<b>A</b>	13	14.6	-1.6	2.56	0.18
<b>U</b>	37	14.6	22.4	501.76	34.37
<b>D</b>	7	14.6	-7.6	57.76	3.96
<b>SD</b>	2	14.6	-12.6	158.76	10.87
<b>Total</b>	73				49.4

From Table 7, the calculated chi-square value is 49.4

Degree of freedom (DF) = (Rows-1) (Columns-1)

$$= (5-1) (2-1)$$

$$=4$$

Number of rows = 5(5 horizontal rows of response)

Number of columns = 2(1 for response and 1 for no response)

The chi-square table value at alpha = 0.05 and 4 degree of freedom is 9.49

### **Decision Rule/Criterion**

When the calculated chi-square value is greater than the table value we reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis. If the calculated chi-square value is less than the table value, we accept the null hypothesis.

### **Interpretation**

From the above calculation, the chi-square computed value of 49.4 is greater than the table value of 9.49. Therefore we reject the null hypothesis and accept the alternative hypothesis.

### Conclusion

Based on the interpretation, it is evident that there is a significant relationship between Challenging tasks and motivation of employees at Agribank.

#### 4.8.2 Extrinsic Rewards and Motivation

##### Hypothesis 4 (Null Hypothesis)

There is no significant relationship between salaries and employee's motivation.

To test this hypothesis, the chi-square ( $\chi^2$ ) test of goodness of fit was employed. The formula is as follows:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where;

O = The observed frequency of any value

E = Expected frequency of any value

$$E = 73 \div 5 = 14.6$$

There are 73 respondents and five response options: Strongly Agreed (SA), Agreed (A), Undecided(U), Disagreed (DA) and Strongly Disagreed (SD) as presented in Table 8.

Table 8: Relationship between Salaries and Motivation

Response	O	E	O-E	$(O - E)^2$	$\frac{(O - E)^2}{E}$
SA	8	14.6	-6.6	43.56	2.98
A	49	14.6	34.4	1183.36	81.05
U	0	14.6	-14.6	213.16	14.6

<b>D</b>	16	14.6	1.4	1.96	0.13
<b>SD</b>	0	14.6	-14.6	213.16	14.6
<b>Total</b>	73				113.36

The chi-square table value at Alpha =0.05 and 4 degree of freedom is 9.49

### **Decision Rule/Criterion**

When the calculated chi-square value is greater than the table value we reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis. If the calculated chi-square value is less than the table value, we accept the null hypothesis.

### **Interpretation**

From the above calculation, the chi-square computed value of 113.36 is greater than the table value of 9.49. Therefore we reject the null hypothesis and accept the alternative hypothesis.

### **Conclusion**

Based on the interpretation, it is evident that there is a significant relationship between salary and employee's motivation.

### **Hypothesis 5 (Null Hypothesis)**

There is no significant relationship between fringe benefits and motivation.

To test this hypothesis, the chi-square ( $\chi^2$ ) test of goodness of fit is employed. The formula is as follows:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where;

O = The observed frequency of any value

$E = \text{Expected frequency of any value}$

$$E = 73 \div 5 = 14.6$$

There are 73 respondents and five response options: Strongly Agreed (SA), Agreed (A), Undecided(U), Disagreed (DA) and Strongly Disagreed (SD) as presented in Table9.

Table 9: Relationship between Fringe Benefits and Motivation

<b>Response</b>	<b>O</b>	<b>E</b>	<b>O-E</b>	<b><math>(O - E)^2</math></b>	<b><math>\frac{(O - E)^2}{E}</math></b>
<b>SA</b>	26	14.6	11.4	129.96	8.90
<b>A</b>	23	14.6	8.4	70.56	4.83
<b>U</b>	14	14.6	-0.6	0.36	0.02
<b>D</b>	10	14.6	-4.6	21.16	1.45
<b>SD</b>	0	14.6	-14.6	213.16	14.6
<b>Total</b>	73				29.8

From Table9, the calculated chi-square value is 29.8

Degree of Freedom (DF) = (Rows-1) (Columns-1)

$$= (5-1) (2-1)$$

$$=4$$

Number of rows = 5 (4 horizontal rows of response)

Number of columns =2 (1 for response and 1 for no response)

The chi-square table value at alpha =0.05 and 3 degree of freedom is 9.49

### **Decision Rule/Criterion**

When the calculated chi-square value is greater than the table value we reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis. If the calculated chi-square value is less than the table value, we accept the null hypothesis.

### **Interpretation**

From the above calculation, the chi-square computed value of 29.8 is greater than the table value of 9.49. Therefore we reject the null hypothesis and accept the alternative hypothesis.

### **Conclusion**

Based on the interpretation, it is evident that there is a significant relationship between good fringe benefits and employees motivation.

### **Hypothesis 6 (Null Hypothesis)**

There is no significant relationship between Job security and motivation.

To test this hypothesis, the chi-square ( $\chi^2$ ) test of goodness of fit is employed. The formula is as follows:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where;

O = The observed frequency of any value

E = Expected frequency of any value

$$E = 73 \div 5 = 14.6$$

There are 73 respondents and five response options: Strongly Agreed (SA), Agreed (A), Undecided(U), Disagreed (DA) and Strongly Disagreed(SD) as presented in Table 10.

Table 10: Relationship between Job security and Motivation

Response	O	E	O-E	$(O - E)^2$	$\frac{(O - E)^2}{E}$
SA	61	14.6	46.4	2152.96	147.46
A	12	14.6	-2.6	6.76	0.46
U	0	14.6	-14.6	213.16	14.6
D	0	14.6	-14.6	213.16	14.6
SD	0	14.6	-14.6	213.16	14.6
<b>Total</b>	73				191.72

From Table 10, the calculated chi-square value is 191.72

Degree of freedom (DF) = (Rows-1) (Columns-1)

$$= (5-1) (2-1)$$

$$= 4$$

Number of rows = 5 (5 horizontal rows of response)

Number of columns = 2 (1 for response and 1 for no response)

The chi-square table value at  $\alpha = 0.05$  and 4 degree of freedom is 9.49

### Decision Rule/Criterion

When the calculated chi-square value is greater than the table value we reject the null hypothesis ( $H_0$ ) and accept the alternative hypothesis. If the calculated chi-square value is less than the table value, we accept the null hypothesis.

### Interpretation

From the above calculation, the chi-square computed value of 191.72 is greater than the table value of 9.49. Therefore we reject the null hypothesis and accept the alternative hypothesis.

### **Conclusion**

Based on the interpretation, it is evident that there is a significant relationship between job security and employee motivation.

### **4.9 Summary**

This chapter presented the questionnaire results from the study. Data was presented using tables and graphs. A short discussion of the results was given after each presentation. Furthermore, the six hypotheses were tested and interpreted. The general conclusion is that the Bank's remuneration is competitive. However, there is a perceived unfairness and inequity. The next chapter will discuss the findings and will link the same to the literature.

## **CHAPTER FIVE: DISCUSSION OF FINDINGS, SUMMARY AND CONCLUSIONS**

### **5.1 Introduction**

In this section, the results described in Chapter 4 will be discussed in greater detail and where appropriate, existing literature will be integrated into the discussion. The limitations of the study and the implications for future research will be addressed. The chapter concludes with recommendations.

### **5.2 Discussion of findings and linkage to Chapter 2**

More than 78% of the participants indicated that they were satisfied with the amount of remuneration they received from the Bank. Thus, it is concluded that the remuneration at the Bank is competitive. However, the competitive remuneration, as pointed out above, is clearly not motivating employees to perform optimally. Asked whether the rewards had a positive effect on the work atmosphere, only 8.2% agreed. Nokoks (2010) emphasises the need to have a clear and well thought-through compensation policy in organisations. He points out that the objective of any compensation function is to create a system of rewards that meets the needs of employer and employee alike. The desired outcome is an employee who is attracted to work and motivated to do a good job. Khunda (2008) postulates that a compensation system aimed at motivating employees should be equitable, taking into account internal, external and individual equity factors. In terms of the findings, internal equity is lacking. On the question of whether financial incentives are allocated fairly and in a transparent manner, only 9.58% agreed. This indicates

that employees are not happy or impressed with the allocation of performance-based increases and bonuses. In short, the study reveals that management is unfair in the distribution of the rewards.

As mentioned by De Wee (2012), employees always compare their remuneration to that of fellow employees and/or the market, and have an idea of their worth. She stresses that internal equity is very important. Donna (2008) agrees, and highlights the importance of fairness in the allocation of performance-based increases and bonuses. He warns that if unfairness is perceived in the compensation system, employees become negative and rebellious, and the opposite of motivation is achieved. The outcome of this study supports this notion from Donna. The study further found that employees were not working as a team in order to gain the rewards. Only 19% of the respondents felt that there was team work when it relates to the accomplishment of goals in order to gain the rewards. There was general negativity concerning the rewards in the Bank, and a feeling that they were not achieving the desired effect of motivating employees to perform optimally. Robbins (2009) believes that an effective reward system would trigger high performance. My findings support this stance from Robbins. George (2011) points out that “unhappiness is born when people observe unfair treatment, especially when they compare their rewards and performance to that of their co-employees”. If inequity is observed, a bad attitude towards the employer will follow. In contrast with the above, Sherman, Bohlander and Snell (1996) is of the firm view that monetary incentives remain the most effective tool to reward workers for their excellent job performance. This was not supported in this study. When respondents were asked whether they were willing to increase their work effort in order to gain rewards, responses were mixed. Thirty four percent agreed, while 52%

disagreed. Fourteen percent of the participants were undecided. According to Nokoks (2006), an incentive scheme is ineffective if it is not achieving the desired result, which is to push employees towards optimal performance. If workers are not motivated to perform, then the incentive scheme has failed.

### **5.3 Demographic characteristics**

Demographic variables in the study are presented below:

- The final sample consisted of 73 employees, of whom 39 were females and 34 were males.
- The majority of participants were in the age group 36-46. This group represented 34.25% of the overall number of participants. The least represented group was the 60+ group, with a representation of 2.74% of the overall participants.
- An overwhelming majority of the participants were fairly educated. Twenty respondents were grade 12 holders, while 49 were holders of tertiary qualifications. Only 4 had less than grade 12 qualifications.
- Fifty three participants had eight years and above of working experience in the bank, while 20 participants had worked in the bank for less than a year.
- Fifteen percent of the participants were non-clerical. Thirty percent were clerical, while 21% occupied specialist positions. Thirty two percent were supervisors.
- The majority of respondents were black. Indians were the least represented. Out of 73 participants, 67 were blacks, 2 were whites, and 3 were coloureds. Only one (1) Indian participated.

#### **5.4 Impact of intrinsic rewards on employee motivation**

The analysis in Chapter 4 indicates that there is a significant relationship between all four of the variables tested on intrinsic rewards. Therefore the null hypothesis is rejected. The four dimensions were: recognition and appreciation, sense of meaningfulness, challenging and interesting tasks, and empowerment/autonomy. Hence, the results in Chapter 4 indicate that all the dimensions have a positive influence on motivation.

These results are supported by a survey conducted by Niven (2002), who undertook an employee retention survey in over 50 companies. The survey found that what stimulates most people with regard to their work is the opportunity to do challenging work; second was recognition and appreciation, and third was a positive work environment, followed by compensation. Niven's (2002) study confirms that there is a multitude of factors that contribute to employee motivation, but that some factors are more vital in their motivational influence than others. Although all four dimensions were found to have a positive impact, employees in the sample were most motivated due to i) recognition and appreciation, ii) empowerment and autonomy, iii) meaningfulness and sense of achievement, and that they are least motivated by challenging and interesting tasks.

Research findings by Wright, Gardner & Moynihan, (2003) further corroborate this. Meyer found that employees responded best to recognition and empowerment. Similarly, research conducted amongst health personnel by Wood, Mento, & Locke, (1987), also supports the findings of this study, and concurs with previous research which reveals that workers value recognition and autonomy, and want to feel a sense of meaningfulness. Haines, Saba & Choquette (2008), conducted a survey on the factors that have an influence on intrinsic motivation, and corroborates the finding that recognition has a positive impact on motivation. His findings imply that getting positive performance feedback in the presence of a colleague doing the same job is

more facilitative of intrinsic motivation than winning a competition or reward. The above research findings clearly signify the need that people have for recognition, which includes acknowledgement for accomplishments, as well as positive performance feedback. Research undertaken amongst teachers by Segal, Borgia & Schoenfeld (2005), found that lecturers obtain their utmost motivation through intrinsic factors. In essence, it was found that lecturers attain greatest satisfaction and joy when enriching the lives of their students and secondly to get recognised for a job well done.

Ironically, a study conducted by Jibowo (1977) in a non-profit making organisation in Pakistan concluded that there is no positive relationship between rewards and intrinsic motivation. Jibowo (1977) found that financial rewards were the only critical factor in motivating employees. Over 80% of respondents in her study indicated that without adequate compensation, given an opportunity, they would quit their employment. However, another study by Baron (1983) found that employees will be loyal to their employer when they feel valued and appreciated, irrespective of the pay.

### **5.5 Impact of Extrinsic Rewards on Employee Motivation**

There can be no doubt that money is important for some people. For others, it will remain secondary. Awonusi (2004) found that most employees are enticed by extrinsic rewards, in particular by hard cash. The finding from Awonusi (2004) was supported by another research study conducted by Frey (1997), which found that employees will work harder if they know there is reward for their hard work. Saunders (2011) equally found that there is a strong positive correlation between extrinsic rewards and employee performance. However, a study conducted by Deeproose (1994), specifically targeting factors affecting employee engagement and

dissatisfaction, highlighted that unfair allocation of rewards and lack of equity in organisations lead to unhappiness and resentment in the workplaces. Janssen (2000) also came to a similar conclusion when he found that unfairness in the workplace and lack of effective leadership was amongst the highest contributing factors when it relates to dissatisfied and unhappy employees. His study concluded that workers appreciate “caring” and fair managers.

The interpretation and analysis in Chapter 4 indicates that there is a significant relationship between all four of the variables tested on extrinsic rewards. Therefore the null hypothesis was rejected. The four dimensions were: salary, fringe benefits, promotion opportunities and job security. Hence, the results in chapter 4 indicate that all the four extrinsic variables have a positive impact on motivation. Carraher, Gibson, & Buckley (2006) advocates that there should be an effective reward system to retain the high performers in an organisation, and reward should be linked to their productivity. However, he conceded that not all employees are motivated by financial rewards. Inner satisfaction is triggered by various factors, and this varies from employee to employee. This study concludes that growth/promotion opportunities are more important amongst the four variables that were tested. With other words, employees want to grow. Concerning extrinsic rewards, the order of importance was as follows: i) Promotion opportunities, ii) job security, iii) salary and fringe benefits. The above finding support research conducted by Monroe (2010) which found that workers are generally always concerned about their future. Grogan (2011) also found that career growth is an important consideration for employees. Workers want to know that they have a secure future. The above conclusion is in line with another study carried out by Jobson in 2010 which concluded that job security is critical to workers. However, a study performed by Heralds in 2008 arrived at the conclusion that pay is the most important variable when it relates to extrinsic motivating factors. In a critical analysis by

Joch (2010) in his book titled *The Danger of the Disengaged Employee*, it was concluded that promotion opportunities are only attractive because of the prospects of high pay and not necessarily because of employee's personal growth. However, a study by Francis (2009) concluded otherwise, and found that engaged employees are more concerned with empowerment and recognition.

### **5.6 Agribank's employee turnover intentions**

Generally, good salaries are linked to low staff turnover. Zuller (2009) asserts that it is critical to identify factors that attract people to organisations, and keep those people there. Nokoks (2008) argued that there is a positive association between rewards, motivation and employee retention. He stressed that if employees are well taken care of financially through effective incentive schemes, they will be motivated to perform and will be likely to build long-term career plans with their organisation. De Kok (2010) disagrees, and warns that financial rewards alone are not sufficient to keep employees happy, especially those in senior positions.

The outcomes from this study contradict the aforementioned findings. Results rather support a study from De Wee which was conducted in 2010 and found that there is a relationship between attitudes in the workplace and employee turnover. Organisational cultures also play a critical role in the decision of whether employees would want to be associated with a certain workplace for long or not. De Wee further found that ethical perceptions (or the absence thereof), which include fairness and equity in the workplace, influence employees' behaviour when it relates to turnover. Zonde (2009) asserts that employees will not stay long when they are unhappy, irrespective of good pay.

The outcome of this study indicates that only 34% of the employees had long term career plans with the Bank, and only around 30% participants “loved” their job to the extent of “hating to lose it”. Around 56% indicated that they were at the Bank for lack of an alternative employer. Thus, the outcome from this study concludes that there is a relationship between motivation and employee turnover, and not necessarily between pay and turnover. In other words, when workers are unhappy or not motivated in the workplace, they will not have long term plans, irrespective of whether they are fairly compensated or not.

### **5.7 Summary**

From this study it can be inferred that it is not just one factor, for example monetary rewards, which motivates an employee. It is a combination of variables. The findings further revealed that there is general satisfaction with the level of remuneration in the Bank. The Bank’s overall remuneration philosophy is competitive. However, the study revealed that despite the competitive remuneration, employees were not happy with the allocation of financial incentives such as salary increases and related bonuses because of perceived unfairness and lack of transparency in the allocation thereof. In other words, the rewards were not distributed according to merit. This perception in the Bank creates negativity with regard to the concept of performance-based rewards, and as a direct consequence, the rewards do not inspire teamwork and neither does it motivate workers to aim higher. From the outcome of the study, it became very clear that rewards do not have a positive effect on the work environment. The study also found that the link between extrinsic rewards and staff retention is tenuous. When workers are unhappy in the workplace, they will seek alternative employment, irrespective of good salaries.

### **5.8 Recommendations to Agribank’s management**

The results indicate that intrinsic rewards are a vital factor in employee motivation. This is particularly the case when employees climb the ladder in terms of age and maturity. Agribank

should consider a more structured reward system that considers both intrinsic and extrinsic rewards, which in turn will promote a higher performance culture in the Bank. Remuneration is important, but it is not the single most important factor in motivating employees. There are some other important factors that could motivate employee to perform optimally. Still, remuneration should be fair enough and transparent. The following are the researcher's recommendations to the Bank:

- i. The Bank should develop a policy that would accentuate fairness and equity when it relates to remuneration and the allocation thereof. There should be clear reward guidelines that should be linked to measurable outputs.
- ii. The Bank should aim for ethical leadership in order to restore and regain lost trust and confidence from employees.
- iii. The Bank should practice and emphasise transparency in the handling of employee matters.
- iv. The Bank should develop a policy dealing with intrinsic rewards, which should build in elements of recognition programmes. Employees need to know that their contributions are noticed and valued, and are part of the growth experienced by the Bank. Verbal praise and recognitions for excellent work performed should never be denied to employees.
- v. The Bank should encourage team work. This is critical for the overall success of the Bank. The researcher would recommend team-building activities and outings to ensure maximum team performance.
- vi. The Bank should consider introducing team rewards to foster team spirit. However, this should not be at the expense of individual achievements. Both individual and team

achievements should be rewarded. Team rewards will eliminate rivalry between employees.

- vii. The Bank should provide adequate opportunities for staff growth and development. A promotion policy should regulate such activities to ensure fairness and transparency in the promotion of employees. Succession planning should be carefully considered and implemented in the Bank to ensure a smooth transition of employees into top positions.
- viii. Management should encourage employees to participate in decision-making processes and do away with the “top-down” approach when it relates to day-to-day decisions in the running of the Bank. Sometimes employees have very good and creative ideas, and they will feel valued when their input is sought on important issues in the Bank. The Board would still be the strategic decision maker of the Bank, but employee inputs should be considered before final decisions are made.
- ix. On a yearly basis, a number of employees should be selected on the basis of their performance and talents for further development. This will foster a culture of “learning” and performance in the Bank.

### **5.9 Recommendations for further study**

- Existing literature on rewards and motivation has not adequately dealt with the issue of diversity and the effect that it could have on the motivational levels of different employees. Therefore, future studies should focus on diverse groups of people. Such research should focus on the broad spectrum of diversity categories such as race, gender and disability. The outcome of such research could yield some interesting findings and could also considerably impact the delivery of meaningful rewards to diverse groups of people.

- Since this study was confined to Windhoek and dealt only with one banking institution, the extent of the problem on a national level was not determined. The researcher therefore suggests that further studies be conducted using a bigger population and sample.
- This study was cross-sectional in nature. Future studies could consider a longitudinal approach.
- Future studies should explore the link between ethical leadership and employee motivation. This area has not been adequately canvassed. Such a study will cover an important aspect in the workplace, namely, fairness in management decision-making. Unfair treatment was a significant factor in this study, and cannot simply be ignored. As such, this area should be explored to fully contribute to the motivation concept.

### **5.10 Conclusion**

Harmonious industrial relations are critical to the success of any organisation. This can only be achieved through good understanding between management and employees. From this study, it can be inferred that money alone cannot motivate employees, though monetary compensation is an important factor to employees. It is important to link pay to performance as it is an effective motivator when people know that they will be rewarded for their efforts or achievements. However, reward systems should be fair, transparent and equitable.

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## **APPENDICES**

### **Appendix 1: Consent Form**

#### **RESEARCH STUDY: AN INVESTIGATION INTO THE EFFECT OF REWARDS ON EMPLOYEE MOTIVATION: A CASE STUDY OF AGRIBANK, WINDHOEK**

#### **CONSENT AGREEMENT FOR PARTICIPATION**

I am an MBA Student from the Namibia Business School: University of Namibia. The aim of this study is to assess if the current reward system is effective in motivating employees and retaining them. You can help in this study by consenting to the completion of the questionnaire. As a participant, you will be required to express your views on the current reward system in the Bank insofar as it relates to employee motivation and retention.

If you are willing to participate in this study, kindly complete your details below:

Name of Participant: .....

Signature: .....

Date: .....

**I understand that I am free to withdraw my consent and discontinue my participation at any stage without prejudice. I also understand that all materials in this study are**

**confidential. I agree that the research data gathered for this study may be published, provided that neither my company nor myself are identified.**

Signature.....

## **Appendix 2: Request to Participate in Research**

Dear Participant

### **Request to Participate in Research**

I am an MBA Student from the Namibia Business School: University of Namibia. I am currently conducting research, entitled: **An investigation into the effects of rewards on employee motivation: A case Study of Agribank, Windhoek.** This study is fully endorsed by the University of Namibia Management and my supervisor is DR SIMON AKPO. The findings of the study would benefit the Bank and employees in the area of staff motivation and retention. Results from this study will assist in the development of an effective reward system aimed at motivating and retaining employees. **Your participation will form a critical part of the study.** In order to assist in my research, you will be required to complete a questionnaire. The completion of the questionnaire would require approximately 10 minutes. The sharing of your knowledge and experience as you answer the questionnaire will be valuable to me and as such will be treated with the **strictest confidence.** No reference will be made to any individual and the

information will be reported in an aggregated format. A summary of my findings will be provided upon your request. If you have any queries, please do not hesitate to contact me.

I thank you in advance for your kind assistance and consideration.

Yours sincerely,

-----  
 Asnath Zamuee  
**Researcher (0811410806)**

### **Appendix 3: Questionnaire**

#### **QUESTIONNAIRE**

The questionnaire is divided into six sections. The specific information in each section are detailed below as follows: Demographic Information, remuneration, extrinsic motivating factors, intrinsic motivating factors, and turnover intentions

#### **1. DEMOGRAPHIC CHARACTERISTICS**

##### **1.1 Gender**

Please tick your gender in the appropriate box

<b>Gender</b>	<b>Please tick here</b>
Male	
Female	

## 1.2 Age

Please tick your age category in the appropriate box. Please tick only one option

Age Category	Please tick Only one category
18- 24	
25-29	
30-34	
35-39	
40-44	
45-49	
50-54	
55-59	

## 1.3 Academic Qualifications

Please tick your academic qualifications in the appropriate box. You may tick more than one option

Academic qualification	Number
Less Than Grade 12	
Grade 12	
Diploma-3years	
B.Tech. Degree	
Honours degree	
Master Degree	

Others	
--------	--

#### 1.4 Work experience

Please tick your work experience category in the appropriate box. Please tick only one option

Work experience at Agribank	Please tick only one category here
0-5 Years	
6-10 Years	
11-15 Years	
More than 15 years	

#### 1.5 Job category

Please tick your job category at the Bank.

	Pease tick only one option here
Non-Clerical	
Clerical	
Supervisory	
Specialist	

### 1.6 QUESTIONS ON THE EFFECT OF REWARDS ON EMPLOYEE MOTIVATION

#### 1. Impact of Rewards on employees

Impact of remuneration in the Bank is presented on a 5-point Likert scale as follows: SA = strongly Agree A = Agree, U = Undecided, DA = disagree, SD = strongly disagree. You are required to tick only one option per statement below.

<b>Statement</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>DA</b>	<b>SD</b>	
I am satisfied with the amount of remuneration I receive for my work						
The Bank offers attractive allowances to its employees						
I am satisfied with the amount of salary I earn compared to other employees in other organizations						
Overall the financial rewards I receive from the Bank are fair						
The Bank provides regular salary supplements in the form of bonuses						
Financial incentives such as bonuses are allocated fairly and in a transparent manner						
The rewards match my work effort						
The rewards have a positive effect on the work atmosphere.						
I am ready to increase my work efforts in order to gain the rewards						
Employees work more as a team in order to gain the rewards						

## **2. Influence of psychological/intrinsic motivation**

The effect of intrinsic motivation is presented on a 5-point Likert scale as follows: SA = strongly Agree A = Agree, U = Undecided DA = disagree, SD = strongly disagree. You are required to tick only one option per statement below.

<b>The following intrinsic motivating factors are important to me:</b>	SA	A	U	DA	SD	
Recognition and appreciation from management.						
A sense of meaningfulness and achievement in my work						
Challenging and interesting tasks						
Empowerment and autonomy						

### 3. Extrinsic motivating factors

Extrinsic motivating factors are presented on a 5-point Likert scale as follows: SA = strongly Agree A = Agree, U = Undecided DA = disagree, SD = strongly disagree. You are required to tick only one option per statement below

<b>The following motivating factors are important me:</b>	SA	A	U	DA	SD	
Salaries						
Fringe benefits						
Job security						
Promotion opportunities						

### 4. Agribank staff turnover intentions

The staff turnover intentions are presented on a 5-point Likert scale as follows: SA = strongly Agree A = Agree, U = Undecided DA = disagree, SD = strongly disagree. You are required to tick only one option per statement below

Statement	SA	A	U	DA	SD	
I plan to work at my present job as long as possible						
I would hate to quit this job						
I am at the Bank for lack of an alternative employer						