

THE IMPACT OF REWARD SYSTEMS ON EMPLOYEE PERFORMANCE IN SELECTED HOTELS IN CAPE TOWN

By

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ABSTRACT

Employee reward systems in the hotel and hospitality industry have attracted the attention of academic, policy and practitioners, yet little has been done to review the reward system for improved motivation and performance. Despite the gap in the literature on the importance and the impact of reward on employee performance, understanding of the relationship with other employment variables are essential step to addressing employee reward discord. This study examines hotel and hospitality employee's perceptions of the employee reward system to understand their impact on employee performance in selected hotels in Cape Town. The examination includes the assessment of the relationships between rewards and variables such as employee performance, employee attraction and lastly, employee retention.

This study utilised the quantitative research method to collect data through self-administered structured questionnaires distributed to 180 employees currently working at the selected 3-to-5-star hotels in Cape Town (South Africa). Both purposive and convenience sampling were used to choose the respondents in the study. A total of 180 questionnaires were sent out and 136 completed questionnaires were received, generating a response rate of 75,55%. The researcher analysed the feedback from respondents using descriptive statistics (frequency tables, mean and chi-square tests) and correlation analyses. This was achieved using the Statistical Package for Social Sciences (SPSS) version 24.

Positive associations were found between variables. The results of this study revealed the lack of diversity in the provision of rewards inside the selected hotels. The majority of hotels favors financial rewards over non-financial rewards. The study concluded that non-financial and financial rewards are vital for both improved employee motivation and changed behaviour in the job performance; but also contributes greatly to the attraction and retention. The study recommended that hotel managers should consider, reward system review to address the identified impact on employee motivation and job performance.

KEYWORDS: Rewards, Employee performance, employee attraction, employee retention, Motivation

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DEDICATIONI dedicate this dissertation to my family and friends for their unending love and support.

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GLOSSARY

Key terms/Acronyms/Abbreviations	Definition/Explanation
Rewards:	The term reward refers the monetary and non-monetary payments that an organisation provides for its employees in exchange for their time, talents, efforts and results (Geyer, 2013:264).
Performance:	How someone or something acts (Dictionary of Human Resources and Personnel Management, 2006:126).
Motivation:	Wolff and Gunkel (2007:21), defines motivation as: "the willingness to exert high levels of effort toward organisational goals, conditioned by the effort's ability to satisfy some individual need."
TGCSA:	Tourism Grading Council of South Africa
SPSS:	Statistical Package for the Social Sciences
PWC:	PriceWaterhouse Coopers
ANOVA:	Analysis of Variance
ILO:	International Labour Organization

CHAPTER ONE INTRODUCTION

1.1. Background of the Study

Well-qualified manpower is the primary source of an organization's sustained competitive advantage. In today's changing environment at the economic, political, legal, technological and social levels, there is a need for organizations to review the employment rewards. Mansor, Borhannudin and Yusuf (2012:1) believe that it is common for organizations both locally and internationally to develop competitive and attractive reward packages for employees as a strategy to achieve competitiveness. With growing competition, the link between competency, retention, and performance has become an important aspect of human resource management strategies with specific emphasis on reward systems. In this study, reward, motivation and recognition will be used interchangeably to mean reward.

The reward is a fundamental element of the employment relationship. A reward system is an essential tool to attract and retain talented employees and generate good work performance. Rewards can be of financial and non-financial nature. Financial or extrinsic rewards include salaries, bonuses, commission, allowances and tips. Non-financial or intrinsic rewards involve appreciation, praise, and recognition (Imran, Ahmad, Nisar & Ahmad, 2014: 1553). Both extrinsic and intrinsic rewards are useful to boost employee performance. Therefore, they are both crucial in motivating employees to perform at a higher level in the workplace.

Over the years, the concept of reward and recognition has gained significant attention in South African organizations. The challenge to align reward practices with business strategy is of utmost importance for human resources managers within South Africa (Snelgar, Renard, & Venter, 2013:2). A survey report by Deloitte's Best Companies, uncovered that the majority of South African companies struggle to provide competitive pay packages to their workforce (Deloitte Consulting LLP, 2017). The survey highlighted most employees are unhappy with: competitive pay, benefits package, genuine care and concern, performance rewards, equal pay for equal work, and public recognition for achievements (Deloitte Consulting LLP, 2017). These unhappiness factors implied that South Africa is facing considerable pressure to develop a high-performance work culture needed to gain competitive advantage.

1.2. Problem Formulation

The hotel and hospitality industry is one major sectors in South Africa where the unhappiness factors identified above can impact on the competitive ability of hotel businesses with greater chances of reputational damage. In fact, the hospitality industry contributed 9,4% to South Africa's GDP in 2017 (PWC, 2017). With constant and continuous changes in the macro environment, the hotel and hospitality industry has grown significantly over the last few years and its activities stand out among other sectors such as oil exports, automobiles and food products, employee's reward system such as the salary and basic condition of employment remains a concern.

The hotel industry is a service industry generally referred to as very labour intensive (Mohan & Arumugam, 2016:268). One of the most important contributors to its success is the performance of the employees. The nature of the activities in the hotel industry involves direct interaction with the guests. A high standard of service is expected by guests, which entails that hotel employees need to provide a pleasing and helpful environment and be prepared to assist in any circumstance. Employee performance will therefore directly impinge on the satisfaction and loyalty of the guests (Sagaran & Jeetesh, 2015:1). Hence, there is a need to address the value of employee performance in this industry.

Globally, the hotel industry is experiencing a high level of labour turnover. The poor treatment employees received within the hotel industry could be an important factor to consider (Faldetta, Fasone & Provenzano 2013: 584). For instance, compared to other industries, the hotel industry is defined by improper working hours whereby employees work seven days a week and twenty-four hours per day. Moreover, a large number of employees experience poor working conditions such as low compensation, low job security, lack of training and development, lack of benefits, limited career opportunities and personal growth (Ebrahim, 2015:15; Bustamam, Teng & Abdullah, 2014: 393; ILO, 2010:14; Cho, 2012:2).

In 2012, the South African hotel industry was negatively impacted by the economic conditions of the country following the hosting of the 2010 FIFA World Cup tournament. A drop in tourism activities led to financial issues within the hotel sector. Consequently, managers were required to remove employees' benefits to moderate the financial crisis. With the retrenchment threats, employees were constrained to work without the provision of rewards (LRS, 2012). This particular event led to job dissatisfaction which in turn affected employee performance

(LRS, 2012). Eventually, this event increased the rate of labour turnover in the industry (LRS, 2012). From this view, the lack of good remuneration and competitive rewards packages accounts for hotel employees leaving their job.

A reward system and employee performance are of importance in the discussion of impact factors. The costs of not providing appropriate rewards to hotel employees cannot be overlooked (Daniel, 2019:14). It could seriously impact employee performance which can have a direct effect on guests' experience. Hotels depend highly on their staff to provide excellent service to their clients (Kattara, Weheba & Ahmed, 2015:3). The extent to which reward systems impact employee performance needs to be reviewed and understood. This understanding would highlight the degree of impact of employee performance and reward systems.

Various studies have tackled the issue concerning the impact of rewards, firstly, on employee performance, but also the impact on employee attraction and retention. Although those studies have extensively investigated the present topic, it has been detected that many were conducted and investigated mainly in industries such as banking, health, retail, mining, education, and technology but hardly any in the hospitality or the hotel industry. This has revealed that there is insufficient information that Human Resources practitioners and other stakeholders could use to review the reward systems in the hotel industry (Salah, 2016; Ahmed & Shabbir, 2017; Ranjan & Mishra, 2017; Wasiu &Adebaju, 2014; Njanja et al, 2013; Nnaji-Ihedinmah & Egbunike, 2015; Harunawamwe \$ Kanengoni, 2013; Bussin, 2015; Turnea, 2018; Schlechter, Hung, Bussin, 2014; Oyoo et al, 2016; Chepkosgey, Namusonge & Makokha, 2019; Adzei & Atiga, 2012; Terera & Ngirande, 2014).

Consequently, this justifies the need to conduct more research on rewards and their impact on employee performance in the hotel industry. Consequently, hotel managers need to gain an in-depth understanding of the importance of reward systems and their impact on employee work performance.

1.3. Research aims and objectives

The main objective of this study was to determine the impact of reward systems on employee performance with particular reference to selected hotels in the hospitality industry in Cape Town.

Sub objectives

- o To ascertain the impact of a reward system on the performance of employees.
- o To determine the relationship between a reward system and the attraction of employees.
- o To determine the impact of a reward system on employee retention.

Research questions

- o What is the impact of reward systems on employees' performance?
- o Is there a relationship between reward systems and employee attraction?
- o What is the impact of reward systems on employee retention?

1.4. Research Methodology

1.4.1. Research Method

This study investigated the influence of reward systems on employee performance in selected hotels in Cape Town. For this study, the researcher adopted a quantitative approach. Nykiel, (2007:57) states that the purpose of quantitative research is to determine whether there is a relationship between a dependent variable and an independent variable in a population. Muijs, (2004:1) highlights that thinking about quantitative techniques involves the use of statistics and numbers. Therefore, the quantitative technique is "the explanation of phenomena by a collection of numerical data analyzed through mathematically based methods, specifically statistics" (Muijs, 2004:1).

The justification for considering this method was based on the fact that the researcher was able to gather information from a large number of respondents. It ensured the anonymity of respondents and involved low cost in terms of time for both the researcher and respondents. It

was also cost-effective for the researcher in terms of finance. Respondents had the freedom to complete the questionnaires in their own time.

1.5. Significance, Outcome and Contribution of the Research

The findings of this study have practical relevance because they aim to provide useful information that contributes to solving issues related to reward systems in the hotel industry.

The purpose of this research study was to assist hotel managers to attain a clear understanding of the importance of reward systems. This research was meant to offer hotel managers a distinctive approach to the use of rewards. In addition, the results will assist the Human Resources department in reviewing reward strategies within the hotels, to reinforce work performance.

Finally, this research intended to provide the academic community and researchers equally with knowledge regarding the impact of reward systems on employee performance with particular reference to the hotel industry.

1.6. Delineation of the Research

This research was carried out at selected hotels in the hospitality industry in Cape Town only. Three and 4-star hotels were targeted in the areas surrounding the central city (Cape Town, Waterfront and Sea Point). These areas were selected based on their availability and convenience since they were located close to the researcher.

1.7. Research outline

The remainder of this study is organized as follows:

Chapter One

This chapter introduces the study and presents the background of the research and the research problem. It also contains an overview of the research aim and the research methodology of the study.

Chapter Two

In this chapter, the theoretical framework that forms the basis for the analysis of the empirical data and the literature review is presented.

Chapter Three

This chapter describes the research methodology, design, and sampling techniques used for this study. It also presents the questionnaire that was distributed to the employees of the selected hotels in Cape Town.

Chapter Four

In this chapter, the results from the questionnaire distributed to participants in the selected hotels are presented.

Chapter Five

In the final chapter of the research study, a full discussion of the findings is provided, and recommendations for further research are made, followed by the overall conclusion of the thesis.

CHAPTER TWO

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1. Introduction

This chapter intends to provide the theoretical perspective and review of the literature concerning the study of the impact of reward systems on employee performance in selected hotels in Cape Town. The literature review of this study is structured as follows: it firstly presents a theoretical review of the study followed by an overview of the hospitality industry in South Africa and the concept of a reward system. It further provides an overview of employee performance within the workplace. Afterwards, concepts such as employee attraction and employee retention are discussed. Lastly, this chapter reflects on the different studies conducted by researchers from different countries concerning the variables of the research (reward systems, employee performance, employee attraction and employee retention).

2.2. Theoretical review

2.2.1. Overview of Motivation Theories

2.2.1.1. Maslow's theory

Using Maslow's hierarchy theory, it is possible to understand how an individual's needs and rewards evolve throughout their career (Marczak & Yawson, 2021:7). In his hierarchy of needs Maslow (1943) posited that employees have five distinct needs. These needs are listed in descending order of importance, as follows (Badubi, 2017:45):

- Physiological needs implies satisfying needs such as food, housing and clothing;
- Safety needs imply physical protection;
- Social needs imply human relations;
- Esteem needs imply receiving recognition or appreciation from others and;
- Self actualisation needs imply the desire to achieve one's full potential.

Maslow (1943) argued that lower-level needs must be met prior to employees being motivated by higher-level needs (Marczak & Yawson, 2021:7).

2.2.1.2. Herzberg's Two-Factor Theory

The origins of Herzberg's Two-Factor Theory may be traced back to an investigation undertaken among accountants and engineers to identify the factors that make individuals

happy or unhappy regarding their job (Badubi,2017:46). According to Herzberg's approach two main elements directly influence job satisfaction and job dissatisfaction namely motivators and hygiene factors. Motivators include aspects such as receiving personal acknowledgment for completing work duties, the need for achievement, and the need for autonomy. On the other hand, unmet hygiene factors will lead to job dissatisfaction. For example, in the case of a firm that pays poor wages, that could translate into low or inferior job performance (Pritchard, 2009; Acharya, 2021:18). In his categorisation of intrinsic and extrinsic values, Herzberg's approach recognises the changing nature of motivation. Money is a significant motivator for great performance, among other factors. To rephrase, monetary incentives alone cannot fully explain what drives individuals to achieve their best (Mfinanga, 2018:11).

2.2.1.3. Theory X and Theory Y

One of the most well-known models of motivation is Douglas McGregor's Theory X and Theory Y. McGregor (1960) divides employees into two major groups for work purposes. X theory employees having a penchant for laziness, low effort at work, lack of enthusiasm, and avoidance of work responsibilities (Arslan & Staub, 2013:104). The employee X holds a middle-level position, resists change, and disregards the organization's best interests Viorel, Aurel, Virgil & Stefania, 2009: 324). Thus, in order to inspire employee X to exert the necessary effort to achieve the organisation's goals, it is necessary to apply coercion, punishment, and constant monitoring and supervision. Workers who adhere to the Y theory, on the other hand, anticipate exerting themselves physically and cognitively on the job, actively undertaking a range of jobs and responsibilities, and being driven by the rewards associated with such efforts. Because he is intrinsically motivated by his vocation, the Y employee should not be coerced into achieving performance by other means (Viorel, Aurel, Virgil & Stefania, 2009: 324).

2.2.1.4. The expectancy theory: Adopted Theory in the study

The expectancy theory drawn from Victor Vroom in "Work and Motivation" is the main motivational theory of this study (Vroom, 1964). Victor Vroom's expectancy theory describes the cognitive process individuals go through to exert a high level of effort (Robbins *et al.*, 2009:157). Moreover, the theory explains the reasons behind employees' behavioural choices (Parijat & Bagga, 2014).

Vroom's theory provides a practical roadmap to managers on employee motivation, rewards and work performance (Sims, 2002:62). According to Vroom (1964) motivation is defined as "a product of an individual's expectancy that a certain amount of effort will produce intended performance, the instrumentality of this performance in completing a particular outcome and the value of this outcome for the individual, called valence". Vroom (1964) suggests that by the time an individual is confronted with choosing between options with uncertain results, obviously his or her actions will be influenced by the desire he or she has for these results along with the extent to which he or she believes the results can be achieved. Vroom's theory provides a thorough analysis of motivation by exploring the relationship between work effort, performance and reward from an organizational standpoint (Vroom, 1995). In addition, Koontz and Weihrich (2009:293) state that this theory conveys that the motivation that individuals show when executing any task, is determined by the worth placed on the result of their efforts (positive or negative) and the certainty that their efforts will contribute to attaining a goal. Indeed, Schermerhon, (2000:116) argues that Vroom considers motivation as "a result of calculation", thus, the degree to which an individual assumes the greatest effort can be conducive to performance.

That same performance will produce a reward and then the value added to that reward is highly positive. Egeni, (2011:45) maintains that an individual may not make an effort to attain a specific outcome if the expected outcome in return does not have physical effects. For example, an employee may improve his or her performance if he or she knows they will be rewarded for putting effort in their job. However, if the expected outcome is physical, the individual will be inclined to put in the necessary effort to accomplish the outcome. Furthermore, the degree to which an individual exerts certain assigned tasks fundamentally participates in the expectancy theory.

Vroom identified three major elements in the expectancy theory, classified as follows:

• Valence refers to the appeal or the value given by an individual towards a specific outcome. Also known as "the rewards-personal goal relationship", valence entails that an individual has his or her personal viewpoints on every possible outcome. Therefore, valence can either be positive (for outcomes holding a high value to the individual), neutral (for outcomes the individual is indifferent about) or negative (for outcomes an individual dislikes) (Reiners &

Wood, 2015: 72; Werner & DeSimone 2008:48; Amos, Ristow, Pearse & Ristow, 2009:188).

- Instrumentality refers to the belief that the level of performance of an individual will result in obtaining the expected outcome he or she is determined to obtain (Brinkman, Navarro & Harper, 2014:136). Moreover, instrumentality is the response to the question of whether an individual will receive what has been promised if he or she performs as expected (Landy & Conte, 2010: 373). However, Werner & DeSimone (2009:48) pointed out that individuals with "high expectancy" automatically assume that applying high effort will produce high performance but on the other hand individuals with "low expectancy" strongly disagree that their efforts (increased or not) will affect their performance.
- Expectancy refers to the degree to which an individual believes that exercising effort towards given tasks will result in better performance. The individual is certain of the fact that high effort leads to great performance and low effort leads to poor performance. Expectancy is connected with the individual's conviction that receiving a reward is absolutely in accordance with the performance level in an organization (Hiriyappa, 2010:8).

The expectancy theory goes beyond the work of other motivational theorists such as Maslow. Maslow's theory focuses fundamentally on the satisfaction of an individual's needs, whereas Vroom determines employees' expectations from the organization and how it impacts employee work behaviour (Kondalkar, 2007:111). For instance, if an element of performance appraisal and its benefits are appealing, the employee will contribute his or her best to reach organizational goals. The expectancy theory helps managers to understand the reasons behind employees' demotivation towards their jobs. It assists managers to build a work environment and define organizational goals that will encourage employees to reach high levels of performance.

In this research, I used the expectancy theory founded by Victor H. Vroom, a professor known for his expertise in leadership and decision-making (Redmond, 2016). In 1964, his successful book, titled, "Work and Motivation", presented the expectancy theory as a different approach to studying and understanding the concept of motivation within organizations. Firstly, the

theory advocates that individuals are willing and motivated to work harder regardless of the various possible results they may obtain. However, this can only be possible if they are convinced that these results will help to achieve a certain level of performance (Georges & Jones, 2012). Secondly, individuals are encouraged to perform when they believe their performance can produce their expected results (Georges & Jones, 2012).

As applied to my study, this theory holds that I would expect my independent variable which is reward systems, to influence the dependent variable, employee performance, since the expectancy theory explains that a large part of workers' performance is related to the full expectation that their jobs will be rewarded. Both instrumentality and valence suggest that an organization expecting its workforce to display an outstanding performance needs to offer a reward (Jeston, 2012). In other words, the expectancy theory implies that the provision of valuable rewards to employees can have a positive effect on the way they perform and the level of their performance.

The theory can also assist hotel managers in understanding the connection between rewards and employee performance. Considering that employees feel that rewards can increase their work effort, hotel managers can reinforce their reward system by offering employees appropriate incentives, thereby increasing employee performance of hotel staff. That is to say, if hotel managers understand employees' views of rewards, they would be able to identify the type of rewards (whether they are extrinsic or extrinsic rewards) that are most pleasing to hotel employees, to influence employee performance.

2.3. Overview of the hospitality industry in South Africa

The hospitality industry is considered a large business unit in which a variety of demands can be met, including food, beverages and lodging. The hospitality industry involves constant interactions with visitors and institutions appointed to adjust to the needs of different groups of people (Teng, 2013). In 1996, four years after the end of the apartheid system in South Africa, the tourism project was launched as an instrument to promote and motivate formerly disadvantaged populations in support of the state's economic, social and environmental objectives.

Since its institution, the hospitality and tourism sector has participated significantly in the growth of South Africa's economy, providing the country with phenomenal opportunities to be recognized worldwide (Steyn & Wood, 2018). PWC's report revealed that Durban and Cape Town are the main tourist cities in South Africa, reinforcing the industry by drawing more guests with their unique facilities and scenery (PWC, 2015). Furthermore, the World Travel & Tourism Council pointed out that South Africa's hospitality and tourism sector kept its position as the most predominant in Africa. This industry is a fundamental contributor to South Africa's economy with a contribution of 8,9% to South Africa's GDP in 2018. Also, it is widely known as a generator of employment opportunities assisting South Africa to tackle poverty and unemployment with a sum of 1.5 million jobs created by the sector in 2018 (Thusini, 2019).

The hotel industry is recognized as one of the main components of the hospitality industry. This industry has a positive relationship with the tourism and hospitality industry, such that no country or region could hope to attract visitors without hotels (Attila, 2016:85). In fact, South Africa's hotel growth ranged between 9.8% for 3-star hotels and 12.6% for 5-star hotels in 2012, despite the unstable and critical state of South Africa's economy in 2012. Furthermore, the hotel industry still experienced significant growth in visitors in the country and room bookings (Demes, 2013). In 2018, hotels produced 77,6% of the overall income of the hospitality industry in South Africa, while the remainder generated 22,4% with 4% from guest-houses and guest farms, and 18,4% from other accommodations.

Furthermore, the hotel category was the highest employer in 2018, hiring 72% of all individuals in the accommodation facilities (Stats SA, 2018:7). In addition, the hotel industry is highly involved in the growth of infrastructure in South Africa by contributing to hotel and road construction in both metropolitan and rural regions of the country (Geloso, Lesher & Pinali, 2007).

Hotels are well-known for offering outstanding service and rely on their reputation. Moreover, guests visit hotels mostly for relaxation to escape from their exhausting schedules, therefore hotels are continuously expected to deliver the best experience (Mahmoud, 2015). In South Africa, the Tourism Grading Council of South Africa (TGCSA) is an independent and recognized unit assigned to assemble a set of standards through "star ratings", allowing guests to differentiate between various establishments such as hotels, guesthouses, conference centres and other accommodation facilities (Morling. 2014). The main role of the TGCSA is to make

sure that these establishments follow the standards and provide outstanding customer service to their guests. Based on the type of accommodation presented, the TGCSA will review the establishments which qualify for the grading and will grade them as one to five stars (Morling, 2014). The review is summarized as follow:

Table 1:1. TGCSA Star-grading System. Source: (Morling, 2014)

☆ (1-star)

- Modest to good quality (furnishings, services and customer service);
- Neat, comfortable and functional;
- En-suite bathroom, toiletries and towels;
- Acceptable breakfast.

☆☆ (2-star)

- Good quality;
- En-suite bathroom, toiletries and towels; a colour television or in-house restaurant or bar.
- Breakfast with hot food items.

☆☆☆ (3-star)

- Very good quality; multiple and big sized rooms; extra furnishings e.g. a desk.
- In-house bar or restaurant; safe and conference venues; en-suite bathroom; towels and toiletries.
- Diverse breakfast options.

차차차차 (4-star)

- Superior to excellent quality; multiple rooms or suite options;
- A colour television (minimum 12 channels); an office area (Wi-Fi and telephone);
- En-suite bathroom; towels and toiletries;
- On-site facilities available (concierge, swimming pool, gym, childcare services, business centre, room service 18 hours per day, restaurant or bar);
- A full breakfast with "a la carte" dining.

** * * * (5-star)

- Luxurious and highest quality;
- A colour television (minimum 12 channels); an office area (desk,Wi-Fi and telephone)
- En-suite bathroom; towels and toiletries;
- On-site facilities available (concierge, swimming pool, gym, childcare service or creche, business centre, room service 24 hours per day, restaurant or bar);
- A full breakfast, seated or in-room dining.

2.4. The concept of a reward system

2.4.1. Defining rewards

Rewards remain one of the main debatable features in the life of every organization. In most organizations, rewards are mainly utilized to attract, retain and motivate employees (Griffin & Moorhead, 2008:159). Various researchers have different approaches to defining the term reward. Armstrong (2002:3) refers to reward as the way individuals are compensated for their services within the workplace. Armstrong's simple approach to reward is to a certain extent accurate since once all duties are fulfilled by the employees, they are expectant of some sort of compensation from their employers.

Itika (2011:115) mentions that rewards are those monetary and non-monetary instruments used by organizations to yield the maximum effort and create a greater sense of commitment from employees. Other researchers such as Nelson (2012:4) consider that rewards are "items or experiences" holding a financial value that do not imperatively involve money, offered to individuals for meeting the expected performance. Therefore, a reward system comprises "organizational elements, namely, people, processes, rules and procedures, and decision-making activities involved in the provision of benefits to employees in exchange for their contribution to the organization" (Griffin & Moorhead, 2008:159).

2.4.2. Forms of rewards

Organizations offer a wide variety of rewards to their employees categorized into two types, namely, extrinsic and intrinsic rewards:

Also known as monetary rewards, extrinsic rewards refer to any reward given to employees that hold a financial value. According to Itika, (2011:116) extrinsic rewards are meant to meet an individual's basic needs as identified in Maslow's pyramid of needs. Extrinsic rewards consist of a salary, incentives, or bonuses that individuals can use at their discretion. Alternately, there are indirect financial rewards which include employee benefits (pension, medical or life insurance, and paid holidays). They have financial value that employees can only access by using these benefits (Taylor, Doherty & McGraw, 2015:139).

Intrinsic rewards are those compensations offered by an organization that do not hold a financial value. They take form from the valuable and positive experiences an individual obtains when performing his/her job. Intrinsic rewards are specifically developed to meet an

individual's psychological needs such as growth, career development, work balance as well as recognition. Most non-financial rewards consist of recognition programmes (Taylor, Doherty & McGraw, 2015:140). Many organisations are challenged to provide supplementary financial rewards. Therefore, managers reflect on new ways to reward their workforce without increasing their income (Itika, 2011:116).

Other researchers suggest that employees are not only in need of financial incentives (pay bonuses and benefits) which may be more motivating in the short-term, but they also want non-financial incentives (appreciation) which have a long-term impact (Robbins, Judge, Millet & Boyle, 2014:199). Podmoroff, (2005:103) indicates that "praise and recognition are essential building blocks in an organization." Individuals continuously need to be appreciated and recognized for their valuable contribution to the workplace, because it creates in them a sense of accomplishment.

2.4.3. Basic elements of rewards

- Base Pay

Most employers offer a wage or salary to compensate their workers for carrying out a specific job, which is known as base or basic pay. Base pay forms the primary element of the reward package and it may differ based upon the grade of the job, the size of the job or the qualifications and level of skills required for the job (Beardwell & Thompson, 2017:468). Many organizations may offer base pay at an hourly, weekly, monthly or annual rate (Armstrong, 2010:31). Commonly used in most organizations, hourly pay refers to wages, which are payments that are determined by the amount of time an employee worked. In comparison, employees paid weekly, monthly or annually receive consistent payments at each given period irrespective of the amount of time worked (Mathis & Jackson, 2008:361). Adjustments in the rate of payments may occasionally occur, taking into consideration the increase in the cost of living or market rates. Changes in the base pay are either made by the organization itself or by agreement with a trade union. Internal and external relativities (going rates) may also influence the base pay (Armstrong, 2007:10).

- Variable pay/bonus

Variable pay is the type of compensation connected to performance, including individual, team and organizational performance. Variable pay is usually substituted by the term "Pay for

Performance", hence employees' assumptions that a better performance involves greater rewards. Incentives, commissions, bonuses, profit-sharing and gain-sharing may be included in the variable pay schemes (Singh, 2007:143). Most organizations adopt variable pay schemes in their reward management practices in order to link individual performance to organizational goals and to reward higher performance (Durai, 2010:314). The apparent relationship between Pay for Performance and both former and future performance along with employee attraction and retention describes its success (Nyber, Pieper & Trevor, 2014:2).

- Benefits

Unlike basic pay and variable pay, benefits are those rewards offered indirectly to an employee or a group of employees and form an essential element of the reward package. While earnings involve that employees receive immediate payment, benefits are frequently given in a non-cash form. Benefits may include paid holidays, retirement pensions, and health insurance and they are offered irrespective of the employee's performance (Mathis & Jackson, 2011:362). The nature and importance of employee benefits may vary substantially depending on the country, the organization, the position, and the individual. In reward practices, employee benefits are perceived as a crucial means to leverage competitive advantage in the labour market in which there is a short supply of key talent (Shields, 2007:318).

2.4.4. The significance of the reward system

An organization should not neglect the importance of reward systems since they prove to be instrumental in improving its overall performance. Lack of fair rewards could induce job dissatisfaction among employees and since they are a vital part of the organization, it is in the organization's best interest to value its workforce (Ceplenski, 2013). By building an effective reward system, an organization could experience improvements in job satisfaction and changes in the work behaviour of employees (Dobre, 2013:58). Individuals are influenced by an organization with a well-defined vision which enables them to enhance their skills and competencies and thus add value. This proves that employees do not value monetary remuneration itself but a reward package of both intrinsic and extrinsic elements (De Freitas, 2017:50). This combination not only enhances motivation levels but also lowers costs within the organization. In such a competitive environment, reward systems are indispensable for

motivating employees to obtain full commitment and maximize the organization's effectiveness and competitiveness (Korir & Kipkebut, 2016:37).

A reward system can only be beneficial as it helps an organization increase its revenues and profits. It may also assist with the retention of high-profile employees and provide the employee with a sense of belonging within the organization. Every firm is different, but organizations with a reward system in place tend to perform better than organizations that do not use any reward system (Mehmood, Ramzan & Akbar, 2013:65).

2.5. Employee performance

2.5.1. Overview of employee performance

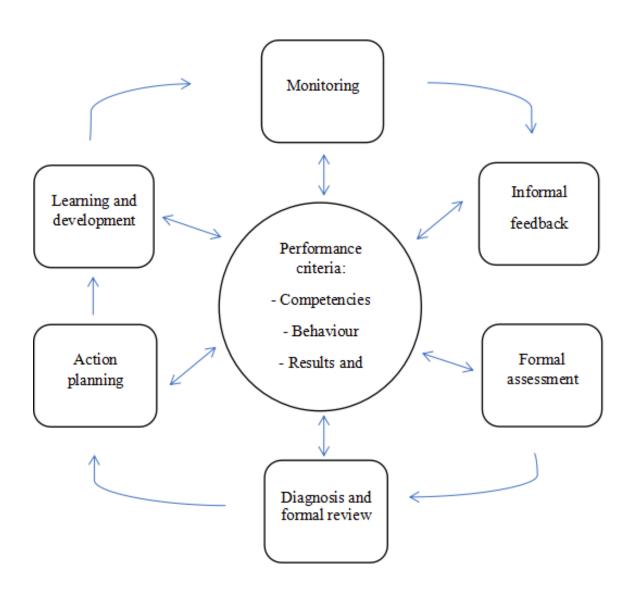


Figure 2.1: Cycle of performance management. Source (Shields, 2007:23)

2.5.2. Reward system and employee performance

Many organizations understand the critical role that a reward system plays in employee performance. Ngwa, Adeleke, Agbaeze, Ghasi and Imhanrenialena, (2019:3) observed that many employees reluctantly perform at their best level at some point in their career. Employees who performed at the highest level at the beginning of their career tend to decrease their level of performance when they are required to surpass their performance level. Some of them only prioritize fulfilling the requirements of their job specification and neglect the importance of their additional efforts to achieve organizational goals. Consequently, the usiness may experience a failure in the competitive environment. For this reason, a motivational intervention is the only way to boost these employees and turn them into determined, workand goal-orientated individuals. (Ngwa et al, 2019:3).

Reward is a crucial component in the employment contract and remains the main motivation for people to work (Harrison & Liska, 2008). An individual who is well rewarded considers himself or herself valuable to the organization. Employees exhibit greater effort in their work behaviour in response to the organization's appreciation and attention to their career and self-development (Bosco, 2014:20).

Armstrong (2012) suggested that rewards substantially influence performance by promoting the development of a high-performance culture. The author further emphasized that reward has been demonstrated to be an excellent tool to ensure that performance expectations are defined and understood. Finally, rewards facilitate encouragement and recognition of high performance, enhance engagement, and promote a positive discretionary effort.

Freeman (2019:53) indicates that both financial and non-financial rewards are key in generating workplace fulfilment. Further, the author states that offering only financial rewards to workers can have the opposite effect on employee performance. These workers will eventually see no value in the rewards and their efforts to perform will be reduced (Freeman, 2019:54).

An organization with a lack of rewards will be mired in a disagreeable environment, leading to a decrease in employees' work efforts (Bustamam, Teng & Abdullah, 2014:393). Additionally, since employee performance is one of the determinants of an organization's success, the reward

system's importance cannot be denied (Ibrar & Khan, 2015:97). In the drafting process of the reward system, it is the responsibility of every organization to highlight and determine the group or organisational goals that need to be achieved and the exact behaviours and performance that attract rewards. This has proven to provide clarity and tools to management in building desired behaviours and simultaneously reaching organizational goals (Nnaji-Ihedinmah & Egbunike, 2015:80).

2.6. Rewards and employee attraction

Employee attraction plays a crucial role in the performance of any organization and its process commonly begins with the introduction of an employment offer ending with new employment contracts (Turnea, 2017:74). Rynes (1991) refers to employee attraction as "the process of acquiring prospective and high valued applicants to regard the organization as a positive place to work". Furthermore, for organizations to successfully attract suitable employees for the job, managers need to evaluate the various elements and factors viewed as attractive to the prospective employee. This procedure assists organizations with identifying their inadequacies, making adjustments, and helping them to improve their ability to find potential workers. In support of this, the attractiveness of candidates in the company is mostly determined by the job itself and other organizational characteristics identified during the recruitment process (Shikongo, 2011:10). Therefore, applicants must be provided with details during recruitment, including rewards since applicants could conclude particular employment aspects based on broader evidence (Boswell, 2010:7).

Bussin (2015:4) argues that the attractiveness of a position may be influenced by several factors but the compensation package remains the key factor in attracting employees. Given the specific characteristics of a job vacancy, the standard of pay is relevant to most job-seekers. Compensation is among the most effective and significant job attributes for evaluating the organization's attraction to applicants. Barber and Bretz (2000) state that besides the pay, employee benefits highly contribute to employee attraction and organizations that provide flexible benefits can more easily fill vacant posts than those that do not offer them, meaning that those benefits effectively attract job-seekers. In addition, Browne (1997) demonstrated that prospective employees, both men and women from diverse backgrounds, were prepared to settle for lower wages if significant benefits were also provided. This implies that candidates for the job are indeed attracted by the benefits offered by the organization (Boswell, 2010:7).

Research conducted by Aon (2012) reveals that rewards contain various components which contribute to the modifications of behavioural patterns and outcomes of the individual. Each reward plays a different role. For instance, some rewards effectively attract employees while others simply generate engagement and motivation. Furthermore, Schlechter, Thompson and Bussin (2015) point out that there seems to be a stronger bond between the prospective employees and the organization when they are being offered a higher reward.

On the other hand, the use of rewards as a strategy to attract employees can be very complex for organizations since companies always consider their competitors in every decision regarding the well-being of their business (Doane, 2009:3). In fact, a business cannot offer pay that is significantly lower than the benchmark. In other words, an organization is constrained to participate in the remuneration trends to sustain its competitiveness in the market and avoid losing qualified employees. As a result, most competing organizations within the same sector will provide reward plans that are within reasonable limits (Mabaso, 2015:32). This financial competition then complicates the decision-making process for potential employees who accept similar offers from different organizations (Gowan & Zhang, 2008:659).

2.7. Employee retention

2.7.1. Employee turnover

For a century, the turnover intention of employees has remained one of the main challenges for the whole organizational environment. Employee turnover can be described as the withdrawal of employees from their employment contract and it can also be characterized as voluntary or involuntary (Kaur, Mohindru & Pankaj, 2013:1220; Hom, Allen & Griffeth, 2020:1). Moreover, it can be referred to as the rate of employees departing from their organizations for various reasons (Phillips & Connel, 2003:2). Globally, this trend has occupied much of the attention of organizations, individuals and the society. Employee turnover is proving to be detrimental to an organization since it can generate serious direct costs such as recruitment and training, as well as indirect costs including loss of profit opportunities, lowered employee performance and morale as well as reduced productivity (Mamun & Hasan, 2017:83).

Many factors can influence employees to leave their organization, including but not limited to managerial factors (involvement in decision making, poor supervisory system), working environment (adequate lighting, poor safety system, ventilation, access to water and sanitation, etc.), the level of pay (poor remuneration), fringe benefits, career advancement (promotion and

growth) as well as job fit (Mamun & Hassan, 2007:66). Those influential factors can destabilize the entire functioning of an organization, and it is crucial for management to thoroughly investigate why employees are resigning from their jobs, especially highly competent workers (Tlholoe, 2014:119). Similarly, Fernandez and Worasuwan (2017:498) argued that losing a highly competent employee is challenging as it could be extremely difficult to substitute the individual with another employee holding similar competencies.

The rational decision-making model by March and Simon (1958) suggested that the employee's belief that his or her high-level efforts within the organization are not rewarded accordingly creates an imbalance in the employer-employee relationship. Consequently, the employee may contemplate the decision to leave the organization (Grotto, Hyland, Caputo & Semedo, 2017:446). Furthermore, employees consider themselves more valuable than what they receive as payment. The present large inequalities between what employees should be remunerated and what organizations offer as compensation can lead to labour turnover (Kuria, Alice & Wanderi, 2012: 314).

Globally, employee turnover is a familiar issue in the hotel sector, challenging the managerial and the overall operations of hotels which could plausibly become an obstruction to the whole sector's innovation and development (Dwesini, 2019:1). In comparison to other industries, the hotel industry is lacking enough trained personnel and grappling to provide attractive remuneration packages, growth opportunities, as well as work-life balance, causing this immoderate employee turnover (Singh & Amandeep, 2017:154). Additionally, the hotel industry is service-oriented, therefore, the lack of cohesion is seriously affecting the relationships between the organization and customers in terms of loyalty and reputation (Fernandez & Worasuwan, 2017:498). Also, this type of industry is mainly focused on the quality of service which is used as a competitive instrument. Therefore, management has to ensure that the personnel is motivated and stable which could be achieved through retention (Singh & Amandeep, 2017:154).

2.7.2. Rewards and employee retention

For many organizations, it is extremely challenging and costly to rapidly find suitable and talented employee replacements after employee turnover. This may lead to organizations experiencing a decline in their overall performance thus lowering the profit of the organization (Chandrasekara, 2020:545; Vasquez, 2014:2). Many countries are still wrestling with the full

comprehension of management theories as well as their application in an organization. Various challenges might arise in the formulation and integration of management concepts such as employee retention, especially in Africa (Richard & Dennis, 2017:3). Employee retention is an innovative and beneficial concept to organizations as well as individuals and it would be extremely unwise to disregard it. With the implementation of employee retention practices, the management can lower turnover. Empowered and retained employees are less conflicting and have a clear understanding of their role within the organization. Such employees feel comfortable and take control of their work environment (Oki, 2014:145).

Employee retention refers to the policies and practices established and developed by the organization with the main aim of retaining its staff (Dhillon & Satpal, 2016:164). Furthermore, employee retention is a process whereby an organization employs numerous techniques and strategies to encourage staff to remain in employment with the company (Swarnaltha & Vasantham, 2016:2). Employee retention aims at preventing the loss of qualified employees from the organization as this may adversely affect the organization's profits and results (Gharib, Kahwaji & Elrasheed, 2017:202). Nowadays, there is an increased demand for quality services within the whole society and to boost service quality, employees need to appreciate their work and be encouraged to perform their jobs well. There is a powerful connection between employees and customer satisfaction, and thus organizational profit and success (MacLean, 2001:14). Consequently, employee retention is not facultative, it is an imperative mission for all organizations (Aguenza & Som, 2012:88).

After the training process, employees are inclined to move to other organizations for better opportunities and careers. A competitive salary, better working environment, flexible working hours and better career advancement and growth opportunities are among the factors influencing employees to look for a change (Swarnaltha & Vasantham, 2016:3). The provision of attractive reward packages has been widely used as a retention strategy. Reward has proved to be one of the most effective methods to motivate employees to adjust work routines and behaviour patterns for the profit of an organization (Aguanza & Som, 2012:89). Reward is viewed as vital because it produces a lasting impression on workers, which in return gives them a sense of value in the organization (Das & Baruah, 2013:11).

Griffeth and Hom (2001:154) stated that compensation specialists consider a competitive salary and benefits as essential in every reward strategy and they are the main determinants of

commitment and retention among employees. The authors further noted that most organizations implement a variety of creative reward programs to dissuade employees from leaving the company. Rewards have the ability not only to satisfy the financial and physical needs but to offer a social value since the level of wage determines the position of power and status of the employees within the organization (Okotoh, 2015:18). Furthermore, employees are encouraged and would be interested in developing future career plans with organizations that provide adequate incentive programmes (Zamue, 2016:36).

2.8. Empirical review

This section reviews and discusses empirical studies on the relationship between reward systems and the main variables of the study, namely employee performance, employee attraction and employee retention.

2.8.1. Reward system and employee performance

Many scholars and researchers have extensively investigated the topic of the reward system and its influence on employee performance both globally and locally. The following is a discussion of existing studies.

Globally, Salah (2016) investigated the relationship between rewards (intrinsic, extrinsic, social and reward mix) and employees' performance with special reference to individuals working for mining companies in the southern part of Jordan. This was a quantitative study in which 250 questionnaires were analyzed using SPSS. The study found that the existence of a reward system within an organization will lead to better employee performance. For instance, employees receiving incentives usually perform better and are more productive compared to employees who do not receive any incentives. The study also highlighted the importance of providing diverse, flexible, and fair rewards since it encourages job satisfaction for better results in employee performance. This study presents contextual and sector-based gaps to replicate the study locally since it was conducted in a different country and continent.

In Pakistan, Ahmed and Shabbir (2017) conducted a survey study to explore the relationship between reward systems and employee performance within private banks. A total of 40 banks were selected and 92 respondents were used as a sample for the study. It was found that employees of the bank presented positive work behaviour in an intrinsic reward environment. For instance, intrinsic rewards encourage respondents to show greater commitment and

enthusiasm in the completion of their tasks. Besides, the study showed that extrinsic rewards such as cash incentives contribute greatly to the performance of respondents. Additionally, the study highlighted that both extrinsic and intrinsic rewards differ in terms of their impact on employee performance. While extrinsic rewards lower the level of absenteeism and turnover within the banks, intrinsic rewards focus on the job itself and the satisfaction of the employees. However, having been conducted in Pakistan, its findings do not apply to this study since it was conducted within the banking sector and on another continent.

Another study was conducted by Ranjan and Mishra (2017). This study aimed at discovering the impact of rewards on employee performance with a focus on the Indian Oil Corporation in the Patna region. This was an empirical study based on primary data. Structured questionnaires were used to collect data from 115 participants through a simple random sampling method. The results of this study revealed that both extrinsic and intrinsic rewards have a significant impact on employee performance. Although other studies found that financial rewards can strongly influence work performance, this study indicated that a cash bonus may not be sufficient to positively impact employee performance, especially if it is distributed unfairly. This study presents contextual, methodological, and sectorial gaps for local replication and empirical gaps concerning the need to consider more reward system variables besides a cash bonus.

Similarly, in Africa specifically in Lagos, Nigeria, Wasiu and Adebaju (2014) carried out a study on the rewards system and its effects on employees' performance in ten public secondary schools. The population of the study comprised 200 teachers. The study found that there was a strong relationship between reward systems and employee performance. Additionally, this study pointed out that teachers are substantially affected by their job allowances, and that omitting and denying to pay teachers' allowances strongly influenced their work performance. It was concluded that displeasure is evoked through unsatisfactory performance and lack of commitment to their job, and therefore organizations must imperatively be concerned with the needs of their employees. Wasui and Adebaju (2014) further stated that reward is the key driver which provides energy to an individual to display more commitment to work and increase productivity. The above study is pertinent to the current study since both seek to establish whether or not there is a relationship between rewards and employee performance. However, this study indicates a population gap since its target was teachers and not hotel employees. Teachers may present different behaviour patterns regarding rewards than hotel employees.

A study was conducted in Nakuru, Kenya by Njanja *et al* (2013) to ascertain the effects of reward on employee performance in Kenya Power and Lighting Company Ltd. This study examined the relationship between cash bonuses and employee performance. Sixty-eight management employees responded to the questionnaires. The data were presented using descriptive statistical methods. However, the Chi-Square was utilized to examine the relationship between the two variables of the study: a cash bonus and employee performance. The analyses were performed using a computer statistical package for social sciences (SPSS). Major findings showed that a cash bonus had no significant effect on employee performance. The study recommended that organizations should focus on knowing their employees and understanding their needs to adopt the appropriate motivational strategy in terms of rewards. Methodological and conceptual gaps in the study by Njanja *et al* (2013) indicated that a larger sample is required to obtain extensive information and better analysis for the current study and a deeper analysis should be conducted of rewards with more elements such as benefits, allowances, salaries and wages as well as intrinsic rewards besides a cash bonus. Additionally, the study by Njanja *et al* (2013) presents contextual gaps for local replication.

Another Nigerian study by Nnaji-Ihedinmah and Egbunike (2015) determined if rewards have effects on employee performance in commercial banks. The study targeted 8 banks and used a sample of 99 employees for the study. Questionnaires were used as a means of data collection and were tested through regression techniques and two-way ANOVA. The data of this study indicated that there is a significant relationship between both intrinsic and extrinsic rewards and employee performance. However, as Ahmed and Shabbir (2017) found in their study, Nnaji-Ihedinma and Egbunike (2015) also found that both intrinsic and extrinsic rewards do not have the same effect on employee performance. The study showed that intrinsic rewards enhance employee performance and can be sustainable. On the other hand, extrinsic rewards only attract employees for a brief period resulting in employee turnover. It was recommended to balance both types of rewards to facilitate the best results in performance. Although similar in terms of the main variables, this study presents a contextual gap since it was conducted in a different industry and country than the current research study.

Locally, Harunavamwe and Kanengoni (2013) studied whether monetary and non-monetary rewards have direct effects on motivation among lower-level employees in selected South African retail shops, using a quantitative research method. The population target consisted of 50 lower-level employees. The findings of this study showed that lower-level employees value

the recognition given by their managers for a job well-done rather than receiving cash incentives. The findings also highlighted that organizations should not be confused with the use of monetary and non-monetary rewards. While monetary rewards tend to fulfil the short-term objectives of the organization, non-monetary rewards such as recognition and especially flexibility encourage a healthy employment relationship thus fulfilling the long-term objectives of the firm. This study is pertinent, however different from the current study since both are dealing with different industries. The current study was conducted within the hotel industry and the former within the retail industry. Furthermore, the authors used a smaller sample size (50 employees) compared to the current study (180 employees).

Bussin (2015) carried out a study on the effect of reward preferences in "attracting, retaining, and motivating" experienced workers in information technology companies in South Africa. Data collection involved the distribution of questionnaires to HR and line managers of two multinational IT (Information Technology) companies. It was found that respondents of the study were particularly attracted by the financial aspect of rewards such as bonuses and cash incentives. However, the study indicated that although financial rewards are crucial to respondents, flexibility and work-life balance remain the main motivational elements. The study also showed that the reward preferences varied depending on demographic criteria such as race, gender, age, and job roles. Although Bussin's (2015) study provided in-depth information on the use of reward as a means of employee attraction and retention, intrinsically the study did not cover the effect of reward preferences on the main variables of the current study (employee performance, attraction, and retention). Additionally, Bussin's (2015) study employed snowball sampling which is a sampling method that presents various weaknesses, such as causing sampling bias (Etikan, Alkassim & Abubakar, 2016:6).

2.8.2. Rewards and employee attraction

Turnea (2018) studied the attraction and retention of employees and targeted multinationals from Romania. The study specifically explored the different types of organizational rewards that contribute to the attraction and retention of human resources in multinationals. The five components of the total reward strategy were identified as the main variables in this study, they included work-life balance, remuneration, performance benefits and recognition, development and career opportunities. A total of 627 questionnaires were collected and examined through both descriptive and inferential analysis. The Spearman coefficient was used for correlation analysis. The results indicated that development and career opportunities were considered the

most important components for the respondents at the job interview. The study indicates contextual gaps (industry and country) for local replication

A study was carried out by Schlechter, Hung and Bussin (2014) on the understanding of talent attraction in South Africa. The study aimed at investigating the influence of financial reward elements on perceived job attractiveness. This study specifically targeted knowledgable workers and was focused on the assessment of remuneration, employee benefits and variable-pay. A two-third full-factorial experimental design was used in this study and a convenience sampling method was adopted. A total of 169 questionnaires were collected and data were analyzed through a descriptive study. The findings indicated that the perceived job attractiveness of a job was significantly influenced by the three financial rewards. The study revealed that although each variable has a dependent effect on job attractiveness, their combination (remuneration, benefits and variable-pay) influenced job attractiveness. This study is pertinent to the actual topic under study. However, it presents empirical gaps on the need to explore the non-financial aspect of rewards and their effect on job attraction.

2.8.3. Rewards and employee retention

Oyoo *et al.* (2016) carried out a study to investigate the influence of reward systems on employee retention in a faith-based health organization, the Mukumu Hospital in Kenya. The authors adopted a descriptive case study research design. A total of 115 participants were chosen for the study through the use of a simple random sampling method. 103 hospital staff responded to the questionnaires. Data were analyzed using SPSS and the relationships between variables were investigated using the Pearson correlation. The results indicated that reward systems (career development, extrinsic rewards and intrinsic rewards) positively influence employee retention in faith-based health organizations. This study plainly explained that intrinsic rewards should not be neglected as it is an essential element in the reward system. The presence of intrinsic rewards increases the chances of retaining employees. The absence of career growth and development opportunities affected employee retention. The study showed that intrinsic rewards are an important aspect of the reward system and better intrinsic rewards will increase the chances of employee retention. The study recommended that the management team should consider building a reward structure that involves more than just compensation.

Chepkosgey, Namusonge and Makokha (2019) conducted a study on the influence of reward practice on employee retention in selected beverage processing firms in Kenya. The study used

a quantitative approach with questionnaires as the main research instrument for data collection and was tested for reliability using Cronbach's alpha method. A sample of 352 employees was selected through the use of the Taro Yamanes formula. The findings revealed a lack of communication on the reward policy in the firms, a lack of competitive rewards and a non-alignment of rewards with the work done by the respondents. The results further showed that employees are positively influenced by reward practice in their decision to stay or leave the organization. This study presents contextual gaps for local replication.

Adzei and Atinga (2012) conducted a study to review empirical facts on the influence of non-financial and financial incentives on motivation and retention among health staff in Ghana's district hospitals. The study adopted both random sampling and convenient sampling methods. Questionnaires were used as the main tool for data collection. A regression analysis, based on the data collected from 285 health workers, indicated that financial and non-financial incentives significantly influenced motivation and workers' desire to remain in the hospitals. The findings revealed that the financial rewards remarkably influenced workers' enthusiasm and willingness to provide healthcare services at the hospitals. In addition, the study indicated that health workers were unhappy about the lack of promotion opportunities in the hospitals and this discontentment could be an obstacle to workers' retention. Furthermore, non-financial factors such as "leadership skills", "supervision", and "training and development" were reported to be important factors of motivation and retention. This study is relevant to the present study however the study presents contextual gaps in the need to replicate it locally.

Another study by Terera and Ngirande (2014) explored the ways rewards impact nurses' job satisfaction and retention in a selected hospital in the Eastern Cape Province of South Africa. The study adopted a quantitative approach. A target sample of 180 participants was selected using a simple random sampling method. Structured questionnaires were used as tools to collect data for the study. The findings of the research showed that there was a positive relationship between rewards and employee retention. For instance, retention strategies such as monetary rewards were perceived as not only a significant element but also as a great influence on employees' decision to leave or remain in the hospital. The study is pertinent to the actual study however it presents a contextual gap since it was conducted in a different industry.

2.9. Conclusion

In this chapter, the literature review was presented. This chapter provided an overview of reward systems and introduced the basic components of rewards commonly implemented in most organizational reward systems. Several research studies have identified relationships between rewards and employee performance, as well as other variables such as employee attraction and retention. This demonstrated that a rewards system is an important tactic that can be used to produce desired behaviour, encourage satisfaction within the organization and help the organization reach organizational goals.

CHAPTER THREE RESEARCH METHODOLOGY

3.1. Introduction

The preceding chapter covered the literature related to the topic. This chapter describes the research methodology employed to achieve the objectives of the research, presented as follows:

- o To ascertain the impact of rewards systems on the performance of employees in the hotel industry.
- o To determine the relationship between rewards systems and the attraction of employees in the hotel industry.
- o To determine the impact of rewards systems on employee retention in the hotel industry.

Research methodology is a doctrine used to demonstrate the way a study should transpire and in which issues relating to the study are resolved (Tavakoli, 2012:548). In the first section, this chapter covers aspects such as the research paradigm, research design, research approach and research instrument accompanied by their rationale for the study. In the second section, the chapter continues with a presentation of the population and the sampling process adopted in the study. The third section provides a detailed description of the questionnaire design. The last section of the chapter outlines the data collection procedures as well as the data analysis and ethical considerations.

3.2. Research Paradigm

3.2.1. Positivism

The researcher adopted a positivist paradigm approach for this study. According to Walliman (2017:21), "a positivist approach to scientific investigation relies on the acceptance that the world around us is real, and we can find out about these realities." It is an approach in which individuals are focused on finding the cause-and-effect relationships between phenomena as opposed to seeking to understand the individual (Clark-Carter, 2004:11).

In a positivist approach, the theory can be simplified to a higher extent, meaning that the data from the same problem with contextual differences can be used. The findings of a study can be generalized even if it has been imitated by other researchers using different populations (Johnson & Onwuegbuzie, 2007). Additionally, the positivist approach involves quantitative data which allows future predictions and obtains a large amount of data. Reliability and validity are ensured and extremely high in a positivistic approach (Cohen, Manion & Morrison, 2007:146). Therefore, based on those particular aspects, the researcher adopted a positivist approach.

3.2.2. Interpretivism

The interpretive method is founded on the notion that the world cannot be viewed objectively. It must instead be understood in terms of how individuals think and act (Bryman & Bell, 2015). Unlike positivism, interpretivism encompasses a broad range of qualitative research approaches, including constructivism and constructionism (among many others), and provides a global viewpoint (Chen, Shek & Bu, 2011:129). Critics may argue that interpretive research is flawed because it challenges the validity of generated knowledge and adopts a different set of standards than those of the positivist paradigm. Contrary to the positivist research theory, interpretivism is more attentive to the significance of each individual's interpretations and contributions (Alharahsheh & Pius, 2020:42).

3.3. Research method

The current study employed a quantitative research method to determine the impact of reward systems on employee performance.

3.3.1. Quantitative research

Quantitative research involves deductive reasoning in the research process to provide proof, refutation, or support for the opinion of existing literature (Khalid, Hilman & Kumar, 2012:16). In quantitative studies, variables are measured and relationships are tested to display patterns, correlations, and causal relationships. The researcher using a quantitative approach attempts to elucidate a specific phenomenon by assorting data numerically and through statistical analysis (Leavy, 2017:9). Furthermore, the focus of quantitative research techniques is to establish and provide generalizable statistical results. In quantitative studies, the research methods are planned and the researcher seeks to comply accurately and objectively with these procedures

(Rubin & Babbie, 2014:81). Nykiel (2007:56) asserts that correctly planned and organized quantitative research generates data and statistical findings that are highly reliable. A quantitative study can effectively establish the reliability of one aspect over its alternatives. Besides, the results acquired in quantitative research can be projected to the entire population.

3.3.2. Qualitative research

Meaning and process are the focus of qualitative research, which can be difficult to examine quantitatively. The goal of qualitative research is to shed more specific light on a phenomenon by drawing on the perspectives of those who are experiencing it, rather than relying on broad generalizations. Further, the goal of qualitative research is to acquire a comprehensive understanding of a situation through extensive exploratory research that will allow for the discovery of high-quality reactions at all stages of the study (Alharahsheh & Pius, 2020:39). To conduct qualitative research, one needs to ask what, how, when, where, and among whom certain behaviors and processes operate as well as explaining in depth its constituents (people, locations, activities and relationships) (Tewksbury, 2009:50).

Quantitative research sometimes loses complexity and context in the process of data management and simplification, but qualitative research thrives at doing the exact opposite. This method is excellent for cases where there is a probability that anticipatory data reduction will block valuable information from being uncovered (Athieno, 2009:16). Furthermore, In contrast to quantitative research, which requires large samples, qualitative research supports and uses small samples, thus enabling the researcher to carry out the study with less monetary resources (Mwita, 2022: 621).

3.3.3. Mixed Methods research

Researchers conducting mixed-methods studies merge qualitative and quantitative elements (such as using both qualitative and quantitative perspectives, data collection, analysis, and interpretation procedures) to gain a more comprehensive and in-depth understanding of the topic and to strengthen their findings (Molina-Azorin, Tari, Lopez-Gamero, Pereira-Moliner & Pertusa-Ortega, 2018:413). If you have research questions that cannot be answered using either quantitative or qualitative approaches, a mixed-methods approach may be the most appropriate approach. Using a mixture of qualitative and quantitative methodologies, researchers may be able to better comprehend the correlations and distinctions between both approaches,

participants can have a bigger voice and more of their experiences and viewpoints can be incorporated in the research process, and new areas of study can be explored, all of which serve to improve the quality of the data and provide more complete answers to the research questions at hand.

3.3.4. Research Adopted for the study

A quantitative approach was regarded as the most convenient to promptly and easily gather information relating to determining the strength of the relationship between reward systems on employee performance in hotels in Cape Town. Certainly, this method was preferred, based on the premise that in quantitative studies the researcher is provided with direction and understands in advance what he/she seeks to achieve, and a larger population can be reached. The data is mainly gathered in numerical form and the results can be translated into statistics to determine the meaning of the findings. Quantitative research is less laborious and it is time-saving during the data collection and analysis process. The researcher was motivated to utilize a quantitative approach considering its usage of research instruments that are highly-structured by nature such as questionnaires, which were distributed to all the respondents in this study (Rubin & Babbie, 2009:36).

3.4. Research Design

According to Heppner, Kivlighan and Wampold (2008:65), a research design is a fundamental component of a research study as it provides a clear and organized structure for the researcher to effectively complete the research. The research design is a plan for determining the various strategies to assemble and analyze information that enables the researcher to respond to the research questions. Depending on the sources, different types of research designs have been identified, and they include descriptive, experimental, quasi-experimental and correlational research designs. For this study, the researcher used a descriptive survey design. Descriptive survey research was adopted in this study to successfully describe the impact of reward systems on employee performance. Nykiel (2007:57) posits that in quantitative descriptive survey research, the purpose is to gather specific information about a feature in a specific subject field. Moreover, Cooper and Pamela (2003:10) add that descriptive research assists the researcher to observe and obtain details relating to the relationships between variables. The rationale for using this particular design is the fact that it allowed the researcher to specifically respond to

the questions such as "who, what, when, where and how" and draw powerful inferences in this particular study (Cooper and Pamela, 2003:10)

3.5. Sampling and sampling process

3.5.1. Population

A population is the total group of individuals, events or things of interest to be investigated (Sekaran, 2001: 225). The population of this study consisted of employees of hotels in the Cape Town metropole area. The target population was the 77 hotels based in the Cape Town metropole area currently graded 3- to 5-star hotels and listed on The Tourism Grading Council of South Africa website. The choice of the population for the study was driven by the fact that the size of 3- to 5-star graded hotels is mostly larger than those with lower grades. Hence, they have a bigger workforce and structure. In addition, the service quality in these hotels is mainly very good, excellent, and exceptional (see Table 1.1). Thus, the elected population was the most appropriate to obtain extensive information to achieve the research objectives of this study.

3.5.2. Sampling process

Sampling can be described as "the process or method of selecting a proper sample from a larger assemblage (the sampling population) to become the basis for determining or predicting the prevalence of an unknown piece of information, situation or outcome regarding the entire population" (Kumar, 2011:193). It involves the collection of information from the whole population by studying only a portion of the population (Kothari, 2004:152). The use of sampling techniques is essential in statistical studies since it ensures the cost-effectiveness and accuracy of research findings. Sampling assists the researcher to make assumptions about the actual population from which it was taken (Pandey & Pandey, 2015:43).

Sampling methods are classified into two main categories, namely, probability sampling and non-probability sampling (Dhivyadeepa, 2015: 41). With probability sampling, there is a high probability of every participant of the population being selected for integration into the sample, whereas in non-probability sampling, some elements of the target population do not have the probability of being selected, meaning that their inclusion in the sample is unknown (Daniel, 2012:66).

3.5.2.1. Probability sampling

Simple random sampling

Simple random sampling is a type of probability sampling that gives each component of the target population and each possible sample of a given size has an equal chance of being selected. Random sampling tends to generate representative samples and enables the researcher to employ statistical techniques for the analysis of data (Daniel, 2012:128).

Systematic sampling

Systematic sampling is a more enhanced random sampling technique that is typically employed when comprehensive population data is requested. After a predetermined interval, a participant is chosen. This participant will be referred to as the Kth element (Bhardwaj, 2019:160).

Stratified random sampling

A sampling technique that divides a population into smaller groupings called strata. To conduct a stratified random survey, a group of people are divided into categories depending on a shared feature or characteristic. A random sample is collected from each stratum in proportion to the stratum's size relative to the population. Next, a random sample is added to each stratum's subset (Sharma, 2017:750).

Cluster sampling

Cluster sampling is the process of separating a population into smaller subsets or clusters. Afterwards, a random sample is drawn from these groups for use in the sample at large. Researchers who are attempting to survey a large number of people from different locations might benefit from cluster sampling since it is cost and time effective (Taherdoost, 2016:21).

3.5.2.2. Non probability sampling

Quota sampling

Non probability sampling techniques such as quota sampling are used to ensure that predefined criteria from participants are represented in the sample in the same proportions as they are in the larger population (Taherdoost, 2016:22).

Snowball sampling

The snowball sampling approach entails that participants that are early selected to propose more participants that meet the eligibility criteria. This approach is frequently employed when the population contains individuals with particular characteristics that make it hard to distinguish them from the rest of the group (McGrath, Polit & Beck, 2010:209).

• Convenience sampling

The researcher adopted convenience sampling, which is a non-probability sampling method obtained when the most accessible units of the population are selected until the required sample size is reached (Fox & Bayat, 2007:59). The rationale for using this sampling method is based on the disposition of hotels to partake in the research study. Convenience sampling was beneficial to the researcher since it is cost-effective in terms of time, money and energy (Sharma, 1997:123). A list of 77 hotels graded from 3- to 5-star was obtained from the Tourism Grading Council of South Africa website. The researcher made use of a convenient sampling method to approach those hotels willing to participate in the study. The researcher obtained the approval and consent of 12 hotels.

Purposive sampling

This sampling technique relies on the researcher's judgement to select the elements of the population for the sample. In purposive sampling, researchers frequently believe that the use of solid judgement can produce a representative sample and that it can be cost-effective and time-saving (Etikan, Musa & Alkassim, 2016:2; Taherdoost, 2016:23). A purposive sampling technique was employed in this research to select male and female respondents (from the hotels that gave their approval) for the completion of the questionnaires.

Conducting a survey study in a hospitality facility proved to be an obstacle given the high level of employee activity. The purpose of the study was communicated to hotel personnel before any data gathering procedures were initiated by the researcher. However, since many hotel employees had little or no awareness of reward systems a purposive sampling approach was used to choose hotel employees with knowledge of rewards that would supply relevant data for this study. Furthermore, prior to the selection of the hotels the researcher embarked on a short investigation on whether the hotels had a reward policy inside the hotels. This procedure

assisted the researcher to select hotels and participants that would provide extensive information on the topic under investigation. Then, the managers of the selected hotels with an established reward policy, directed the researcher to male and female participants susceptible of providing necessary information on the topic of rewards. A total of 180 questionnaires were distributed to the 12 hotels with a reward policy that agreed to participate in the research.

3.6. Primary and secondary data

Primary data may be assembled using questionnaires or personal inquiry (Mooi & Sarstedt, 2011:29). For this study, the researcher collected the primary data by using questionnaires that were distributed to hotel employees at selected 3- to 5-star hotels in Cape Town.

On the other hand, secondary data is data previously assembled by another researcher for a different purpose than the study in question (Lee *et al.*, 2000:14). Secondary data can enable the researcher to answer research questions promptly and at a lower cost, if used correctly (Wrenn, Stevens & Loudon, 2002:63). In the preceding chapter, the researcher reviewed information obtained from several secondary data sources to identify the appropriate theories related to the variables of the study. This information was meticulously gathered from the following sources:

- Various literature studies related to rewards systems, employee performance, employee attraction and employee retention.
- Scholarly journal articles.
- Online sources: articles applicable to the current research.
- Textbooks

3.7. Research instruments

3.7.1. Questionnaires

Given that the research was based on a quantitative approach, the primary data was assembled through the distribution of self-administered questionnaires to the employees from the selected hotels. Questionnaires are identified as any drafted documents presented to respondents, composed of specific questions or statements, intended for their reaction by recording or writing their answers or choosing from existing answers (Brown, 2001:6). Questionnaires have

multiple functions, depending on their purpose but they are mostly utilized to collect information on facts, behaviour and attitudes (Rose, McKinley & Baffoe-Djan, 2020:155).

The motivation for the use of structured questionnaires in this study is based on the benefits of gathering a broad range of information from a large number of respondents and small groups. In addition, the use of questionnaires helps the researcher to determine what participants know, think and how they plan to act. Questionnaires are best known for being cost-effective in time (for both the researcher and the respondents) and money. The use of close-ended questions quickens the data analysis process. Also, the researcher ensures the anonymity of respondents by using questionnaires. Lastly, respondents can freely complete the questionnaires in their own space and time (McNabb, 2015:148).

Rose, McKinley and Baffoe-Djan (2020:155) argue that the many advantages of questionnaires do not exclude the fact they can generate poor quality data if they are not designed and distributed meticulously. The researcher needs to follow proper steps and take adequate precautions to avoid finding him/herself with inapplicable data such as incomplete questionnaires, and this can be achieved through the use of a pilot study or pre-testing.

3.7.2. Structure of the questionnaire

The researcher made use of a self-administered structured questionnaire consisting of closedended questions in sections A and B. A 5-point Likert scale questionnaire was used in sections D and E, ranging from 1=Strongly Disagree to 5=Strongly Agree. A cover letter was attached to the questionnaire to present the study and assure the anonymity and confidentiality of the participants. Furthermore, the questionnaire was divided into four sections. In section A, the emphasis was placed on employees' demographics (age, gender, racial group, educational background, job position and tenure). Collecting demographic data is not only critical for describing research participants but also for establishing if the respondents in the study are representative of the population being studied. Besides, the inclusion of demographic factors assists the researcher in clearly understanding who the study findings apply to and how the results compare to those of other studies (Hammer, 2011:26). Including the demographics data in this study can help the researcher shed light respondents characteristics that on may affect employee performance. Section B aimed at identifying the types of rewards

(monetary and non-monetary rewards) implemented within the selected hotels. Section C was based on the extent to which reward systems impact employee performance. In Section D, the emphasis was placed on the extent to which reward systems impact employee attraction. Section E was focused on the extent to which reward systems impact employee retention. The respondents were requested to mark chosen answers with the following signs: $(\sqrt{})$ or (X). At the beginning of each question, a short statement was provided to explain and guide the respondents to properly answer the questions.

The researcher distributed 180 questionnaires to the 12 hotels that consented to participate in the study and received 151 questionnaires, of which 136 questionnaires were duly completed, while 10 questionnaires were not completed owing to employee absence and staff shortage and 5 were returned with inaccurate data. With this data, a response rate of 75.55% was achieved. According to Sadivar (2012:10), an appropriate response rate is required in survey research for minimizing the chance of sample bias. This author also observed that researchers had not come to a uniform agreement on the optimal or minimum response rate for surveys. Despite this, prior research has shown that surveys conducted by the U.S. administrations should obtain a response rate of roughly 75% to be regarded as excellent according to Saldivar (2012:9). In this regard, a published study on "motivation and retention of health workers in Ghana's district hospitals" by Adzei and Atinga (2012:475) achieved an acceptable rate of 71% in questionnaire responses. Similarly, in their study on "the strategic role of ICT on business development: Nigerian perspective", Abioro, Adewoye and Oladejo (2018:116) successfully obtained an acceptable response rate of 76,5% with 353 questionnaires distributed and 270 usable questionnaires for the study.

3.7.3 Instrument Reliability and Validity

3.7.3.1 Reliability

Maree (2007: 80) states that it is crucial to ensure that the research instruments are both reliable and valid in quantitative research. Reliability refers to the degree to which any measuring procedure produces identical results if repeated using the same test (Maree, 2007:147).

In this research, reliability was ensured through a pilot study used to identify and address potential errors and inconsistencies found in the questionnaires. A pilot study helps the researcher with detecting items that are loosely stated. Pilot testing allows the researcher to adjust and reword the items in the questionnaires in a way that encourages participants to fill in the questionnaires (Yin, 2009:92).

In the present study, 10 questionnaires were given to 10 hotel employees from one selected hotel in the Western Cape to improve the reliability of the questions. The pilot testing revealed that respondents did not understand certain questions correctly. After the pilot testing, the required rectifications were made in the questionnaires, and the researcher re-formulated the questions to ensure that the respondents understood them properly.

After amendments, the reliability of the instrument was also ensured using Cronbach's Alpha Coefficient based on 10 questionnaires from 10 hotel employees' responses to the pilot testing. Cronbach's Alpha was created to assess the internal consistency of a scale or a test. The alpha coefficients range from 0 to 1 and a value that is close to 1 implies that the items being evaluated can be measured (Tavakol & Dennick, 2011:53; Mohamad, Sulaima, Sern & Salleh, 2015:165).

Cronbach (1951) requires a Cronbach's alpha coefficient of 0.70 and higher to be considered an acceptable level of internal consistency. Georges and Mallery (2003) presented the rules of thumb to examine and interpret Cronbach's Alpha values as follows:

- $\alpha \ge 0.90$ means that the internal consistency is excellent
- $0.80 \le \alpha < 0.90$ means that the internal consistency is good
- $0.70 \le \alpha < 0.80$ means that the internal consistency is acceptable
- $0.60 \le \alpha < 0.70$ means that the internal consistency is questionable

- $0.50 \le \alpha < 0.60$ means that the internal consistency is poor
- α < 0.50 means that the internal consistency is unacceptable

In this study, the items of the questionnaires achieved a Cronbach's Alpha coefficient above 0.8 which is above 0.70 as mentioned in Table 3.1. The outcome of the reliability test of the instruments is presented in the table below.

Table 3.1: Summary of the reliability results: (Source: SPSS Results)

Item	Number of items	Cronbach's Alpha
Rewards and employee performance	10	0,938
Rewards and employee attraction	7	0,900
Rewards and employee retention	5	0,728
Overall items	22	0,845

As provided in the summary of the reliability test in Table 3.1, it could be noted that the outcomes acquired from the pilot testing show that Cronbach's Alpha coefficients for the items being studied are all above 0.70. In this regard, all the items in the questionnaires are reliable and appropriate for this study.

3.7.3.2. Validity

Validity refers to the degree to which the research instrument assesses what it intends to measure (Kayrooz & Trevitt, 2015:133). Validity is classified into four sub-categories, namely construct validity, content validity, face validity, and criterion validity (Goodwin, 2010:131).

To determine the validity of this research, a provisional version of the questionnaire was presented to my supervisor at the university, who works in the field of research methodology, for examination and comments. The feedback revealed whether the scope of the research was incorporated, also whether the questions were well articulated and aligned with the research objectives. All amendments were made before finalizing the questionnaire used by the researcher.

3.8. Data collection administration

The researcher sought permission from the General or Human Resources managers of the hotels to participate in the study. A consent letter was requested from the managers of the hotels via face-to-face meeting or email. Once the consent letter and permission were obtained, the researcher conducted a pilot study using 10 questionnaires. The piloting process included 10 employees from one of the selected hotels in the research study. The purpose of the pilot study was to test the reliability of the measuring instrument. Feedback received from the questionnaires was used to correct the questionnaires for effectiveness. After the questionnaires were adjusted, the researcher contacted the general managers to appoint a date for the distribution of the questionnaires. Questionnaires were physically delivered during break times to avoid interference with employees' activities.

The researcher decided to use self-administered questionnaires as a means of data collection because it is one of the most popular methods used in research studies. Additionally, this method is very cost-effective compared to telephone interviews (Bourque & Fielder, 1995:3). The questionnaires were administered individually or in groups whereby each respondent was required to complete the questionnaire without the assistance of other individuals but the researcher or the manager was available to provide instructions, guide and monitor the completion process (Bourque & Fielder, 1995:4). This method was suitable since the researcher could easily assist every respondent, monitor communication between respondents and ensure that the instructions were consistent (Bourque & Fielder, 1995:9). Additionally, in the last stage of the administration of data, the questionnaires were sent via email to the managers in charge at the hotels. The researcher provided all the required information in an email before the

managers proceeded with the distribution of the questionnaires to their employees. Lastly the questionnaires were received back from the respondents both via email from the managers and on-site with the researcher. This method was also appropriate for this study because of the low cost and rapid delivery of email questionnaires (Michaelidou & Dibb, 2006:291).

3.9. Data analysis

Data analysis can be described as the process of minimizing the data gathered throughout the research and condensing it into a convenient size (Cooper & Schindler, 2006:173). Furthermore, this process is "the application of reasoning to understand and interpret the data that have been collected" (Zikmund, 2016:70). The obtained information from the research questionnaires was organized and analyzed through the use of the software Statistical Package for the Social Sciences (SPSS), the latest version (SPSS 24). This popular statistical software was beneficial for this study since it assisted the researcher in presenting an excellent graphical representation and suitable results from the dataset. The different statistics applied in this research are explained as follows:

Descriptive statistics imply the use of instruments such as frequency tables, and percentages as well as other indicators such as mean, median, mode, range, etc. (Hussain, 2014:742). Descriptive statistics provide an overview of the sample under investigation without making any conclusions. Furthermore, in descriptive statistics, numerical and statistical measures are employed to characterize the data gathered during the research procedure. The analysis of these statistical data relies on whether the variables are quantitative or qualitative (Rodrigues, De Lima & Barbosa, 2017:621; Kaliyadan & Kulkarni, 2019:82).

The central tendency is described as the statistical measure that is representative of a whole distribution, to correctly characterize the whole data set (Manikandan, 2011:140).

The mean is the most prevalent and widely used measure of central tendency. One of the significant benefits of the mean is that it takes into account all values in the data set, making it the best representation of the data (Manikandan, 2011:140).

3.10. Delineation of the study

The study was conducted on 3-to-5-star hotels listed on the Trading Grading Council of South Africa which implies that the results of this study cannot be generalized to hotels not registered by the Council. Additionally, for this study, the researcher carried out the study at selected 3-

and 5-star hotels in areas surrounding the central city (Cape Town, Waterfront, and Sea Point). These areas were selected based on their availability and convenience since they were closer to the researcher in terms of distance.

3.11. Ethical considerations

"Ethics refer to a set of principles that embody or amplify what is good or right or allow us to identify what is bad or wrong" (Hammersley & Traianou, 2012:16). In whatever discipline they are involved in, researchers are required to work by following general principles of acceptable behaviour (Anderson, 2004:59). Since human subjects participated in the research, the researcher acquired approval from the Cape Peninsula University of Technology's Ethics Committee to embark on the data collection process (see Appendix E). Confidentiality was ensured to participants by not revealing their responses to anyone and their identities remained anonymous. The researcher ensured that participation in this research was purely voluntary and the right to withdraw from the study was given to all participants. The researcher ensured that participants were not exposed to any situation that may cause harm as a result of their participation and secured their privacy (Fox & Bayat, 2007:148).

3.12. Challenges encountered in the research process

One of the major challenges encountered in this research process was obtaining permission to conduct the study inside the hotels. As stated in the previous sections, hotel workers are constantly active. Therefore, many hotel managers could not allow the researcher to conduct the study inside their hotels since it was seen as an interruption of hotel activities. Hence, the researcher carried on the research with hotels that were only disposed to participate in the study.

Another obstruction in the study was the sanitary condition of the country at the time of the data collection. Only a few weeks after academic registration in March 2020, the world was hit by a pandemic called Covid-19. The coronavirus (Covid-19) is a rapidly transmissible and deadly illness that was found in Wuhan, China and spread around the world since March 2020 (Shereen, Khan, Kazmi, Bashir & Siddique, 2020, strict lockdown to combat the virus (The Guardian, 2020). Under the strict lockdown, hotels in Cape Town ceased their operations while the researcher was in the middle of data collection. Employees were required to stay at their respective homes due to the sanitary crisis and the questionnaires could not be distributed or collected. In this regard, the research process was delayed and took even longer than expected.

Lastly, the study sample of 180 hotel employees was selected using a purposive sampling method. The sample may not be representative of the total population, since there are many hotel employees in the Cape metropolis. Furthermore, it was noticed that the majority of hotels in Cape Town had either closed their doors or reduced their workforce as a result of the pandemic. Therefore, enlarging the sample posed a challenge for the researcher.

3.13. Conclusion

This chapter presented the research methodology procedures followed in the study to align with its objectives. The chapter commenced with a review of the research paradigm employed, followed by the research approach and design that were adopted for this study. Using a positivist approach, the study adopted a quantitative research method, with a descriptive survey research design. In this chapter two sample techniques were used, namely convenience sampling and purposive sampling. Questionnaires were used as instruments for the data collection, and a pilot study was carried out to assess the reliability of the study. Furthermore, the chapter discussed the data analysis process. The chapter ended with the delineation of the study and the different ethical considerations undertaken in this research study.

CHAPTER FOUR DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1. Introduction

The previous chapter covered the research methodology applied in this study. This chapter presents the analysis and discussion of the findings based upon data obtained from respondents through questionnaires.

The results of the questionnaires were presented and interpreted to determine the impact of reward systems on employee performance in selected hotels in Cape Town. The data collected were based on the variables of the study (reward systems, employee performance, employee attraction and employee retention). The data gathered from the respondents were processed through the computer-based SPSS (Statistical Package for the Social Sciences) and the findings were tabulated and presented numerically (numbers and percentages) and graphically (graphs and charts).

This chapter begins with a presentation of the response rate of the questionnaires, followed by a section on the demographic information of the respondents which determined their race, gender, age range, educational achievement, and tenure in the hotels. The chapter then proceeds with a discussion of the findings on the reward systems of the selected hotels in Cape Town. The chapter analyses and discusses the findings related to the research objectives presented in the previous chapter. Lastly, a summary of the chapter is provided.

4.2. Response Rate

As mentioned in chapter 3, section 3.5.2, this study targeted the 77 hotels located in the Cape Town metropole currently graded as 3- to 5-star hotels by the Tourism Grading Council of South Africa. Of the 77 hotels, 12 hotels accepted the request to participate in the study. Ten to 15 employees were requested to complete the questionnaire at each hotel. In that respect, a total of 180 questionnaires were administered to the participants in person and via email. Of the 180 questionnaires that were distributed, 151 questionnaires were collected, and a total of 136 questionnaires were correctly completed since 10 questionnaires were not completed due to employees being on leave and 5 were returned with missing information. These results generated a response rate of 75,55% which is an acceptable rate for drawing significant inferences about the target population. The researcher achieved this response rate by providing an in-depth explanation to the respondents on the way to answer the questions. The response rate per hotel is shown in the following table.

Table 4.1: Summary of the response rate. Source:(The researcher)

Hotels	Questionnaires administered	Questionnaires collected	Valid questionnaires
Hotel 1	15	14	14
Hotel 2	15	15	15
Hotel 3	15	14	14
Hotel 4	15	13	13
Hotel 5	15	14	14
Hotel 6	15	12	12
Hotel 7	15	10	10
Hotel 8	15	13	13
Hotel 9	15	9	9
Hotel 10	15	13	12
Hotel 11	15	11	5

Hotel 12	15	14	5
Overall	180	151	136

4.3. Descriptive statistics

The data were obtained from the questionnaires correctly completed by the employees. As befits a quantitative research study, the raw data were captured, organized and coded into numbers with Microsoft Excel. After the coding process, the data was then transferred to the Statistical Package for Social Sciences (SPSS) for analysis. The researcher was assisted throughout this procedure by the appointed University Statistician Consultant.

4.4. Demographic information of the respondents

Information about the attributes of the respondents has to be recorded and analyzed in depth, since the information may be useful for determining any correlations with the data gathered. In this regard, in Section A of the questionnaires, respondents were requested to provide demographic information which included their race, gender, age range, educational achievement and work experience in the organization.

4.4.1. Respondents' race

As indicated in Figure 4.1 the majority of the respondents in this study were Africans with a percentage of 55% (n=75). 38% (n=52) of the respondents were identified as Colored, followed by Whites who represented 6% (n=8) of the respondents. Lastly, only 1% (n=1) of the sampled population was Indian.

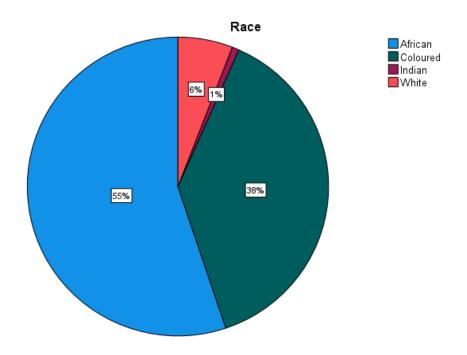


Figure 4.1: Results for respondents' race

4.4.2. Respondents' gender

Concerning respondents' gender, the findings in Figure 4.2 indicated that out of 136 responses received 59,56% (n=81) were female and 40,44% (n=55) were male. Although the majority of the respondents were females, the findings unveiled that both genders were included in this research, thus minimizing gender bias. Furthermore, the findings are consistent with a report from The Asean Post (2018) stating that women represented nearly 70% of the global workforce in the hospitality industry. However, Masadeh (2013:573) pointed out that the hotel and tourism industry remains highly dominated by men since there are still issues surrounding gender inequality within the sector.

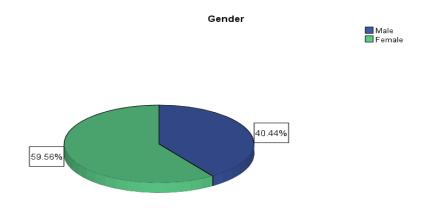


Figure 4.2: Results of respondents' gender. Source: (Survey data)

4.4.3. Respondents' age range

The bar chart below (Figure 4.3) illustrates the age range of the sampled population. The respondents were asked to indicate the age group they belong to. Most of the respondents (45,59%) were between the age of 31 and 40 years (n=62). The findings indicate that 40,44% (n=55) of the respondents were 20 to 30 years old followed by respondents who were aged between 41 and 50 years comprising 11,03%. (n=15). Finally, from the same sample, 4% (n=4) were 51 to 60 years old. It is apparent from the chart below that the majority of hotel employees are quite young. However, this study did not target workers aged between 18 years and 19 years since the researcher was looking for individuals with experience and extensive knowledge of the topic.

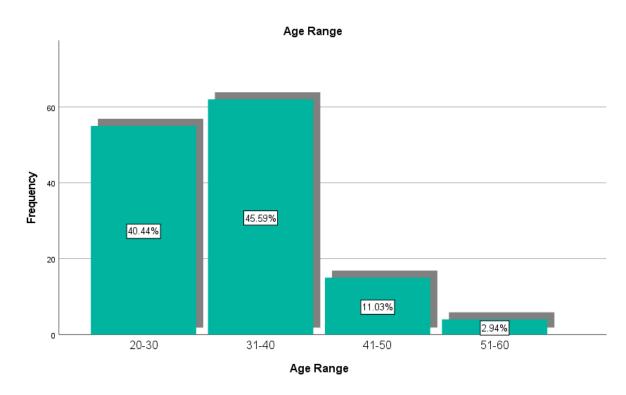


Figure 4.3: Results of respondents' age range. Source: (Survey data)

4.4.4. Respondents' educational achievement

The respondents were asked to state their educational achievements. The findings in Table 4.2 reveal that 36,8% (n=50) of the respondents had achieved a National Diploma or a degree followed by those who had a Certificate at 31,6% (n=43). 25,7% (n=35) indicated that they had attained Grade 12 or below while Postgraduate degree achievement was the least with 5,9% (n=8).

Table 4.2: Results for respondents' educational achievement. Source: (Questionnaire's data)

		Frequency	Percentage	Accumulated Percentage
Valid	Grade12 or below	35	25.7	25.7
	Certificate	43	31.6	57.4
	National Diploma	50	36.8	94.1

or Degree			
Postgraduate degree	8	5.9	100
Total	136	100	

4.4.5. Work duration in the organization

A question was asked to identify the number of years the respondents worked in the hotel. The results in Figure 4.4 below illustrate that out of the 136 respondents 33,09% (n=45) had been working in the hotel for 4 to 5 years, 25,74% (n=35) of the respondents had a work experience of 1 to 3 years in the hotel, 18,38% (n=25) between 6 and 10 years and 11,76% (n=16) had worked for less than a year. Only 11,03% (n=15) of the respondents had been working in the hotel for more than 10 years.

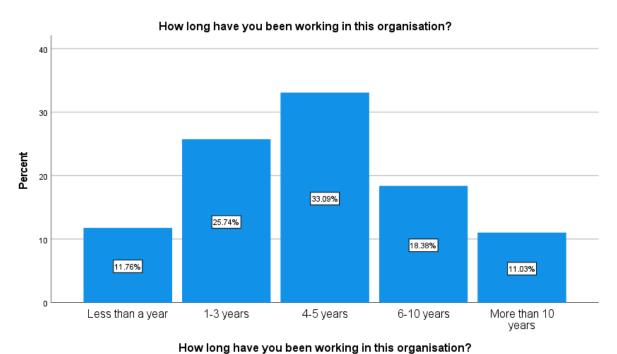


Figure 4.4: Results of respondents' work duration. (Source: Questionnaire's data)

4.5. Rewards systems

In Section B of the research questionnaire, respondents were requested to answer questions linked to the rewards practices in the hotel.

4.5.1. Awareness of a reward system

A question was asked to determine whether the respondents were aware of any particular reward system established with the hotel. As indicated in Figure 4. 5, of the 136 respondents, 89% (n=121) affirmed they knew about a reward system established in their hotel while 11% (n=15) of the respondents admitted they were not aware of a reward system. The 11% of the sample were among the questionnaires received back from some hotel managers via email.

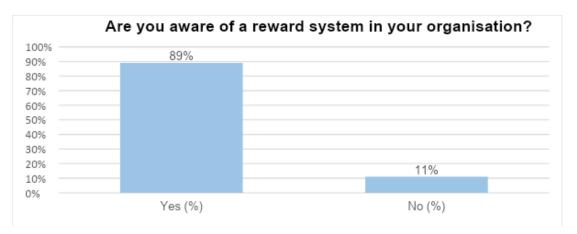


Figure 4.5: Summary of respondents' awareness of a reward system in the hotel.

4.5.2. Rewards provided by the organization

The respondents were asked to identify the type of rewards offered in their organization. The bar chart in Figure 4.6 depicts the feedback received from the respondents related to the various financial and non-financial rewards they received at their hotel. 100% (n=136) of respondents affirmed that they received salaries and 54% (n=73) of the respondents stated that bonuses were provided by their hotel. In Figure 4.6, 49% (n=66) of the respondents indicated that they received "employee of the month" in comparison with praise and allowances which are received by 38% (n=51) and 24%(n=32) respectively. 23% (n=31) identified pension and 16% (n=22) stated they had thank you notes in their hotel. Only 15% (n=20) of the respondents received a certificate of achievement and 8% (n=11) confirmed that their hotel gave commissions.



Figure 4.6: Rewards offered by the hotel. Source: (Survey data)

4.5.3. Most Attractive Reward

The respondents were requested to mention the reward they preferred and that was most attractive among the ones they were receiving in their hotel. Figure 4.7 shows that Salary and Bonuses were the most appreciated by the respondents with 43% (n=59) and 26% (n=36) respectively. This was followed by employee of the month with 8% (n=11), allowances with 7% (n=9), and both pension with 5% (n=7) and certificate of achievement with 5% (n=7). From the illustration below, it would be apparent that respondents are less drawn to commissions and praise with a total of 4% (n=) and just 1% (n=1) respectively.

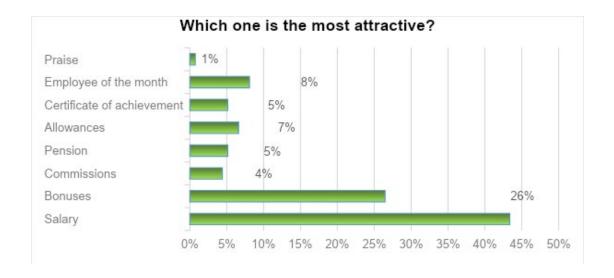


Figure 4.7: Respondents' most attractive reward. Source: (Survey data)

4.6. Rewards and employee performance

In Section C of the survey, respondents were asked to state their level of agreement or disagreement with a set of statements concerning rewards and employee performance indicated in the table below (Table 4.3).

- Statement C.1: The respondents were asked to mention whether the reward policy of the hotel was fair and equitable. The research findings revealed that 36% (n=49) agreed with the statement, while 31% (n=42) abstained from answering. 24% (n=32) supported the statement by strongly agreeing that the reward policy was fair and equitable in their hotel. Only 8% (n=11) of the respondents disagreed with the same statement and 1% (n=2) strongly disagreed that the reward policy was fair and equitable (χ2=59.368, df = 4, p = 0.000).
- Statement C.2: A statement was given to determine the respondents' satisfaction with the quantity or quality of the rewards they received at the hotel. Out of 136 respondents, 32% (n=44) supported that they were pleased with the quantity and quality of the rewards offered, 24% (n=32) strongly agreed with the statement, equally 24% (n=32) of the respondents remained neutral. As for disagreement, 15% (n=20) of the respondents disagreed that they were happy with the quantity and quality of the rewards and 6% (n=8) strongly disagreed (χ 2=27.529, df = 4, p = 0.000).
- Statement C.3: The respondents were requested to mention whether they received a salary as payment for their work. 52% (n=71) of the respondents agreed that they were given a salary as payment for their work, 40% (n=55) strongly agreed, 6% (n=8) remained neutral while 1% (n=1) disagreed and equally 1% (n=1) strongly disagreed with the statement (χ2=162.971, df = 4, p = 0.000).
- Statement C.4: A statement was given to determine whether respondents were satisfied with their current pay. 35% (n=48) of the respondents agreed they were happy with the pay they were receiving currently, 20% (n=27) remained neutral to the statement, 19% (n=26) strongly agreed, 17% (n=23) disagreed that they were pleased with their current salary while 9% (n=12) strongly disagreed (χ2=25.103, df = 4, p = 0.000).
- **Statement C.5:** A statement was provided to determine whether respondents' performance would increase if they were given a salary increase by the hotel. The findings revealed that the majority n=94 (70%) of the respondents agreed they would perform higher if they

- received a salary increase with 38% (n=51) who strongly agreed and 32% (n=43) who agreed. While 13% (n=18) decided to remain neutral, 11% (n=15) of the respondents disagreed and 7% (n=9) strongly disagreed with the statement (χ 2=50.765, df = 4, p = 0.000).
- **Statement C.6:** The respondents were asked whether they were ready to increase their work effort to gain bonuses. 44% (n=60) of the respondents strongly agreed, 35% (n=47) agreed, 12% (n=16) were neutral, 5% (n=4) strongly disagreed while 4% (n=6) disagreed with the statement (χ 2=90.103, df = 4, p = 0.000).
- Statement C.7: Regarding whether respondents received feedback or appreciation from their superior, Figure 4.7 revealed that a total of 72% (n=98) of respondents agreed they were provided feedback or appreciation for their performance, 21% (n=28) were neutral while a total of 7% (n=10) disagreed with the statement (χ 2=73.706, df = 4, p = 0.000).
- Statement C.8: The respondents were asked whether any form of feedback or appreciation received from their supervisor encouraged them to perform better. A total of 90% (n=122) of the respondents agreed that feedback or appreciation boosted their work performance, 6% (n=8) remained neutral, and overall, 5% (n=6) of the respondents disagreed with the statement (χ 2=140.985, df = 4, p = 0.000).
- Statement C.9: In Figure 4.8, the results revealed that 38% (n=51) of the respondents strongly agreed that being the employee of the month was an important achievement for them, 35% (n=48) agreed with the statement, 18% (n=25) remained neutral while 7% (n=10) disagreed and only 1% (n=2) strongly disagreed with the statement (χ2=71.132, df = 4, p = 0.000). This high level of agreement is consistent with another study which pointed out that the performance of employees depends on the level of treatment employees receive in the organisation regardless of high salaries. It is a reality that employees also desire to feel a sense of value and appreciation at their workplace (Heng, 2012).
- Statement C.10: The researcher wanted to find out whether the respondents valued financial incentives more than non-financial incentives. Most of the respondents agreed that financial incentives were more valuable to them than non-financial incentives with 37% (n=50) who strongly agreed and 32% (n=43) who agreed. 16% (n=22) of the respondents decided to remain neutral while 8% (n=11) disagreed and 7% (n=10) strongly disagreed (χ2=49.809, df = 4, p = 0.000).

Table 4.3: Descriptive statistics for rewards and employee performance (From 1=Highest mean to 10=Lowest mean). Source: (Survey data)

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Standard Deviation	P.values	Ranking
C.1. The reward policy of the hotel is fair and equitable	32 (24%)	49 (36%)	42 (31%)	11 (8%)	2 (1%)	3.72	.964	.000	8
C.2. I am satisfied with the quality/quantity of the rewards provided by the hotel	32 (24%)	44 (32%)	32 (24%)	20 (15%)	8 (6%)	3.53	1.173	.000	9
C.3. I receive a salary as payment for my work	71 (52%)	55 (40%)	8 (6%)	1 (1%)	1 (1%)	4.43	.706	.000	1
C.4. I am satisfied with my current pay in the hotel	26 (19%)	48 (35%)	27 (20%)	17 (23%)	12 (9%)	3.39	1.224	.000	10
C.5. My performance would go up if the hotel increased my salary	51 (38%)	43 (32%)	18 (13%)	15 (11%)	9 (7%)	3.82	1.235	.000	6
C.6. I am ready to increase my work effort to gain bonuses	60 (44%	47 (35%)	16 (12%)	6 (4%)	7 (5%)	4.06	1.096	.000	3
C.7. I receive feedback or appreciation from my superior for my work experience	44 (32%)	54 (40%)	28 (21%)	8 (6%)	2 (1%)	3.96	.950	.000	5
C.8. Any form of feedback encourages me to perform better	62 (46%)	60 (44%)	8 (6%)	5 (4%)	1 (1%)	4.30	.801	.000	2
C.9.Being "the employee of the month" is an important achievement for me	48 (35%)	51 (38%)	25 (18%)	10 (7%)	2 (1%)	3.98	.985	.000	4
C.10. I value financial incentives more than non-financial incentives	50 (37%)	43 (32%)	22 (16%)	11 (8%)	10 (7%)	3.82	1.223	.000	7

Concerning rewards and employee performance from Section C in the research questionnaire, Table 4.3 indicates that the means for statement C.1. to statement C.10 ranged from a low value of 3.39 to a high value of 4.43 (see Table 4.3).

Firstly, the highest mean value of 4.43 reaffirmed that respondents' salary received for their job was of prime importance (statement C.3), showing that hotel policies are aligned with the basic requirements of employment. In addition, on rewards and performance, statements C.8 and C.6 recorded high mean values that indicate that feedback and bonuses are most likely to encourage respondents' performance (see Table 3).

4.6.1. Chi-square test results

The Chi-square is a statistical test, known for analyzing tests of independence through cross-tabulation. In cross-tabulation, two categorical variables are distributed in parallel and overlaid on a table cell. The Chi-square test aims at determining whether two or more variables are correlated and assesses the probability that the distribution of observed data is consistent with the expected distribution (Rana & Singhal, 2015:69).

In this study, chi-square tests were conducted to find associations between variables (rewards and employee performance). The components of rewards from previous sections (section 4.5.2) and the rewards and employee performance statements (Likert-scale) were used to assess the relationships. Each test conducted was tested at a 95% confidence level, using p-values. If the p-value was below 0.05, the result was considered statistically significant. Significant chi-square results are presented in the following tables.

Table 4.4. Chi-square test: type of rewards: bonuses and "the reward policy of the hotel is fair and equitable"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.268	4	.002
N of Valid Cases	136		

The findings from Table 4.4 indicated that there was a significant relationship between the provision of bonuses and the fairness of the reward policy (p-value < 0.05). Employees who received bonuses perceived the reward policy as fair and equitable.

Table. 4.5. Chi-square test: type of rewards: certificate of the month and "the reward policy of the hotel is fair and equitable"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.039	4	.007
N of Valid Cases	136		

Table 4.5 revealed a statistically significant relationship between the offering of a certificate of the month and the fairness of the reward policy (p-value < 0.05). Employees who were provided with a certificate of the month felt that the reward policy was fair and equitable.

Table 4.6. Chi-square test: "I receive salary as payment for my work" and "the reward policy of the hotel is fair and equitable"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	85.597	16	.000
N of Valid Cases	136		

As indicated in Table 4.6, the Pearson chi-square (p < 0.05) presented a statistically significant result. This implies that employees that were receiving a salary viewed the reward policy as fair and equitable.

Table 4.7. Chi-square test: "I receive feedback and/or appreciation for my work" and "the reward policy of the hotel is fair and equitable"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	76.457	16	.000
N of Valid Cases	136		

Table 4.7 showed that variables are highly related (p < 0.05). Employees that were provided feedback and/or appreciation viewed the reward policy as fair and equitable.

Table 4.8. Chi-square test: "I receive a salary as payment for my work" and "I am satisfied with the quality/quantity of the rewards provided by the hotel"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	31.896	16	.010
N of Valid Cases	136		

The result in Table 4.8 revealed that receiving a salary and satisfaction with the rewards' quantity/quality were significantly associated (p < 0.05). This suggests that employees who were receiving a salary were content with the quantity/quality of the rewards.

Table 4.9. Chi-square test: type of rewards: bonuses and "I am satisfied with the quality/quantity of the rewards provided by the hotel"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	23.204	4	.000
N of Valid Cases	136		

As shown in Table 4.9, the Chi-square results were statistically significant (p < 0.05). This indicates that employees who received bonuses felt satisfied with the quantity/quality of rewards.

Table 4.10. Chi-square test: type of rewards: certificate of achievement and "I am satisfied with the quality/quantity of the rewards provided by the hotel"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.629	4	.031
N of Valid Cases	136		

The result in Table 4.10 indicated that receiving a certificate of achievement and satisfaction with the quantity/quality of the rewards were strongly related (p < 0.05). This suggests that employees that were offered a certificate of achievement felt satisfied with the quantity/quality of the rewards.

Table 4.11. Chi-square test: type of rewards: bonuses and "I am satisfied with my current pay in the hotel"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	25.429	4	.000
N of Valid Cases	136		

Table 4.12. Chi-square test: type of rewards: pension and "I am satisfied with my current pay in the hotel"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.401	4	.015
N of Valid Cases	136		

Both Tables 4.11 and 4.12 indicated significant results (p < 0.05). This suggests that receiving bonuses and a pension strongly affected pay satisfaction among employees.

Table 4.13. Chi-square test: "I receive a salary as payment for my work" and "My performance would go up if the hotel increased my salary"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	31.508	16	.012
N of Valid Cases	136		

The findings from Table 4.13 indicated a significant relationship between receiving a salary and the belief that performance would increase if the salary increased (p-value < 0.05). This implies that those workers that received a salary would increase their performance if their salary were increased.

Table 4.14. Chi-square test: type of rewards: certificate of achievement and "My performance would go up if the hotel increased my salary"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.555	4	.010
N of Valid Cases	136		

Table 4.14 revealed a statistically significant relationship between the offering of a certificate of the month and the perception that performance would increase if the salary increased (p-

value < 0.05). Employees who were provided with a certificate of the month felt that their performance would go up if their salary was increased.

Table 4.15. Chi-square test: "I receive a salary as payment for my work" and "I am ready to increase my work effort to gain bonuses"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	36.552	16	.002
N of Valid Cases	136		

The findings from Table 4.15 indicated a significant relationship between the receiving of a salary and the readiness to improve work effort to obtain bonuses (p-value < 0.05). This implies that hotel staff that received a salary felt ready to increase their work effort to gain bonuses.

Table 4.16. Chi-square test: type of rewards: bonuses and "I am ready to increase my work effort to gain bonuses"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.194	4	.016
N of Valid Cases	136		

The findings from Table 4.16 indicated that there was a significant relationship between the provision of bonuses and the readiness to improve work effort to obtain bonuses (p-value < 0.05). This implies that employees that were provided bonuses were ready to boost their effort to gain more bonuses.

Table 4.17. Chi-square test: "I receive feedback/appreciation from my superior" and "Any form of feedback encourages me to perform better"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	96.185	4	.000
N of Valid Cases	136		

The findings from Table 4.17 showed that there was a significant association between receiving feedback/appreciation and any form of feedback encouraging better performance (p-value < 0.05). Hotel workers that received feedback were motivated to increase their performance.

Table 4.18. Chi-square test: "Being the employee of the month is an important achievement for me" and "Any form of feedback encourages me to perform better"

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	99.030	16	.000
N of Valid Cases	136		

As indicated in Table 4.18, the Pearson chi-square (p < 0.05) presented a statistically significant result. This implies that being the employee of the month encouraged workers to perform better.

4.7. Rewards and employee attraction

Section D of the research questionnaire investigated the level of importance that a set of factors had on the decision to accept a job position.

Factor 1

Table 4.19 indicates the results on whether recognition is an important factor to consider before embarking on a new position. Most respondents, 37,5% (n=51) considered recognition as very important, 36,8% (n=50) stated it is important, 13,2% (n=18) were uncertain while 10,3% (n=14) mentioned recognition was not an important factor and 2.2% (n=3) of the respondents considered this factor as not important at all (χ 2=70.985, df = 4, p = 0.000).

• Factor 2

Table 4.19 shows the findings on whether the employer's respect for race, gender and age differences was a factor of importance. The majority 56,6% (n=77) of the respondents mentioned that it was very important, 25% (n=34) stated that it was important, 11,8% (n=16) responded that it was not an important factor and 4,4% (n=6) reported that it was not important at all. Only 2,2% of the respondents (n=3) were uncertain concerning this factor (χ 2=135.544, df = 4, p = 0.000).

• Factor 3

In Table 4.19 below, the respondents were asked whether the quality of the performance feedback and performance discussion with the supervisor was important to consider before agreeing on a job position. 44,9% (n=61) mentioned it was very important, 39,7% (n=54) of the respondents stated it was important, 9,6% (n=13) were uncertain about this factor, while

2,9% (n=4) considered this factor as insignificant and 2,9% (n=4) mentioned it was not important all (χ 2=115.397, df = 4, p = 0.000).

• Factor 4

The respondents were asked whether the provision of challenging targets was a factor of importance in the decision for a job position. Table 4.19 indicates that 44,9% (n=61) responded that providing challenging targets was important, 30,9% (n=42) of the respondents mentioned that it was very important, 13,2% (n=18) were uncertain whether it was important or not, 10,3% (n=14) of the respondents responded that it was not an important factor and only 0,7% (n=1) of the respondents stated it was not important at all (χ 2=84.809, df = 4, p = 0.000).

• Factor 5

Table 4.19 shows whether the provision of a competitive pay package was a factor of importance when deciding on taking a job position. The results revealed that most of the respondents supported the view that a competitive package was a very important factor with 53,7% (n=73), 36,8% (n=50) of the respondents mentioning that it was significant, 5,1% (n=7) were uncertain and 4,4% (n=6) stated that this factor was not important (χ 2=96.765, df = 3, p = 0.000).

• Factor 6

The respondents were asked if the provision of medical aid, retirement and pension benefits was a factor of importance in the decision for a job position. The findings in Table 4.19 revealed that 44,9% (n=61) mentioned that providing medical aid, retirement and pension benefits was very important, 36,8% (n=50) of the respondents indicated that it was important, 11,8% (n=16) were uncertain, 5,9% (n=8) of the respondents responded that it was not an important factor and only 0,7% (n=1) responded it was not important at all (χ 2=104.515, df = 4, p = 0.000).

• Factor 7

In Table 4.19 below, the respondents were asked whether it was important to consider the provision of incentive bonuses or variable pay when deciding on a position. 44,9% (n=61) asserted that this was an important factor, 41,2% (n=56) claimed that it was very important, 9,6% (n=13) of the respondents remained unsure, while a total of 4,4% (n=6) thought this factor was insignificant (χ 2=122.971, df = 4, p = 0.000).

Table 4.19. Descriptive statistics for rewards and employee attraction (From 1=Highest mean to 7=Lowest mean). Source: (Survey data).

Factors	Very Important	Important	Uncertain	Not important	Not at all important	Mean	Standard Deviation	P.values	Ranking
1. Recognition provided to you by your employer e.g. Financial recognition such as paid travel	51 (37,5%)	50 (36,8%)	18 (13,2%)	14 (10,3%)	3 (2,2%)	3.97	1.061	0.000	6
2. The extent to which your employer respects differences in race, gender and age	77 (56,6%)	34 (25%)	3 (2,2%)	16 (11,8%)	6 (4,4%)	4.18	1.198	.000	5
3. The quality of performance feedback and performance discussions you have had with your supervisor	61 (44,9%)	54 (39,7%)	13 (9,6%)	4 (2,9%)	4 (2,9%)	4.21	.944	.000	2
4. The extent to which you are provided with challenging targets	42 (30,9%)	61 (44,9%)	18 (13,2%)	14 (10,3%)	1 (0,7%)	3.95	.964	.000	7
5. The provision of a competitive pay package (i.e. basic salary plus benefits, allowances or variable pay)	73 (53,7%)	50 (36,8%)	7 (5,1%)	6 (4,4%)	0 (0%)	4.40	.782	.000	1
6. Your employer's provision of	61 (44,9%)	50 (36,8%)	16 (11,8%)	8 (5,9%)	1 (0,7%)	4.19	.915	.000	4

medical aid,									
retirement and									
pension benefits									
7. Your									
employer's provision of incentive bonuses/variable pay	56 (44,9%)	61 (41,2%)	13 (9,6%)	3 (2,2%)	3 (2,2%)	4.21	.870	.000	3

4.8. Rewards and employee retention

In the last section of the research questionnaire (Section E), a set of 5 items was used to investigate rewards and employee retention. A Likert scale was the tool used to rate the items in the questionnaire on a scale of 5 points: 1 indicating "strongly disagree" (SD), 2 indicating "disagree" (D), 3 indicating "neutral" (N), 4 representing "agree" (A), and 5 representing "strongly agree" (SA), and the items were analysed using the percentage and Chi-square.

As shown in Table 4.26, 59,6% (n=81) of respondents agreed that the communication of the reward policy in the hotel encouraged them to stay in the hotel. Of the 136 respondents, 22% (n=30) disagreed about the statement while 18,4% (n=25) of respondents were neutral (χ 2=58.191, df = 4, p = 0.000).

The findings in Table 4.26 revealed that a total of 69,6% (n=95) of the respondents agreed that receiving rewards through promotion increases would enhance their loyalty to the hotel, 17,6% (n=24) were neutral about the improvement of loyalty through promotions, and 12,5% (n=17) rejected the statement (χ 2=49.809, df = 4, p = 0.000).

Most respondents 58,8% (n=81) disagreed that they stayed in the hotel because of the financial assistance, while 26,5% (n=36) remained neutral and 14% (n=19) of the respondents agreed about the statement (χ 2= 42.008, df = 4, p = 0.000).

A large number of respondents rejected the statement that the remuneration package received matched their lifestyle with 44,1% (n=60), 30.9% (n=42) of the respondents were in agreement and 25% (n=34) of the respondents remained neutral (χ 2=18.338, df = 4, p = 0.001).

About a third, 36% (n=49) of the study, respondents were neutral about the adequacy of their benefits and medical aid, 30.1% (n=53) rejected the statement and a total of 25% (n=34) responded that their benefits and medical aid were adequate (χ 2=26.132, df = 4, p = 0.000).

Table 4.20. Distribution of responses for rewards and employee retention (From 1=Highest mean to 5=Lowest mean). Source: (Survey data).

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Standard Deviation	P.values	Ranking
	Stn	Ag	Ne	Dis	Str	M	St ₅ De	P	Ra
1. Communication of the reward policy encourages me to stay in the organization	36 (26,5%)	45 (33,1%)	25 (18,4%)	18 (13,2%)	12 (8,8%)	3.55	1.258	0.000	2
2. Receiving rewards through promotion increases would enhance my loyalty to the hotel	51 (37,2%)	44 (32,4%)	24 (17,6%)	12 (8,8%)	5 (3,7%)	3.91	1.112	0.000	1
3. I remain in this hotel because of the financial assistance I receive (e.g.: mortgage assistance, company loans)	11 (8,1%)	8 (5,9%)	36 (26,5%)	46 (33,1%)	35 (25,7%)	2.42	1.165	0.001	5
4. The remuneration packages I receive in this hotel suit my lifestyle	15 (11%)	27 (19,9%)	34 (25%)	42 (30,9%)	18 (13,2%)	2.90	1.224	0.000	3
5. My benefits and medical aid are adequate	16 (11,8%)	18 (13,2%)	49 (36%)	30 (22,1%)	23 (16,9%)	2.81	1.214	0.000	4

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4.9. Conclusion

In this chapter, descriptive analysis is used to illustrate the study's findings. Graphs, tables and pie charts were created using both Microsoft Excel and the Social Package for Social Sciences (SPSS) Version 24.0 for Windows to analyse data. In addition, the researcher utilised Pearson's Chi-Square to provide positive associations between variables such as reward systems and employee performance. The following chapter discusses the findings of this study.

CHAPTER FIVE DISSCUSSION OF THE FINDINGS

5.1. Introduction

The results of the study on the research questions were presented in the preceding chapter. The present chapter discusses the findings of the study regarding the rewards practices inside the hotels, followed by a discussion on the findings concerning rewards and employee performance, rewards and employee attraction as well as rewards and employee retention.

5.2. Discussions

5.2.1. Discussion on the reward practices in the hotels

Awareness of reward systems

Employees who took part in this study confirmed their knowledge of reward systems inside their hotels. A reward system appears to be a well-known concept for the majority of hotel employees. This proves that hotels have effectively implemented reward systems as part of their organizational strategy and reward policies are well communicated across the organization. It could be deduced that most hotels in Cape Town consider a reward system as one of the best methods for gaining and maintaining competitiveness and that they understand the importance of a reward system's role in achieving organizational goals (Korir & Kipkebut, 2016).

• Type of rewards

The findings of this study indicated that hotels had a combination of both financial and non-financial components in their reward systems. In addition to "salary", "bonuses", "employee of the month", "praise" and "allowances" were among the top five types of rewards instituted in the hotels. The results of this study revealed that "thank you notes", "certificates of achievement" and "commissions" were infrequently used in the hotels. The study observed that most hotels implemented monthly recognition systems (employee of the month) for their staff and these types of systems could encourage employees to improve their performance. This implies that employee reward strategies are gradually moving from a conventional approach that simply offers financial rewards to a more modern and integrated approach using both financial and non-financial rewards. This appears to be in line with studies that emphasized the importance of non-financial factors in a reward system (Salah, 2016; Ahmed & Shabbir, 2017; Nnaji-Ihedinmah & Egbunike, 2015).

• Most attractive reward

Salary and bonuses were the majority options and the most valuable rewards in this study. While most hotels have implemented employee of the month in their reward systems (49%), few employees found it enticing (8%). It is evident that employees appreciate the rewards that are given to them, but hotel employers are not properly investigating the needs of their staff in terms of how they would like to be rewarded. Rewarding employees is important, however, providing rewards that meet the needs of employees is the essence of reward systems. Cherotich *et al.* (2015:49) point out that an organization that provides valuable rewards is more confident that it can profit from distinctive personnel that competitors cannot simply replicate. In this study as well, it can be noted that the financial elements of reward systems were extremely significant to employees. This finding is in line with Bussin (2015:11) whose study indicated that basic salary and bonuses were highly important to the respondents. In their study, Kayode and Yarie (2017) also pointed out that financial rewards remain an important motivating element for employees.

5.2.2. Discussion on rewards and employee performance

The findings of this study confirm the fairness and equitability of the reward policy inside the hotel. The procedures applied for the reward systems in the hotels were consistent. In the literature, Ceplenski (2013) highlights the significance of perceived fairness in the reward policy since the absence of fair rewards could eventually lead to a dissatisfied workforce. When employees receive fair treatment, they tend to perform in the best interests of the organization as opposed to those who are unfairly treated (Ford *et al*, 2015:253). Salah (2016) emphasizes that organizations should draft reward systems that are fair and diverse. Additionally, the current study indicated significant relationships between the fairness of reward policies and salary, bonuses, certificate of achievement, employee of the month and feedback/appreciation. It appears that hotel workers that were provided with both financial and non-financial rewards perceived that the reward policies in the hotels were fair and equitable. With this in mind, it is evident that the fairness of a reward policy relies on whether the reward systems are well-balanced by including both financial and non-financial rewards. While developing reward systems, a balance must be maintained so that every party (employer and employee) may achieve most of its expectations (Cherotich, Chepkilot & Muhanji, 2015:49). Mutjaba &

Shuaib (2010:116) highlight the necessity to have fair and equitable rewards for a favourable business climate since it will increase trustworthiness.

The findings of the study indicated that the majority of the hotels' employees felt satisfied with the quantity and the quality of the rewards they were offered with a total of 56% of responses. However, the remainder, including neutral responses and responses in disagreement was 47% in total, which is relatively high. Even though most employees were pleased with the rewards, many were not willing to share their opinions on the statement and others were not happy with the rewards offered. As highlighted in the literature the hotel industry is battling more with providing desirable reward packages to their workforce as opposed to other industries, therefore it is certainly comprehensible that some employees were reluctant to address the question of whether they were satisfied or not and others were not pleased with the rewards offered.

Furthermore, the findings showed significant relationships between bonuses and satisfaction with the quantity and quality of the reward systems and satisfaction with the current pay of hotel employees. This implies that the provision of bonuses in the hotels generated a feeling of satisfaction among employees. The results were supported by the study of Duberg and Mollen (2010) whose findings showed that despite the importance of salary in the reward system, other rewards such as bonuses positively changed the atmosphere of the organization by improving employee satisfaction. Apart from salary and bonuses, pension was found to be significantly related to pay satisfaction. This coincides with Robles (2018:57) whose results indicated that pension and employee satisfaction were significantly related. This author further noted that a pension may be an effective tool to improve productivity within the organization.

The study indicated a high level of agreement on whether employees would enhance their performance if their salaries were increased. This is not surprising because the hospitality industry is characterized by inadequate wages and unpleasant working conditions. For this reason, employees are forced to look for secondary employment or better opportunities in other places. In this respect, it can be agreed that suggestions for salary increases would be supported by employees, and this is strongly reflected in their enthusiasm and motivation for improving their level of work performance. Muogbo and Chineze, (2018:108) confirmed that a salary increase is beneficial for employees since it can stimulate their desire to develop their abilities and this turns out to be in the best interest of the organization because it will lead to greater

productivity and performance. In that respect, it can be agreed that significant adjustments in employees' wages, specifically a rise in their actual wages, motivate them to increase their performance. In addition, the findings of chi-square tests revealed that there was a substantial association between "statement 3" and "statement 5" of section B of the research questionnaires. A possible explanation for this could be the fact that salaries are the major source of revenue for most hotel workers and determine their living conditions. For instance, a salary helps workers to cover their daily expenses and to acquire certain services needed. Considering inflation, it can be agreed that salary increases are crucial since they help workers to keep up with the constant changes happening in the economy. With this in mind, it is evident that hotel employees would be motivated to increase their performance for higher salaries. Similarly, the research findings of Salah (2016), Ahmed and Shabbir (2017), and Nnaji-lhedinmah and Egbunike (2015) revealed that financial/extrinsic rewards including cash and money significantly influence workers' performance.

From the findings of the study, hotel employees confirmed their interest in putting in more work effort to obtain bonuses. A bonus is another tangible reward used for the outstanding performance of employees, in fact only those who performed at higher levels or surpassed their objectives qualify for bonuses. This type of reward may produce significant motivation if it is directly associated with employees' performance and is in compliance with the expectancy theory (Armstrong & Murlis, 2004:326). The findings fit well with the expectancy theory of Vroom (1964) which claimed that individuals select behaviours they feel would lead to certain results that they would eventually value. In this study, it is evident that hotels have provided highly appealing rewards (bonuses) and employees have acknowledged their willingness to apply a certain level of effort to attain the expected, desired level of performance to obtain bonuses. Similarly, a study that was conducted by Nnubia (2020) noted that bonuses influence employee performance in several ways by increasing motivation, morale, and productivity. Ranjan and Mishra (2017) equally found that a cash bonus had a positive impact on employee performance. However, they noted that a cash bonus becomes significant only when employees feel it is distributed fairly and equitably.

Concerning feedback and appreciation from supervisors, the findings revealed that hotels provided positive feedback and/or appreciation to their employees which turned out to significantly encourage them to perform better. In this study, it appears that employee performance is not only influenced by tangible rewards, but they also appreciate the attention

paid by their supervisors to their work effort. This is understandable because most individuals would like to hear that they initiated meaningful change or that their contributions positively impacted the organization. For instance, Dodge (2020) asserted that positive reactions such as improved satisfaction and productivity are usually noticed when employees are given appreciation. With this in mind, it is evident that every person needs appreciation, which is a significant determinant in creating a successful working environment. In support of these findings, Wasiu and Adebajo (2014) and Nnaji-Ihedinmah and Egbunike (2016) found that intrinsic rewards positively affected employee performance. Even more, intrinsic rewards produced greater commitment and satisfaction among employees.

The findings highlighted that employee of the month was an important achievement for hotel employees. Certainly, this form of reward is significant because it shows that their effort is being recognized and it also provides performance feedback. An employee who is not provided feedback would never know their level of performance and would not know in which areas improvements are needed. Nikolić, Perić and Bovan (2020) asserted that positive feedback helps employees to improve behaviour and decide whether a different behaviour is more successful. Therefore, it can be agreed that employees could feel encouraged when they know their contributions were excellent, which in turn would motivate them to reach high levels of performance. A significant relationship between "statement 9" and "statement 7" of section C was noted in this study. This conforms to what Silverman (2004) asserted in his study, namely that recognizing employees for impressive performance encourages desired behaviours and commitment in the organization. In their study, Sajuyigbe *et al.* (2013) suggested that employees should receive awards for their performance more than once a year since frequent rewards are directly connected to employee performance.

5.2.3. Discussion on rewards and employee attraction

The findings of the study revealed that there were important levels of agreement toward rewards-related factors for job attractiveness. Recognition, competitive pay packages, employee benefits (medical aid, pension, and retirement), variable pay/bonuses and performance feedback were all considered significant factors for employee attraction. This is in agreement with Schlechter, Hung and Bussin (2014) whose results revealed that job attractiveness was influenced by three elements (remuneration, benefits, and variable pay). As indicated in previous sections, the findings revealed that hotel workers placed particular

emphasis on two forms of financial rewards (salary and bonus) as being highly attractive and, further on, they agreed on their preferences for financial reward. In this regard, it can be agreed that these findings were predictable. In addition, the findings of the study correspond with the literature which indicated that the key persuasive aspect before applicants accept an offer was competitive compensation (Bussin, 2014). As mentioned in previous sections, pay is fundamental and each individual is interested in compensation for distinct reasons. For instance, some may associate compensation with daily necessities and stability, whereas others may link it to social position or success. Sopiah (2013:84) quoted Simamora (2004) who stated that compensation was of importance because it can assist individuals to respond to their immediate needs, specifically "physiological needs". This might therefore explain why employees paid special attention to the compensation package. The findings of this study are supported by Uwimpuhwe, Mushabe and Kajugiro (2018:102) who noted that compensation systems contributed significantly to the attraction of prospective employees. They further stated that such practices can be essential tactics to assist organizations in achieving a competitive advantage.

Non-financial elements of rewards were also identified as highly important for job attractiveness, such as recognition, the provision of challenging targets, and performance feedback. This suggests that both financial and non-financial rewards are essential for employee attraction. Schlechter, Thompson and Bussin (2015) cited Amundson (2007) who pointed out that while the financial characteristics of rewards are significant, integrating non-financial rewards as some of the highest priorities will generate positive results in the employee attraction strategy. These findings agree with the study of Nikolić, Perić and Bovan (2020) which stated that new generations feel attracted to a workplace that offers opportunities for growth and feedback.

5.2.4. Discussion on rewards and retention

The findings indicated that most employees highlighted the importance of communicating the reward policy since it encourages them to stay in the hotel. This implies that an organization that successfully communicates its reward policy is more likely to retain employees. Mamoon and Hassan, (2007) reported that rewards are one of the key factors in turnover intentions and when employees are not properly briefed about the reward system in the organization it could create instability inside the organization. It can be agreed that communication is a prerequisite

for every successful relationship, specifically in an organization. Therefore, to build trust, achieve satisfaction and foster a pleasant workplace, reward policies must be conveyed to employees. A transparent reward policy should be formulated following the values and strategy of the organization and presented to employees. Chepkosgey, Namusonge and Makokha (2019:7) noted in their study that employees were unaware of the reward policies inside their organizations, which resulted in not only job dissatisfaction but significantly impacted employee retention.

The findings of this study indicate that there was a prominent level of agreement that promotion would increase employees' loyalty inside the hotel. This implies that employees felt they would be strongly attached and dedicated to the organization if given promotions. One reason could be that being promoted comes with benefits such as opportunities for growth, greater status, and additional functions. In addition, receiving a promotion comes with an increased salary and employees from the study indicated their preference for a salary. This could also be explained by the fact that promotion is a way of demonstrating attention to the workers and acknowledging their work effort. The findings coincide with the studies of Zaitouni *et al* (2011:113) and Rieu and Kamara (2016:18) that revealed that individuals that received incentives such as higher income, bonuses and promotions were highly committed and loyal to the organization. In support of the study, Chandrasekara (2020:547) asserts that offering a promotion may serve as a major source of motivation for keeping employees in the organization.

The findings of the study indicated that most employees do not remain in the hotel because of financial assistance such as loans or mortgages. Loans and mortgages are among the various employee benefits offered by many organizations. According to Khaderbad, (2017) one of the main aims of employee loans is to assist employees amid financial uncertainties, which could help organizations promote loyalty among workers. Previous studies have reported the effectiveness of providing loans such as student loans and discounted staff loans to not only help employees to pay off their debt but also retain their workforce (Chege, 2016:48). However, these findings do not coincide with those of the current study which imply that financial assistance had no positive effect on employee retention of hotel workers. Although financial assistance has proved to be an excellent retention strategy, it can be argued that employees were only committed considering that they knew their employers supported them in periods of need and were certain that they could return the loans. This implies that because of financial

assistance employees might be constrained to stay in the organization, and employee intentions to stay may not be a deliberate choice but an obligation. In addition, Lupiya (2020) and Rietsema (2021) noted that employee loans could hinder career advancement opportunities and cause stress due to reimbursement obligations. Another plausible explanation could be the fact that, based on the findings, employees had already indicated their inclination towards a salary and bonuses, therefore financial assistance might not be essential.

5.3. Conclusion

This chapter presented the discussion of the findings collected from the analysis of the questionnaires. The findings of this study identified there was attention paid to rewards systems in the hotels as most employees revealed their awareness of a reward system within their respective institution. Furthermore, the findings revealed that both financial and non-financial components of rewards were definitely necessary in order to improve employee efforts to perform better. However, the findings showed that employees paid particular attention to financial rewards as one of the crucial factors to evaluate before joining an organisation. The results showed that hotel workers are more likely to remain at their places of employment when they are offered promotion and informed of the institution's rewards policies.

CHAPTER SIX CONCLUSIONS AND RECOMMENDATIONS

6.1. Introduction

This chapter provides a conclusion of the study, consisting of an overview of the study, the summary and achievement of the research objectives. Further, this chapter presents recommendations to various stakeholder regarding reward systems practices that could help to enhance employee performance. This chapter further covers the study limitations,, contribution to the study, essential directions for further research and a conclusion.

6.2. Overview of the study

A review of the existing literature revealed important contextual gaps in terms of reward systems in a few previous studies conducted in the hotel industry. Thus, this study needed to broaden the rewards literature, performance, attraction, and retention by examining the essential topics not studied to date in the South African hotel industry. The major objective of this study was to determine the impact that reward systems have on the performance of employees. This study was guided through the following research questions:

- What is the impact of reward systems on employees' performance?
- Is there a relationship between reward systems and employee attraction?
- What is the impact of reward systems on employee retention?

The theoretical ground for this study was Victor Vroom's expectancy theory of motivation. In this study, the data were collected from 12 hotels in Cape Town graded 3 to 5 stars by the Tourism Grading Council of South Africa. Self-administered questionnaires were used to collect data form the selected hotels. Data were analysed and interpreted through the use of descriptive statistics.

6.3. Achievement of research objectives

The following are the achievement of research objectives:

• Research Objective 1: To ascertain the impact of a reward system on employee performance

The literature review highlighted that the hospitality industry is a sector in which interactions with customers are mandatory. Consequently, organizations use a reward system as an instrument to drive effective behaviours such as higher performance to sustain positive interactions between employees and guests. The study concludes, therefore, that reward systems are established and communicated within hotels in Cape Town. Even if both financial and non-financial rewards are implemented inside some hotels, there is still a lack of variety in the provision of rewards. The study also displays that the combination of intrinsic and extrinsic rewards is essential for these to be seen as fair and equitable. Furthermore, salary, bonuses, certificate of the month, an employee of the month, and feedback/appreciation are critical motivational and acceptable factors for employee performance. Although employees paid particular attention to financial rewards, the level of treatment and feedback they receive inside the hotel is also beneficial to enhance their performance. Like every other individual, they want to be valued and they want to know that their hard work positively impacts the organization. In addition, positive associations between rewards and employee performance were revealed from the results of this study. Therefore, the study concludes that reward systems have a major impact on the performance of hotel employees.

• Research Objective 2: To determine the relationship between a reward system and the attraction of employees

As demonstrated by the findings of this study, rewards such as recognition, competitive packages, bonuses, employee benefits (medical aid, retention, and pension), the provision of challenging targets, and performance feedback are significant for the attraction of employees. Although previous studies have shown that a pay package is the primary element that employees are looking forward to in an employment contract, the present study found that other components of rewards are essential and should not be overlooked. Furthermore, the study supports the findings that employees are willing to work in an atmosphere in which both financial and non-financial rewards are provided. In conclusion, this study established that there is a positive relationship between reward systems and job attractiveness.

• Research Objective 3: To determine the impact of a reward system on employee retention

Based on the findings of the study, hotel workers specified that they feel committed and loyal to organizations when they are well-acquainted with reward policies. Sharing and communicating the reward policy is essential for retaining hotel workers in Cape Town. In addition, a promotion which is associated with a higher salary, influences hotel employees' intentions to remain inside the hotels. Other studies indicated the effectiveness of using financial assistance as a reward strategy for employee retention (Terera & Ngirande, 2014). However, this study reported that employees are completely uninterested in financial assistance. In conclusion, the study established that the impact of rewards on employee retention is limited to promotion and communication of reward policies.

6.4. Recommendations

The researcher made the following recommendations to the different stakeholders of this study:

Employees

The study recommends hotel employees to be knowledgeable of reward policies established in the hotels. Furthermore, employees should communicate with management during performance appraisal their concerns on the rewards provided within the hotels and their effects on the the way they perform. Also, the study suggests that prospective employees should notify recruiters on whether they agree on the reward policies available in the contract before accepting the job offer.

Employers

The study recommends that employers should invest more in salary, bonuses, feedback, appreciation, and employee awards. Employers is also advised to appropriately adapt their reward strategy to guarantee that hotels provide balanced rewards which would be relevant to all employees. In addition, the study recommends that to employers to identify the rewards implemented that are not effective and establish the best reward strategies to improve performance and retain employees.

Hotel managers

The hotel management must demonstrate commitment. If upper-level management is dedicated to the success of their company, concerns pertaining rewards will be immediately addressed., rather than waiting for employees to express their dissatisfaction, which could negatively

impact productivity. Therefore, hotel managers are recommended to reevaluate their rewards systems periodically to prevent disturbances. Moreover, when the reward system is frequently reviewed, it guarantees a competitive and appealing compensation scheme that favorably impacts the behavior of employees, so assisting the organisation in achieving its objectives.

• The hospitality industry

The researcher recommends that the hospitality industry should liaise with hotels and invest into human resource management strategies that could enhance reward programs in the hotels. As part of their competiveness strategy, the hospitality industry should ensure that there are well-planned and coordinated rewards systems within hotel establishments that are aligned with hotel staff needs. Such strategy could not only enhance hotel staff perfomance and retention but also boost the industry's productivity and reputation.

6.5. Study Limitations

The limitations of this study should be acknowledged. Firstly, the study was restricted to 3- to 5-star graded hotels situated around the Cape Town metropolis (City Centre, Waterfront, Sea Point). Regarding data analysis, the study was limited to descriptive statistics and chi-square tests. Lastly, the sample size of the study was relatively small with a total of 180 hotel employees and the sampling procedures applied to select participants were convenience and purposive sampling. One explanation is the inaccessibility of many hotels and budget constraints. Therefore, the findings cannot be generalized and representative of what is occurring in all hotels in Cape Town.

6.6. Contributions of the study

The results of this study would assist organizations to understand the impact of reward system on employee performance so that reward improvement mechanism is considered, developed and hopefully implemented for the benefit of improved reward system in the hotel and hospitality sector. This study emphasizes the role a reward system plays in the performance of employees. The findings indicated that most organizations' views regarding effective and appealing rewards may differ from employees' views. The findings of the present study offer hotel directors and managers an insight into the role of a reward system on workers' performance, attraction and retention.

6.7. Direction for future research

Regarding the methodology, it is recommended that future studies should adopt a mixed methodology to obtain additional information on the impact of rewards on employee performance. It is also recommended that random sampling should be used for more generalization of the results. Additionally, future studies on rewards systems in the hotel industry should focus on other geographical regions or on the Western Cape as a whole to obtain a larger sample.

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APPENDIX A: RESEARCH QUESTIONNAIRE

RESEARCH QUESTIONNAIRE

Research title:

The impact of rewards systems on employee performance in selected hotels in Cape Town

The research:

Name of the researcher: NKOUANGAS LUDMILLA YVETTE Course: Master of Technology: Business Administration Department: Business and Management Science Name of University: Cape Peninsula University of technology (CAPE TOWN CAMPUS)

University address: Keizersgracht Street P.O Box 652 CAPE TOWN Postal code: 8000 University contact details: +27 (0)21 460 3068

The respondent

I Nkouangas Ludmilla Yvette, a registered student in M.Tech Business Administration at Cape Peninsula University of Technology. As part of my dissertation requirements, I am conducting a research entitled: "The impact of rewards systems on employee performance in selected hotels in Cape Town

This questionnaire should take a minimum amount of time to be completed (15 minutes). I politely request that it be completed as fully and honestly as possible. Please accept my guarantee that all information will remain strictly confidential and anonymous. Additionally, your participation in this research is purely voluntary. Moreover, you may withdraw your participation from this research at any time. The original questionnaires will be held in locked cabinets in the university offices until the end of 2019, and then destroyed. An electronic version of the data will be available only to the research on secure computers.

The final report will be placed on University websites to be used in promotional and educational materials, and policy-related initiatives. The researcher will send an email to all respondent informing them of the release of the thesis. The research will be completed by September 2019. If you have any questions, please contact Nkouangas Ludmilla Yvette at +27 (0)78 0892778 or evenathan17@gmail.com

This research has been reviewed and approved by the CPUT Office of Research Ethics. All respondents might address any concerns or complaints to **Dr Onojaefe** at onojaefed@cput.ac.za (Supervisor of the research).

I agree, of my own free will, to participate in this questionnaire survey for the Cape Peninsula

University of Technology.
Yes □/ No □
Name of the participant:
Participant's Signature: Date:

SECTION A: Demographic Information

(Please mark the relevant answer with an X)

1. Indicate your race			
African Coloured Ir	ndian 🗆	White	Asian
2. Indicate your gender			
Male			
3. Indicate your age range			
20-30 🗆 30-40 🖂 40-	- 50 🖂	50 – 60 🖂	60+
4. Indicate your educational achie	vement		
Grade 12 or below			
Certificate			
National Diploma or Degree			
Post -graduate degree			
5. How long have you been working	ng in this org	anisation?	
Less than a year			
1 - 2 years			
3 – 5 years			
5 – 10 years			
More than 10 years			

SECTION B: REWARDS SYSTEMS

1.	Are you aware of a reward system in your organisation? (Indicate with an X)	
2.	Yes ☐ No ☐ What type of rewards do you have in your organisation?	
	(Indicate with an X)	
FI	NANCIAL	
	Salary Bonuses Commissions Pensions Allowances	
N	ON-FINANCIAL	
	Certificate of achievement Employee of the month Thank you note Praise	
3.	Among the types of rewards you selected in question 2, which one is the most attractive? (Please state)	

SECTION C: REWARDS AND EMPLOYEE PERFORMANCE

Kindly answer the following questions using the following Likert Scale (5= strongly agree...the number that you think is best = strongly disagree)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The reward policy of the hotel is fair and equitable	1	2	3	4	5
2. I am satisfied with the quality/quantity of the rewards provide by the hotel.	ed1	2	3	4	5
I receive salary as payment for my work	1	2	3	4	5
4. I am satisfied with my current pay in the hotel	1	2	3	4	5
5. My performance would go up if the hotel increased my salar	y 1	2	3	4	5
6. I am ready to increase my work effort to gain bonuses	1	2	3	4	5
7. I receive feedback or appreciation from my superior for r work performance	ny 1	2	3	4	5
8. Any form of appreciation encourages me to perform better	1	2	3	4	5
Being "the employee of the month" is important achieveme for me	nt1	2	3	4	5
10. I value financial incentives more than non-financial incentive	s 1	2	3	4	5

SECTION D: REWARDS AND EMPLOYEE ATTRACTION

Kindly complete all the questions below one response per item. The following response scale should be used for all items.

1 Not at all important 2. Not Important 3. Uncertain 4. Important 5. Very Important

The following response scale should be used for all items.

How important do you consider the factors to be when deciding on a job position?

Recognition provided to you by your employer e.g. Financia recognition such as paid travel
2. The extent to which your employer respects differences in race gender and age
3. The quality of performance feedback and performance discussions you have had with your supervisor
4. The extent to which you are provided with challenging targets
5. The provision of a competitive pay package (i.e. basic salary plus benefits, allowances or variable pay)
6. Your employer's provision of medical aid, retirement and pension benefits
7. Your employer's provision of incentive bonuses/variable

SECTION E: REWARDS AND EMPLOYEE RETENTION

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Communication of the reward policy encourages me to stay the organization	in1	2	3	4	5
Receiving rewards through awards, promotion enhances will enhance my loyalty to hotel	1	2	3	4	5
I remain in this hotel because of the financial assistance receive (mortgage assistance, company loans)	11	2	3	4	5
4. The remuneration packages I receive in this hotel suits n lifestyle	ny 1	2	3	4	5
5. My benefits and medical aid are adequate	1	2	3	4	5

Thank you for you co-operation.

APPENDIX B: GRAMMARIAN CERTIFICATE

4 October 2022

GRAMMARIAN'S CERTIFICATE

This is to certify that the undersigned has reviewed and went through all the pages of

the thesis entitled: "THE IMPACT OF REWARD SYSTEMS ON EMPLOYEE

PERFORMANCE IN SELECTED HOTELS IN CAPE TOWN" by Nkouangas Ludmilla

Yvette for the degree Master of Technology: Business Administration at the Cape

Peninsula University of Technology, as against the set of structural rules that govern

the composition of sentences, phrases, and words in the English language.

Signed:

MS RA Basson (Research Psy)

Email:renedabasson@gmail.com

Cell: 0769332281

APPENDIX C: TURNITIN REPORT

Thesis final

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APPENDIX D: PROOF OF REGISTRATION



PROOF OF REGISTRATION To Whom It May Concern

06-Oct-2022

It is hereby confirmed that the under mentioned person is a registered student at CAPE PENINSULA UNIVERSITY OF TECHNOLOGY.

Student Number: 212263773
Student ID Number:
Name: LUDMILLA YVETTE NKOUANGAS
Registered for Period: 10-Jan-2022 - 15-Dec-2022
Qualification: MTBADR M TECH: BUSINESS ADMINISTRATION

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APPENDIX E: ETHICAL CERTIFICATE



P.O. Box 1906 • Bellville 7535 South Africa •Tel: +27 21 4603291 • Email: fbmsethics@cput.ac.za Symphony Road Bellville 7535

At a meeting of the Faculty's Research Ethics Committee on **21 August 2018**, Ethics **Approval** was granted to **Ludmilla Yvette Nkouangas (212263773)** for research activities of **MTech: Business Administration** at Cape Peninsula University of Technology.

THE IMPACT OF REWARD SYSTEMS ON EMPLOYEE PERFORMANCE IN SELECTED HOTELS IN CAPE TOWN

Lead Researcher/Supervisor: Dr D Onojaefe

Comments:

Decision: Approved

Signed: Chairperson: Research Ethics Committee

Date

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