MANAGEMENT'S PERCEPTIONS OF EFFECTIVE EMPLOYEE REWARD SYSTEMS AT SELECTED FIVE-STAR HOTELS IN THE CAPE TOWN CENTRAL BUSINESS DISTRICT

by

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DECLARATION

I, Mzukisi Cwibi, declare that the contents of this thesis/dissertation represent my own unaided work, and that the thesis/dissertation has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signed: ~~signature~~   **Date: 05/12/2022**

ABSTRACT

Companies seek to maintain a competitive advantage in the marketplace. One of the means to achieve competitive advantage is to employ people who are motivated to perform their duties to the best of their abilities. Motivational programmes and practices should therefore form part of a company's human resource strategy. Rewards are among the many ways of motivating employees to act in accordance with organisational goals. This study explores management's perceptions of effective reward systems for employees at selected five-star hotels in the Cape Town central business district (CBD).

An exploratory research design was adopted, customary in cases where the problem must be defined more precisely before an approach can be developed. The study made use of semi-structured interviews to collect qualitative data on rewards systems in the selected five-star hotels in line with the research objectives. Fourteen interviews with managers working in five-star hotels were conducted. The non-probability sampling method of purposive and convenience sampling was applied to select participants working in top management in the administrative departments of the hotels. Analysis of the interview data was guided by Creswell's six-step methodology, in terms of which the interviews were initially recorded, transcribed and presented in narrative form.

The findings of the study indicated that five-star hotels use extrinsic reward systems (commission, salary increase, cash, shopping vouchers, provident fund, bonus) and intrinsic reward systems (appreciation/praise, training, birthday gifts/presents, recognition, employee of the month, complimentary stay, positive feedback from superiors, mentoring, meal voucher, delegation). The study revealed that employees prefer extrinsic to intrinsic rewards.

The study revealed that the rewards system attracts, keeps and motivates employees to perform consistently at optimal levels. The absence of a rewards system leads to demoralised employees, poor performance, low productivity, staff turnover, and negative attitudes and behaviour. According to results of the study, the researcher recommends that managers implement balanced and effective rewards, both intrinsic and extrinsic, as employees are the most precious asset of an organisation. Hotel establishments should also invest in educating their employees to improve their work

environments. This is to ensure that employees value non-financial rewards as much as they value financial rewards.

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DEDICATION

This thesis is dedicated to my parents, Thamsanqa Cwibi and Nolusapho Cwibi. Without your consistent encouragement and unshakable faith in me, my journey would have been even more difficult to complete. To my siblings for their love and support, and my special daughter Hlaluminathi Lunje Ngam. This thesis is also for individuals who, despite what others may think, began life with little and have worked tirelessly to rise to the top through diligence and perseverance. It is possible: do not give up!

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ABBREVIATIONS AND ACRONYMS

ABBREVIATION	
CBD	Central business district
COVID-19	Coronavirus disease of 2019
GDP	Gross domestic product
SAT	South African tourism
StatSA	Statistics South Africa
WEF	World Economic Forum
WTO	World Trade Organisation
WTTC	World Travel and Tourism Council

GLOSSARY

Term	Description
Central Business District (CBD)	This is the central area of a city characterised by skyscraper buildings, where big businesses and well-known companies are located. It is the most frequently used and one of the most expensive areas of a city (Yu et al., 2015:32).
Hospitality	Swanepoel (2020:18) states that the primary meaning of hospitality covers the actions of a host who welcomes and caters for the needs of people (referred to as guests) who are provisionally away from home. The necessities of a guest in these circumstances have usually been shelter, food and beverages (Du Plessis et al., 2015:2).
Hotel	The Tourism Grading Council of South Africa (TGCSA, 2020:4) describes a hotel as proper accommodation with complete or partial services to the traveling public, which includes a reception area, a dining facility, and a minimum of four rooms. Hotels also offer other services, which may include entertainment facilities, suites, public dining, banquet services and lounges (Ampofo, 2020:2). According to Mun et al., 2019:3), hotels can be classified into three categories according to the services provided: economy, mid-range, and luxury. These service levels may be offered in resort, commercial, transit or residential hotels (Mun et al., 2019:3).
Five- star	Five-star hotels are luxury hotels as they prioritise service and maintain a high staff-to-guest ratio to ensure high interpersonal guest contact in an opulent setting (Llyas, 2018:10). Furthermore, five-star hotels have high standards of service which include, but are not limited to, well trained staff, 24-hour room service, fine dining, dry cleaning, business facilities and valet parking (Llyas, 2018:14).

Manager	The person who works with and through a group of people to accomplish a desired goal or objective in an efficient and effective manner (Gulati et al., 2017:8).
Reward	Refers to all the monetary, non-monetary and psychological payments that an organisation provides for its employees for the work they perform (Victor & Hoole, 2017:2; Nigusie & Getachew, 2019:2).
Perception	The views of an individual or group with regard to a certain phenomenon (Nurhayati, 2020:7)
Motivation	The psychological processes that cause the arousal, direction, and persistence of voluntary activities that are goal oriented (Makamure, 2017:4).
COVID-19 Pandemic (Coronavirus)	Coronaviruses (COVID-19) are single-stranded RNA viruses with a spherical envelope, a diameter of 100–160 nm, and a genomic size of 27–32 kb in the positive sense (Adachi et al., 2020:1).

CHAPTER 1

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction

Globally, tourism is an important and valuable industry and a critical source of economic growth and diversification (Khan et al., 2020:4; Odunayo, 2022:206). Tourism as a global industry generated an estimated $1.7 trillion in export earnings in 2019 (UNWTO, 2019:1). The COVID-19 pandemic had a devastating impact on the industry, but seemingly a temporary one. While in 2020, the tourism sector lost nearly US$4.9 trillion (-50.4%) because of the lockdown restrictions, in 2021 travel & tourism's contribution to the gross domestic product (GDP) increased by US$1 trillion (+21.7%). Prior to the pandemic in 2019, tourism provided one in every 11 jobs globally and remains one of the largest employers (UNWTO, 2019:1; WTTC, 2022:2). In 2020, 62 million jobs were lost, which represents a decrease of 18.6%, leaving only 271 million people employed globally in the tourism sector, as compared to 333 million people in 2019 (WTTC, 2022:1). According to WTTC (2022:2) 18.2 million jobs were recovered in 2021 which represents an annual increase of 6.7%.

Generally, over the last decade, the tourism sector in South Africa has rapidly grown and is now recognised as a key economic driver, which positively changes the profile of South Africa's economy (Glocker & Haxton, 2020:2; Sucheran 2022:1). Approximately 9.9% of the South African population (1,497,500 people) are employed in the tourism industry, with an 11.5% increase expected by 2025 (WTTC, 2015; Olowoyo et al., 2020:1). In 2017 and 2019, the contribution of the tourism sector to the country's GDP was 8.9% and 6.9%, respectively, and declined to 3.7% in 2020 due to the COVID-19 pandemic (Statista SA, 2020; Korinth & Ranasinhe, 2020; Fu, 2020; Matei et al., 2021; Dube et al., 2021). In 2019, 1 460 900 new jobs (8.9% share to the country's total employment) were created by the tourism industry of South Africa (direct and indirect), which decreased in 2020 to decrease of about -32,4% (contributing 6.5% to total employment). Since then (2021), the tourism sector has rebounded, supporting 2.9 million or 1 in 11 jobs in SA (WTTC, 2022:2). The increasing number of jobs created by tourism since 2021 shows that tourism is important for

economic recovery due to its ability to withstand crises and disasters (UNWTO, 2020; Cheng & Zhang, 2020:2).

The tourism sector employs a great many people, as detailed by Olowoyo et al. (2020:1) and WTTC (2022:2), and the recruitment and retention of good staff are highly important to the industry. To ensure that this happens, business owners or managers should encourage their employees by offering them incentives or rewarding them in other ways. Rewards demonstrate an employer's appreciation of how much value employees add to the company. A reward system also serves to attract prospective employees and to assist existing employees to better their performance (Monteiro et al., 2020:1). This study tests these propositions by exploring the perceptions of employee reward systems by managers at selected five-star hotels located Cape Town CBD.

1.2 Background of study

To comprehend the concept of rewards, one must understand motivation, which according to Asmus (2021:2) is an individual's dominant internal drive at a given moment in time. Jain et al. (2019:2) offer a more pragmatic definition by characterising motivation in the workplace as the extent to which an individual will attempt to do well at a given task or job. Other authors, such as Saputra and Chia (2021:2), note that motivation manifests multiple forces and desires that propel an individual to execute a particular job. Employees may be hindered from contributing meaningfully in the workplace because of a lack of motivation caused by a variety of factors, including outdated equipment, poor supervisory skills and a negative employee attitude (Suyono, & Mudjanarko, 2017:3).

Reward systems are offered to make a positive contribution to desired performance, tools that management uses to manipulate or direct motivation in a certain way (Islami et al., 2018:3; Ali & Anwar, 2021:4). For Alzyoud (2018:3), reward systems seek consistently to attract, keep and motivate the workers so that they optimally perform. Nigusie and Getachew (2019:3) introduce a different angle by describing reward systems as a predetermined structural way to evaluate and remunerate workers basing on how they perform. In sum, rewards are extrinsic and intrinsic benefits

bestowed on employees for consistently optimal work performance or for finishing duties assigned on time, as prescribed in the organisational policy, processes, structures, and strategies (Alzyoud, 2018:2). Okeke and colleagues (Okeke et al., 2020:2) add that rewards should be based on employees' differing needs, and any reward system ought to feature a variety of rewards to create a thorough-going harmonious relationship between employer and employee (Nigusie & Getachew, 2019:3).

This research work was done during the COVID-19 pandemic crisis, which introduced radical modifications to the workplace for a worldwide workforce. The consequences included cessation of rewards, layoffs, salary cuts among others. Circumstances induced management and employees to review existing reward systems and planning. The focus on current rewards systems in five-star hotels in the Cape Town CBD might therefore add new knowledge to the current literature.

1.3 Problem statement

There is an increasing need for organisations, including hotels, to determine suitable rewards to motivate employees to improve organisational performance (Koo et al., 2020:1), whether or not such rewards are related to employees' productivity (Emelianova, 2019:9). The fact is that the hospitality industry has failed to introduce appropriate reward systems to keep existing employees (Prabhakar, 2019:20). Prabhakar (2019:34) claims that insufficient reward systems in hospitality have resulted in an enormous turnover rate compared to other industries globally (Ebrahim, 2015:18).

Previous research has shown that even such reward systems as exist are inadequate, as individuals want to be rewarded not only for work done but also for any input that adds value to the organisation (Zingheim & Schuster, 2008:4; Hay Group, 2015:12). The employee reward systems that hotels offer are not effectively rewarding and subsequently motivating employees (Prabhakar, 2019:8).

Although there have been several studies on employee reward systems in the hotel industry (Okoth, 2014; Muchir, 2016; Koo et al., 2020; Akgunduz et al., 2020), these have been situated in international contexts and focused on employees' views, making use of quantitative or mixed methods. This is partly why this study is located in the CBD of Cape Town, South Africa, and utilises qualitative research to investigate the perspective of management at selected five-star hotels.

1.4 Research aim

The aim of the study is to explore management's perceptions of effective reward systems offered to employees at selected five-star hotels in Cape Town. This aim is supported by the following objectives:

- To determine employee reward systems currently used at selected five-star hotels in Cape Town's CBD.
- To investigate management's perception of effective reward systems offered to employees at selected five-star hotels in Cape Town's CBD.
- To determine the extent to which five-star hotels utilise reward systems to motivate employees.
- To investigate management's perceptions of reward systems preferred by employees working at selected five-star hotels in the Cape Town CBD.

1.5 Research questions

The main research question addressed by this study is as follows:

- What management perceptions of effective reward systems offered to employees at selected five-star hotels in Cape Town CBD?

In line with the main research question, the following research sub-questions were developed:

- What employee reward systems are currently used at selected five-star hotels in the Cape Town CBD?
- What are management's perceptions of effective reward systems offered to employees at selected five-star hotels in the Cape Town CBD?

- To what extent are five-star hotels utilising reward systems to motivate employees?
- What are management's perceptions of the reward systems desired or preferred by employees working at the selected five-star hotels in the Cape Town CBD?

1.6 Significance of study

The researcher observed that there is no research to date on managements perceptions of effective employee rewards system at selected five- star hotels in the Cape Town Central Business District. Therefore, this study provides new and up-to-date information regarding effective employee rewards system in the hospitality industry, especially in five- star hotels in the Cape Town CBD. This research will also be of benefit to the following areas:

1.6.1 Hotel industry

Findings from this study will benefit the selected five-star hotels and other hotels that may be motivated to introduce a reward system or adjust an existing one. Hotel management and human resource practitioners will also be assisted by research findings to identify the most effective reward systems and improve existing reward systems by designing intrinsic (non-financial) rewards and using them to attract, motivate and retain employees.

1.6.2 Academic literature

Most pertinent studies in the field of human resources focused on determining the effectiveness of reward systems on employee performance, with little attention being paid to how employees perceive these rewards and whether they are consciously motivated by them (Makamure, 2017). This study adds to the literature by providing insight into current reward systems to be used specifically for top management working in administrative areas in five-star hotels. The results from this study can also serve to educate current and future managers at research institutions and government research sites on rewards systems used at selected five-star hotels. Moreover, since this study is unique in focusing on five-star hotels in Cape Town, future scholars who want to broaden the topic can use it as a guide.

1.7 Outline of the chapters

Chapter One introduced the tourism industry, provided some background and clarified key terms. The research questions and the aim and objectives of the study were presented. The research's theoretical and conceptual frameworks are presented in the second chapter. These deal with theories of motivation such as Maslow's theory, Expectancy theory, Douglas Hall's age theory, McGregor's Theories X and Y, Herzberg's two-factor and Vroom's Expectancy theories. The conceptual framework includes definitions of employee motivation in hospitality, rewards, and types of reward systems, as well as an account of the relation of motivation to reward systems, employee performance and employee job satisfaction.

The third chapter explains how the research was conducted and includes a description of the research paradigm, approach and design. Also covered are the sampling, data collection and analytical procedures, as well as relevant ethical considerations.

In the fourth chapter, the study's findings are presented, in the form of figures, graphs and tables. In the fifth chapter, the results are discussed and compared findings reported in the literature. This chapter also makes recommendations, provides a clear summary, concedes limitations and draws conclusions in terms of the research's aims and objectives.

1.8 Chapter summary

This chapter (Chapter One) introduced this study and suggested why and how it focuses on management's perceptions of effective employee reward systems at selected five-star hotels in the Cape Town CBD. A general overview of the hospitality industry was succeeded by an account of the background of the study and statements of the research problem, research questions and objectives, and the significance of this study. The next chapter presents a review of the relevant literature on reward systems.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter provides a general overview of the five-star hotel, then discusses rewards systems, types of rewards, the importance of rewards in hospitality, the current rewards system used in the hospitality industry, and the impact of the absence of a rewards system. This chapter also discussed the influence of reward systems on workers and how they influence employee job satisfaction. The relationship between rewards and motivation is explored, and various conceptions and theories of motivation are canvassed, including Maslow's theory, Expectancy theory, Douglas Hall's age theory, McGregor's Theories X and Y, Herzberg's two-factor and Vroom's expectancy theories.

2.2 An overview of five-star hotels

Hotels provide accommodation for tourists and the Tourism Grading Council of South Africa (TGCSA, 2020:4) describe hotels as proper accommodation buildings with either complete or partial services for the public, particularly the travelling individuals. Hotels according to the TGCSA (2020:4), includes an area designated for reception, a dining, and a minimum of 4 rooms. Hotels also offer other services, which may include entertainment facilities, suites, public dining, banquet services and lounges (Ampofo, 2020:2). Hotels can be classified according to the basic service levels provided into one of three categories: economy, mid-range, and luxury (Mun et al., 2019:3). Five-star hotels fall into the luxury bracket because they prioritise service and maintain a high ratio of guest-to-staff ratio (Ilyas, 2018:10). This ensures that a high interpersonal guest contact is maintained in an opulent setting at all times (Ilyas, 2018:10). Five-star hotels have high standards of service, which include well-trained staff, 24-hour room service, fine dining, dry cleaning, business facilities and valet parking (Ilyas, 2018:14). Like any organisation, a five-star hotel has an organisational structure with a comprehensive plan devised by hotel owners or group executives to define departmental activities and responsibilities (Patiar & Wang, 2020:1). This structure orders each and every aspect of hotel operation (Chibili, 2019:94), and is

required to ensure profitability by synchronising the daily activities of each department (Patiar & Wang, 2020:1). Within five-star hotels, there are as many levels of job specialisation as there are departments (Ilyas, 2018:10). Figure 2.1 outlines the departmental structures of a five-star hotel.
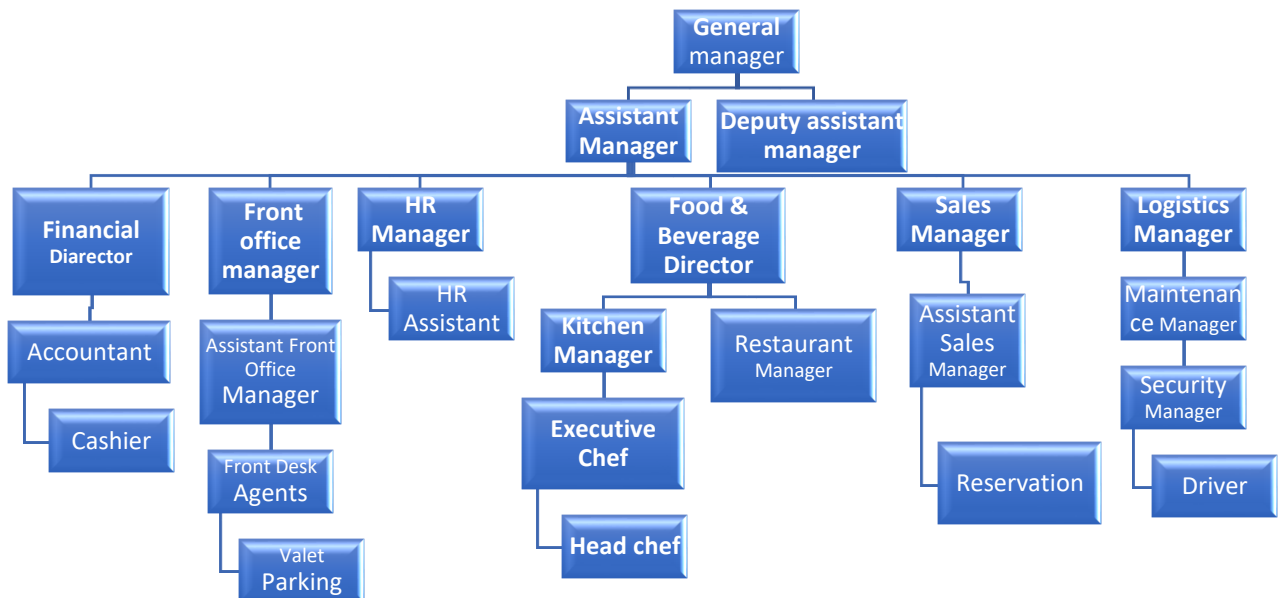
Figure 2.1: Organisational structure of a five-star hotel (Adapted from Chibili, 2019)

2.2.1 Some key hotel departments

Hotels are intricate businesses that depend on the cooperation of several key departments to successfully service a large number of guests. Every department performs a crucial task that helps guests have a pleasant stay. For the purpose of this study, five departments were selected, and each department has its specific roles, which is discussed below.

(a) Front office department

The front office department or the operational frontline staff serves as the "brain" of the accommodation establishment, performing functions such as reception and marketing, and serving as the point of liaison with guests (Alananzeh et al., 2015:331). Staff in the front office play crucial roles in shaping the accommodation establishment's image and reputation since they are the first reference point for guests. The pre-eminent responsibility of front office staff is to "meet and greet" guests in a professional manner and provide information to guests during their stay. Duties

usually include some concierge service, assistance with back-office operations, handling of guest complaints, processing guests' departures, and asking guests to settle their bills (Alananzeh et al., 2015:331).

(b) Marketing and sales department

The marketing and sales department manages the accommodation establishment's marketing function to keep people informed about the establishment and the amenities available to guests (Swanepoel, 2020:106). This department is in charge of selling hospitality products (such as rooms) and promoting and advertising the lodging establishment. It is the task of the marketing and sales department to present the accommodation establishment as a desirable place to stay while on vacation or business, and also to host functions and events (International Hotel School, 2019).

(c) Reservations department

Reservationists must collaborate closely with other departments to ensure that all guest requirements are met, if not exceeded, before they even reach the registration desk (Swanepoel, 2020:123). Reservationists should enjoy answering the phone and dealing directly with guests, travel agents, and high-profile VIPs (Reception Academy, 2019).

(d) Human resources department

The human resources department is an important division in the tourism and hospitality industries. Their responsibilities include ensuring employee loyalty and satisfaction, managing critical documentation, paying staff salaries on time and accurately, and considering employee leave requests (Al-Refaie, 2015:293).

(e) Accounts department

The accounts department in a hotel is responsible for all the accounting issues in the hotel. They track bills, recur dues, approve sales and journal, as well as to keep track of the percentage occupancy, rooms occupied and revenue, revenue generated per available room (RevPAR), satisfaction surveys of guest, STR competition analysis, analysis of variance, managing labour, budgets, and benchmarking of finances (Swanepoel, 2020:123).

2.3 Reward systems

A reward is given to someone in exchange for their services or effort (Muchiri, 2016:24; Nigusie & Getachew, 2019:2). The main objective of organisations in bestowing rewards is to attract and retain efficient, productive, and motivated employees (Kathombe, 2018:24). An appropriate selection of rewards can assist employers in increasing the commitment level of their employees (Odunayo, 2022:206). Reward systems bind workers and fosters positive relationships between them (the workers) and the organisation's goals. Reward systems capture worker's attention while also serving to remind the worker of what tasks or duties require completion (Odunayo, 2022:206). Organisations would cease to exist without their employees (Du Plessis et al., 2015:2): they are vital assets and play a direct role in an organisation's success (Salleh et al., 2016:1). Employees who work with a sense of passion, enthusiasm and commitment tend to make businesses grow significantly (Linggiallo et al., 2021:2). For employees to work at honing their skills and achieving excellence, they need the sort of motivation provided by reward systems (Victor & Hoole, 2017:3). According to Naz et al. (2020:3), establishing a certain balance between reward and employee is the first step to a prosperous work environment which is healthy for both employer and employee.

Rewards comprise monetary, non-monetary as well as psychological benefits that an organisation provides for its employees in return for their effort they contribute to that organisation (Victor & Hoole, 2017:2; Nigusie & Getachew, 2019:2). Reward systems are offered so as to ensure employees consistently help to achieve desired performance goals (Emelianova, 2019:9; Ali & Anwar, 2021:4). Reward systems are tools that management uses to manipulate or direct motivation in a certain way (Islami et al., 2018:3), or to attract, keep and motivate workers to perform at optimal levels consistently (Alzyoud, 2018:3; Koo et al., 2020:2). Alternatively, for Kathombe (2018:4) and Nigusie and Getachew (2019:3), a reward system is a predetermined structural method to evaluate and remunerate workers based on performance levels.

Some researchers claim that rewards are based on case-by-case criteria, by identifying the differing needs of employees that rewards can gratify (Prabhakar, 2019:13; Okeke et al., 2020:2). Nigusie and Getachew (2019:3) add that a reward system should contain a meaningful combination of rewards to create a more

harmonious relationship between employer and employee. Alzyoud (2018:2) notes that rewards accrue to employees for consistently optimal performance at work or for finishing assigned duties on time, as prescribed in an organisational policy, processes, structures, and strategies. He distinguishes between extrinsic and intrinsic benefits.

2.3.1 Extrinsic rewards

Extrinsic rewards are material benefits with which employers reward their employees for work they have done in their employment contracts. They take the form of wages, bonuses and extra benefits such as night allowances, medical aid and transport allowances (Muchiri, 2016:27; Victor & Hoole; 2017:2; Kathombe, 2018:15; Masunga, 2019:25). Extrinsic rewards help meet basic living expenses such as bills, while offering job security through a sense of being valued by the company (Kikoito, 2014; Victor & Hoole, 2021:3). While money is important as a pre-requisite to survival and security, most authors maintain that extrinsic rewards are vital also as ways of recognising employees' worth and improving their self-esteem, thus giving them a sense of fulfilment (Haruna et al., 2019:5).

Rewards regarded as extrinsic usually show that an organisation values team contributions as they typically consist of cash bonuses that are given to each member of a given team in an organisation (Kathombe, 2018:15). These team bonuses are given on top of an already existing salary (Victor & Hoole, 2021:2). Team rewards must be used in such a way as not to destroy an individual's intrinsic motivation to do their job (Kilimo et al., 2017:370). For an organisation to consistently improve, employees need to be innovative and produce creative solutions to improve the workplace and increase customer satisfaction (Haruna et al., 2019:5). Extrinsic rewards may cause members of a team to become hungry for money and benefits therefore undermining intrinsic interests in their work (Muchiri, 2016:14). They nevertheless remain the most basic motivator for daily activities.

2.3.1.1 Types of extrinsic rewards

This section provides different types of extrinsic reward systems. The importance of extrinsic rewards is then explained, and the section continues with the discussion of advantages and disadvantages of extrinsic rewards.

(a) Salaries and wages

Wages and salaries are the monthly compensation employers pay employees according to contractual agreements with the company (Boselie et al., 2015:9; Alimawi & Muda, 2020:7). The terms necessarily do not mean the same thing, the main difference being that salaries are paid to permanent employees whilst a wage is paid to contractual or temporary employees (Munir et al., 2016:3). Salaries and wages are frequently utilised to boost organisational competitiveness and improve employee performance (Alimawi & Muda, 2020:7).

While a salary and a wage can help to improve equity and fairness in the hospitality industry, Alimawi and Muda (2020:8) argue that they are not enough to motivate employees to improve their performance (cf. Pratheepkanth, 2011:4). According to Khan et al. (2017:5), increasing a salary and a wage only improves worker performance when employees are in need of financial stability as well as security. Employees do not regard salaries and wages as major factors motivating them or enhancing their performance once they have found an opposite degree of financial stability and security.

(b) Paid vacations

Paid vacations are another way in the hospitality industry to push staff to improve their performance (Hilbrecht & Smale, 2016:2). Paid vacation can be defined as an incentive offered by employers to their employees to fully fund their vacations, which can be at any location that the employer designates (Hilbrecht & Smale, 2016:2). Lotta (2012) studied the effects of paid vacation on top managers in 4 five-star hotels (Hilton, Holiday Inn, Hyatt Regency, Marriott and Sheraton). The findings from this study revealed that paid vacations increased top managers' performance. Boselie et al. (2015) found fault with the limited reach of the study, arguing that it did not reflect the

full employee population, and that top managers' experiences are not always representative of the majority of employees in the business, particularly those at the lower end of the employee hierarchy.

It appears that the hotel industry has realised the value of paid vacations for their employees (Alimawi & Muda, 2020:7). More and more hotels in the industry offer their employees paid vacations in any of their affiliated hotels (Younies & Na, 2020:159). Tourism Promotion Services (TPS), for example, provides their staff with a fully compensated holiday at any Serena Units (East Africa) once a year (Asiamah, 2011:4). These vacations are availed to every one of their employees, from the topmost level to the bottom. Hotels have yet to investigate how these incentives improve employee performance. Equally, the proportional number of employees who take these paid vacations has not been studied. It is thus so far unclear whether there is a correlation between a paid vacations at Tourism Promotion Services (TPS) and worker performance.

(c) Paid leave

Annual leave is critical to employee success and organisational performance (Alimawi & Muda, 2020:9). According to Naithani (2010:4), in the hotel industry, individual organisations decide on the terms of paid leave, with most organisations establishing a set of guidelines on who is eligible for a paid leave and the process (Alimawi & Muda, 2020:9). Legally, employers are required to give workers 21 days of paid leave (annually) for each full employment year (Ahmad & Bigirimana, 2021:4). However, a company can decide to grant employees a certain number of additional days, as a means of rewarding their efforts and energising them, beyond what is required by law (Harrington & Ladge, 2009:4; Ahmad & Bigirimana, 2021:4). They may also pay a bonus to accompany that leave.

Harrington and Ladge (2009:4) assert a connection between employee performance and paid leave in the hotel industry. When granted a sizable payoff during their yearly break, employees typically feel valued and respected by their employer (Alimawi & Muda, 2020:9). According to a study conducted in the Nigerian hospitality industry by Akanbi (2010), senior managers were the only ones awarded bonus-paid vacation

days. General employees only earned their annual salary for their vacation days. In addition, the findings revealed the impossibility of determining whether rewards in form of paid vacations enhanced the performance of a worker because most (72%) respondents did not receive paid time off in addition to their pay. It seems incumbent on management in the hospitality industry to create procedures to guarantee that every employee inside their organisation receives fair treatment (Alimawi & Muda, 2020:9). Fairness increases employee trust, motivation, and commitment to the organisation. Numerous studies have demonstrated that motivated personnel outperform unmotivated employees (Akanbi, 2010; Siti-Nabiha et al., 2012; Farooqui & Nagendra, 2014) although most research in this field has been carried out in the developed world.

(d) Promotion

Promotion is the process of advancing up an organisation's career ladder (Khan et al., 2017:5). An employee's advancement to a better job with regards to responsibilities, skills, prestige and income is referred to as promotion (Khan et al., 2017:5). Kathombe (2018:15) maintains that, from the point of view of an organisation, it is critical to retain workers for a long period of time and advance them according to their strengths to build skills and abilities special to the organisation. Promotion is likely but not inevitable: there are times when employees are placed in less attractive positions than those they previously occupied, and their performance does not necessarily improve (Asaari et al., 2019:2).

2.3.1.2 Advantages of extrinsic rewards

The extrinsic rewards in this study were found to be associated with the following advantages. While the disadvantages of extrinsic rewards are discussed next.

❖ Increase productivity: to encouraging the completion of a task, routine program, extrinsic rewards are useful (Kathombe, 2018:4). If employers reward specific behaviours, though, employees will expect the rewarding every time (Regoli, 2019:5).

❖ Create desires for achieving goals: individuals will be driven to complete specified jobs and tasks in an exchange for set rewards (Regoli, 2019:2). In many organisations, receiving a bonus or a higher salary based on one's

performance often pushes employees to work harder and faster in expectation of a satisfying reward (Munir et al., 2016:90).

- ❖ Increased self-esteem and morale: individuals value rewards for example, money and trophies, which are tangible, but cannot be rewarded every time they complete an activity (Munir et al., 2016:90). If an employee works hard in order to finish a project and gets a positive reviews and recognition for it, they will get motivated by renewed sense of purpose and will believe that their efforts would have paid off (Kathombe, 2018:4).

2.3.1.3 Disadvantages of extrinsic rewards

- ❖ Extrinsic rewards are only work in the short-term period. Numerous psychologists and economists have discovered in recent years that the relationship between money and happiness is weak or temporary (Mena et al., 2020:3).

- ❖ Extrinsic rewards are often a finite process, in that there is no motivation to work harder if someone knows they will be rewarded regardless of what they do (Muchiri, 2016:14). Taking away a reward may not be enough motivation to keep going if the value of it is less than the benefit of not working in the first place (Kathombe, 2018:3).

- ❖ Extrinsic rewards often follow a course of diminishing returns (Mena et al., 2020:3). Extrinsic rewards begin to lose their influence if a person continues to receive the same reward without variation (Kathombe, 2018:2).

- ❖ Employees will only begin to work harder and produce work of higher quality or greater consistency if they continue to see increases in the rewards available (Mena et al., 2020:3).

2.3.2 Intrinsic rewards

Intrinsic rewards are described as psychological and personal responses to the work assigned that workers perform, which are rooted in the work design (Renald & Snelgar, 2016:2; Asaari et al., 2019:3; Victor & Hoole, 2021:2). Intrinsic rewards are self-administered relating to the job, rather than rewards emanating from external sources such as management (Victor & Hoole, 2021:2). Rewards that are intrinsic include the

possibility of performing different or diverse activities; to do work that is stimulating, to take on more responsibility which in turn means taking part in decision making, and generally to find joy in the freedom and discretion of one's job (Khan et al., 2017:5). Examples of intrinsic reward are: (1) feelings of self-esteem, (2) personal satisfaction, (3) challenge, (4) achievement, (5) personal and professional growth (6) variety, (7) autonomy, (8) responsibility, (9) recognition, (10), status, (11) praise from superiors and co-workers (Renard & Snelgar, 2016:3; Muzafary et al., 2021:4; Victor & Hoole, 2021:4).

Intrinsic reward may accrue from the task's actual content, including things like intriguing and difficult work, responsibility, self-direction, variety, opportunities to apply abilities and talents, enough feedback on how well one's efforts have been received (Renard & Snelgar, 2016:3; Victor & Hoole 2021:4; Muzafary et al., 2021:4). When employees own up pride for their work and feel that their efforts are critical for the success of the team, and in the process, find their occupations enjoyable, challenging, as well as gratifying, they are motivated to work hard and generate quality outcomes (Renard & Snelgar, 2016:3). Moreover, intrinsic motivators are likelier to have prolonged effects since they are inherent in individuals (Victor & Hoole, 2021:4). Muzafary et al. (2021:4) emphasise that managers must understand how valuable intrinsic rewards are in the workplace as they are instrumental in unlocking the power of personal motivation.

Muchiri (2016) conducted a study of reward systems on hotel employee performance in Kenya. He concluded that managers' put their trust in workers, workers' ability, and workers' view of achievement which significantly enhances the performance of workers. Rewards that are intrinsic can therefore address employees' core needs and form a sound basis from which they can draw the motivation to attain higher performance standards. It is therefore important for a manager to also understand the various advantages and disadvantages of intrinsic reward systems.

2.3.2.1 Types of intrinsic rewards

Different types of intrinsic reward systems are presented in this section. Following an explanation of the importance of intrinsic rewards, the section proceeds on to a review of the advantages and disadvantages of these rewards.

(a) Trust

Trust is defined by Khan et al. (2017:5) as the ability and willingness of management or an organisation as a whole to be vulnerable involving the placement of optimistic expectations on a worker's good and positive intentions to achieve organisational goals. They believe that individual trust is less relevant to worker performance than collective trust. They also claim that having similar mind-sets guarantees that employees work toward a common goal, improving performance (Khan et al., 2017:5). Employees who believe their organisation trusts them are more willing to embrace responsibility and go above and beyond to ensure that they achieve organisational performance goals (Alimawi & Muda, 2020:7).

In a research that focused on impacts of trust on organisational performance, Khan et al. (2017) discovered that trusting each other in a workplace led to high levels of responsibility being developed as well as willingness to be accountable for both their own and their organisation's performance. A strong link exists between worker trust in management and organisational performance (Koohang et al., 2017:1).

(b) Training

In the views of Rodriguez and Walters (2017:3), the training and development of staff are widely regarded as the most effective and efficient components of the growth of an organisation. Employee training effectively contributes to the expansion of knowledge and skills about technologies, products and services which promotes success in an organisation (Sendawula et al., 2018:4). There is abundant evidence in the literature that training to enhance employee skills have positive effects on the employee performance. A study by Nassazi (2013) on the "effects of training on employee performance" was based on 3 case studies of Uganda's biggest telecommunication companies. Findings indicated that training employees had a significant effect on employee performance.

Other studies further looked at individual performance (e.g., Sendawula et al., 2018), while others adopted a broader perspective on organisational performance (Rodriguez & Walters, 2017). Ultimately, though, the performance of employees is a function of the general performance of an organisation, and vice-versa (Rodriguez & Walters, 2017:3). For instance, Na-nan et al. (2017:2) note that effective training programmes change employee competencies. Training overall, improves employees' overall performance, employee's knowledge, abilities, as well as attitudes, preparing them for future jobs, inevitably contributing to greater performance of the organisation (Sendawula et al., 2018:4).

(c) Recognition

Recognition is the notice and acknowledgement of an employee for some positive action taken in their work, usually by a supervisor or senior manager (Asaari et al., 2019:5). Management should recognise and reward their employees for outstanding performance (Muchiri, 2016:25). Renard and Snelgar (2016:3) argue that recognition is a factor critical to making employees feel valued. In the Singapore hospitality industry, Hafiza et al. (2011) revealed a strong connection between the recognition and performance of an employee. The study of 400 employees found that their performance significantly improved when supervisors recognised them for good work done on time. Employees were asked to explain why their performance improved after their managers recognised them. 72% of the respondents gave an indication that their managers valued their work. It was then concluded that management in the hotel and hospitality sector should continually affirm as well as reward their workers for improving their performance (Hafiza et al., 2011).

(d) Achievement

Ningsih et al. (2021:2) argue that one of the most powerful motivators for employee performance is the desire to achieve. Werdhiastutie et al. (2020:3) define achievement as obtaining results as a result of set goals, tasks or objectives. The achievements of an employee falls into different categories. These include: goal getting, confidence in success, commitment and persistence. Ningsih et al. (2021:2) are of the view that the confidence of an employee in successes propels their need to achieve a goal.

Employees' desire for achievement increases when success appears possible, but when success appears far-fetched, the performance of an employee decreases notably (Lai et al., 2020:2).

Werdhiastutie et al. (2020:3) contend that perseverance is among the most important factors in employee success. An employee's ability to perform is enhanced by their ability to be tenacious and therefore, work hard for both personal and organisational goals (Lai et al., 2020:2). Workers who work had, setting performance goals and have a higher level of intrinsic drive to succeed than those workers who do not (Fishbach & Woolley, 2022:3). One of the reasons for this suggested by Ningsih et al. (2021:2) is that achievement is an inherent individual desire and forcing it upon an employee is not possible; rather, it can only be enhanced, particularly among those who are already notably self-motivated. Managers who want to improve employee performance should therefore create internal systems that allow employees to plan efficiently and achieve their goals (Rodriguez & Walters, 2017:4).

2.3.2.2 Advantages of intrinsic rewards

The following advantages were identified to be connected to the intrinsic rewards in this study. The disadvantages of intrinsic rewards are discussed next.

- ❖ Persistence: Internally self-motivated individuals are by far more likely to persist in their actions than those who are motivated by extrinsic rewards (Malik et al., 2019:3). Persistence and achievement bring joy and self-satisfaction (Munir et al., 2016:3).

- ❖ Engagement: A task with intrinsic rewards will pique the interest of its performer (Malik et al., 2019:3). Employees who perform a task that makes them happy on the inside tend to repeat it regularly, resulting in persistence (George et al., 2020:2).

- ❖ Increasing employee performance: Intrinsic rewards lead to higher levels of performance, because employees who are intrinsically motivated to complete a task put in more effort than those who are not (Malik et al., 2019:3).

- ❖ Loyalty and dedication: Employees who enjoy intrinsic reward for doing their job are more loyal than employees who do not experience such reward and

motivation (Victor & Hoole, 2021:4). The former is more likely to have prolonged relationships with the company and work harder.

There are no significant disadvantages to such intrinsic rewards, though some flaws are noted below.

2.3.2.3 Disadvantages of intrinsic rewards

❖ A person may work insanely hard for something they are extremely passionate about. In this way, intrinsic rewards can cause an individual to disregard safety standards (Renard & Snelgar, 2016:3).

❖ At every step, intrinsic rewards provide an internal sense of satisfaction and accomplishment (Renard & Snelgar, 2016:2). This self-induced euphoria, however, does not aid in clearly identifying the end goal and result, which is generally an extrinsic reward (Malik et al., 2019:3).

❖ In most cases, an individual with intrinsic motivation works to achieve intrinsic rewards (Victor & Hoole, 2021:4). Working solely for intrinsic rewards may not be ideal in the real world, where monetary rewards are important (Malik et al., 2019:4).

2.3.3 Total rewards

In addition to extrinsic and intrinsic rewards, there are total reward systems that reward employees when they add value in the workplace (Gulyani & Sharma, 2018: 2). The concept of a total rewards system can be traced to Adam Smith (1776) but has recently been endorsed by Riaz et al. (2018:344). They point to total rewards components leading to total net advantage (TNA) including not only the salary or wage, but also the agreements of effort, responsibility, job security, expense and the success or failure possibility. Gulyani and Sharma (2018:2) and Turnea (2018:2) define total rewards as the summation of all the values of each element of the worker's reward package, typically including a range of things that workers deem valuable and important in their jobs. In short, total rewards try to encompass everything employees value or gain from working (Ji & Cui, 2021:2). According to Victor and Hoole (2017:3), total reward systems colour the employer to employee relationship with a rewards perspective integrated in the human resources framework. Balanced reward systems

are increasingly considered basic tools for the growth and development of organisations (Riaz et al., 2018:6).

The contemporary total reward system concept emerged as an HR strategy in the 1990s, evolving from remuneration into an interdependent triad of the total rewards based on the notion that employees work for more than their salaries (Ji & Cui, 2021:2). Riaz et al. (2018:6) note that in recent years, multiple total rewards models and frameworks have been created, featuring a wide diversity of reward structures. Although many of these models are similar in what they offer, organisations are unique in their make-up and there is therefore no one-size-fits-all framework (Hoole & Hotz, 2016). Zingheim and Schuster (2008:3) simplify this range of models by arranging them into three distinct groups, namely, total pay, performance and people management. These models have gained in popularity because they integrate various human resources processes while still paying careful attention to retaining critical talent. Table 2.1 shows Zingheim and Schuster's (2008:3) model of total rewards.

Table 2.1: A total rewards model

Compelling future	Positive workplace
Vision and values	People-focus
Win-win over time	Leadership
Stakeholder ship	Trust and recognition
Company growth and success	Involvement and openness
Company image and reputation	Collegiality
Positive brand	Work itself
	Open communication
Individual growth	**Total remuneration**
Investment in people	Base pay
Development/training	Variable pay (cash and shares)
Performance management	Benefits and indirect pay
Career enhancement	Recognition and celebration

Source: Zingheim and Schuster (2008) and Armstrong (2010)

The first aim of a total reward system is for the organisation to retain the best people through its reward management structure (Ideh & Ekwoaba, 2020:3). There are 5 crucial elements in the performance of employees: work-life balance, pay, benefits, performance appraisal and career development (White & Druker, 2009:69). Any organisation that would want to drive high performance with total rewards, approach should weigh up these elements before deciding on the most effective type of reward for that organisation (Ideh & Ekwoaba, 2020:2). The total rewards approach should then be integrated into the overall corporate strategy (Riaz et al., 2018:4).

2.4 Influence of rewards on employee performance

Nikolova et al. (2022:2) defines the performance of an employee as an employee's output or contribution to the achievement of predetermined objectives with accuracy and completeness over a set period (Rodriguez & Walters, 2017:4). An organisation achieves its goals and objectives by assigning specific tasks and duties to its employees (Emelianova, 2019:3). Employees who carry out these tasks to the best of their ability gain a sense of satisfaction and self-actualisation (Rai et al., 2018:6). Employee performance is therefore crucially significant to both organisations and individuals (Riaz et al., 2018:6). Employees are promoted, recognised and rewarded, while organisations achieve their stated goals and objectives (Rodriguez & Walters, 2017:4).

Ali and Anwar (2021:2) claim that the most influential factor in performance is how motivated employees are. The way to boost employee performance is by creating the perception among employees that the organisation recognises their hard work and effort and that they are a valuable part of the company. This is achieved by their being recognised and rewarded by management (Siswanto et al., 2021:1). Rai et al. (2018:5) concur that the best way of motivating employees is by providing enough incentives for them and rewarding them for attaining high performance levels and meeting incentive thresholds. In sum, a system of rewarding employees for their hard work motivates them (Okeke et al., 2020:7).

Employee performance is necessarily evaluated in today's business world of creative business procedures and designs and demands for multipurpose capacities (Muchiri, 2016:17). The performance of employees is becoming increasingly important to an organisation's success (Riaz et al., 2018:6). Organisational health is also affected by the performance of employees (Ahmad et al., 2015:3). Employee high performance is dependent on effective performance management techniques and technologies that maximise organisational goals (Rodriguez & Walters, 2017:5).

The process of rewarding employees favourably influences the whole organisational mechanism. While a rewards system consists of various organisational components

which include people, rules and processes (Victor & Hoole, 2021:3), the bottom line is that good management as well as relations of employees are vital motivators of employees' performance (Muchiri, 2016). In the hospitality sector, organisations make efforts to ensure that a good manager-employee relationship is maintained (Brhane & Zewdie, 2018:68). Brhane and Zewdie (2018:68)'s study examined how manager-employee relationships affect employee performance and found that employees who had good working relationships with management (or who believed that they had good working relationships), performed better at work. The study revealed that employees felt obliged to impress or at least not disappoint their managers. However, whether or not employees have a positive relationship with management does not determine their competency and performance levels.

The success, efficiency and effectiveness of an organisation are reliant on individuals performing their assigned tasks efficiently and effectively (Emelianova, 2019:4). To ensure that this occurs, the organisation needs to learn how to manage and combine both types of rewards in a reward system to achieve an equilibrium which positively affects and influences individual performance behaviours amongst its employees (Victor & Hoole, 2021:2). It is important that all employees view the system as fair and serving both their intrinsic and their extrinsic needs (Hoole & Hotz 2016:2).

In sum, numerous studies have concluded that to have high employee motivation, it is vital to have an adequate rewards system, whether for high or low achievers. Rewards give high achievers better job satisfaction, while creating a motivating incentive for low performers to improve their performance (Emelianova, 2019:3). While reward systems may differ from organisation to organisation because of differing personalities or preferences, the common objective is to motivate employees to improve performance and promote personal development and professional growth (Ideh & Ekwoaba, 2020:4).

Emelianova (2019:9) claims that rewards can or should signify anything and everything an employee finds valuable, motivating them to contribute to an organisation by improving their performance. On the other hand, the absence of rewards demotivates an employee and causes a decline in their performance because

they do not feel appreciated, often resigning and looking for greener pastures where rewards are offered (Siswanto et al., 2021:2).

2.5 Influence of rewards on job satisfaction of an employee

Employee satisfaction has long been a focus of organisational and industrial psychologists' research (Ali & Anwar, 2021:22). Some people enjoy working and consider it a significant part of their lives, but others find it unpleasant and only work because they have to (Anwar & Shukur, 2015:4). Managers should know how satisfied employees are at their workplace because job satisfaction survey results affect both the workers and employers (Ali & Anwar, 2021:23). Employees like to be fairly treated, respected and fulfilled, which can reflect benign management (Anwar, 2017:10).

On the other hand, good job satisfaction levels translate to improved performance from employees, which ultimately affects the organisation's results (Smith et al., 2015:6). Job satisfaction is widely regarded as a key factor in employee retention and productivity (Pang & Lu, 2018:3). Employee satisfaction reflects responsiveness, productivity, quality and recognition (Ali & Anwar, 2021:23). Job satisfaction is influenced by extrinsic and intrinsic factors, including quality of supervision, the social connections with employees, and whether individual workers succeed or not, in their work (Da Cruz Carvalho et al., 2020: 3). Behaviour that facilitates the success of organisations or firms occurs when employees are highly motivated, as a result of experiencing personal job satisfaction (Paais & Pattiruhu, 2020:4). An effective rewards system is therefore regarded as key to employee job satisfaction (Riyadi, 2020:6).

2.6 Effectiveness of rewards

Because employees are the backbone of any organisation, organisations only can achieve their targets when employees are determined to work hard to meet these targets (Odunayo, 2022:206). This determination is motivated, in the first instance, by the desire to achieve personal targets in one's day-to-day job. Rewards therefore form a crucial link between one's motivation to work and personal goals (Noor et al., 2020:8). Rewards recognise employees for doing exceptional work and promote perpetual improvement of job performance that fosters career growth and boosts morale (Ngwa et al., 2019:2). It is essential for a company or organisation to mobilise

resources so as to motivate employees (Gkorezis & Kastritsi, 2017:2; Rai et al., 2018:902).

A study by Safiullah (2014) concluded that not just one factor, for example, monetary or financial rewards, can motivate employees. Employees also need to be provided with challenging opportunities to develop new skills so that their work does not become monotonous (Safiullah, 2014). A study by Ali and Tirimba (2015) determined a positive correlation between extrinsic rewards and employee satisfaction. Giving the best-performing employees rewards motivates them as well as others and increases their job satisfaction. Robescu and Iancu (2016:50) found that most employees agreed that recognition influences and motivates them. Recognition is a powerful tool that is desired by employees and significantly enhances their work performances. But recognition and monetary rewards can be equally effective in motivating employees (Robescu & Iancu, 2016:52). Al Darmak et al., (2019:1) observed the effectiveness of a rewards in promoting innovation and found that a complex relationship exists between innovation and rewards, and that different rewards are suited for various kinds and stages of innovation (Al Darmak et al., 2019:1). In China, Zhang et al. (2019:1) elaborated that rewards were effective to manage the development of new products. Their study showed the importance of non-financial incentives and reward interdependence on new product development. In Cameroon, Ngwa et al. (2019:1) demonstrated that rewards were an important tool for attracting the right employee, retaining them and constantly motivating them to perform optimally. Another study compared the effects of intrinsic and extrinsic reward systems on worker motivation in a selected company and found that extrinsic rewards were most effective in reducing labour turnover (Jayawardena & Jayawardena, 2020:3). In Nigeria hotels, recognition positively correlated with performance of employees (Odunayo, 2022:211). The development of employees was found to be effective in reducing counterproductive behaviours among hotel employees (Odunayo, 2022:209).

Studies on rewards and performance of workers in the hotel and hospitality industry report that a lack of success correlates with the absence of rewards (Odunayo, 2022:207). The examples cited in this section show how rewards are effective, particularly in motivating employees to continue doing better to increase production.

2.7 The impact of the COVID-19 pandemic on the hotel industry and its employee rewards system

In December 2019, the Chinese government declared that new virus cases had been detected and designated coronavirus illness 2019 (COVID-19) becoming a global pandemic (Davahli et al., 2020:1). The pandemic devastated the tourism and hotel sectors in South Africa in 2020, as it did elsewhere around the world (Rogan & Skinner, 2020:5). The repercussions for tourism and hospitality were immediately evident following the declaration of a National State of Disaster followed by the 3-week nationwide lockdown period announced by the President on March 15, 2020, which was later extended to April 30, 2020 (Rogerson & Rogerson, 2020:3). Speaking from an international comparative viewpoint, Rogan and Skinner (2020:5) point out that "all citizens were urged not to leave their houses except to get food, medication, and social assistance, and only workers identified as 'critical service' providers were allowed to travel."

South Africa's tourism and hospitality industry was not recognised as "essential services," therefore, it was affected by the country's strict lockdown regulations and laws (Rogan & Skinner, 2020:6). Small tourism enterprises globally plunged from being generally reliable operations to potentially facing bankruptcy, with layoffs for some and negotiated salary cuts for the others (Joubert, 2020:3). The first impact on the urban lodging services of the country was that practically all the businesses were forced to close their doors for several months (Anderson, 2020:2). One of South Africa's leading hospitality groups (Tsogo Sun), stated in March 2020 that it would be taking the unprecedented step of "deactivating" or temporarily closing 36 of its hotel locations across the country (Rogerson & Rogerson, 2021:3).

Sun International also shut its doors including its luxury properties in Victoria, Sandton and Alfred Waterfront (Rogerson & Rogerson, 2021:3). Only a few hotels in South Africa remained open once the lockdown began (Anderson, 2020:2). Essentially, these hotels catered for local guests, international tourists waiting for their repatriation flights, or 'important service workers,' many of whom were stationed at nearby hospitals (Anderson, 2020:2; Smith, 2020:3). The five-star Radisson Blu hotel, in Cape Town was the designated to accommodate international travellers trapped by the state-wide lockdown (Thompson, 2020:2). Hotels in South Africa are still suffering from the effects

of COVID-19 (Rogerson & Rogerson, 2021:3), which also affected the rewards systems in use. The COVID-19 epidemic presented new challenges both to the hospitality industry and to academia (Gursoy & Chi, 2020:2). The present study faced many challenges as a result of the virus.

In a study by Alonso et al. (2020), they discovered that the pandemic's most significant consequences for the hospitality industry were the economic effects, followed by an uncertainty atmosphere as well as the disruption to business operations caused by self-isolation, quarantine regulations and fear. For many hospitality businesses, the restrictions they were obliged to implement caused them a huge loss of business and effectively rendered them inoperative (Alonso et al., 2020; Hall et al., 2020). In India during the epidemic, the industry experienced significant employment losses, forced wage reductions, and mandatory definite or indefinite leave without pay (Kaushal & Srivastava, 2020). The situation canvassed by the present study was similar, with employees working in five-star hotels in the Cape Town CBD witnessing employment losses, salary reductions, retrenchment and reduced working hours. There is however limited research on the rewards system during the pandemic, but in a study by CIPD (2020) on how reward practices were affected by the COVID-19 pandemic in the UK, 420 reward professionals representing the private (67%), public (15%), and voluntary (16%) sectors were participants for the study. Most respondents described COVID-19's negative financial impact on their employer, especially in the sub-sectors of retail, hospitality, catering, leisure, and housekeeping. Another study was conducted by Korn Ferry Digital (2020) on COVID-19 impacts on rewards and benefits. The findings indicate that most organisations experienced salary freezes or smaller salary increases.

2.8 Employee motivation in the hospitality industry

The best scale of measurement for ascertaining performance levels of workers in hotels is by their appearance, attentiveness, attitudes and friendliness (Du Plessis et al., 2015:10). Pakurár et al. (2019:2) state that good performance by employees results in high customer satisfaction levels. This increases the chance of customers returning to the hotel and using the services again in the future (Du Plessis et al., 2015:10). Sabri et al. (2019:1) note that while it is sometimes difficult to motivate

employees, this should always be emphasised as the success of the hotel depends on it.

A study by Du Plessis et al. (2015) on the motivation of an employee as well as job performance in the hotel and hospitality industry suggested, hotel organisations tend to pay only the minimum wage, or the bare minimum required by labour law. The problem is that this minimum wage may not be enough to satisfy the employee's basic needs. The second issue with many hotel organisations, especially small or medium-sized hotels, is that they limit the age of their employment recruitment. Some hotels prefer younger employees, while others prefer older employees. This results in tensions among those whose age groups are not preferred in their respective hotels and who feel excluded or unfairly treated (Josten & Schalk, 2010:206).

Another study by Mhlanga (2018) identified factors influencing the motivation of employees in South African hotels, using a sample of 246 hotel employees. It was revealed that 'being appreciated and responsibility', 'teamwork' and 'immaterial incentives' significantly influenced the motivation of employees. 'Responsibility and being appreciated' emerged as the factor with the greatest influence on the motivation of employees, whilst 'immaterial incentives' were rated as having the least influence on employees' motivation. The study also suggested that hotel managers should evaluate employees' needs annually in order to ascertain how to motivate them.

2.9 Motivation theories

One of the strategic tools used for attracting prospective employees and retaining current employees is rewards management (Naz et al., 2020:3). To comprehend the concept of rewards, one must have an understanding of motivation, which is, according to Suyono and Mudjanarko (2017:2), the dominant internal drive at a given moment in time. Another view is that motivation in the workplace is a measure of the extent to which an individual attempts to do well at a given task or job (Mahmoud et al., 2020:3). For Schmid and Dowling (2020:3), motivation manifests multiple forces and desires that propel an individual to execute a particular job. Among the factors hindering employees from contributing meaningfully at the workplace may be barriers to motivation, such as but not limited to outdated equipment, poor supervisory skills and a negative employee attitude (Herzberg, 2017:5).

To fully grasp the concept of motivation, we need to historicise its theorisation (Alghazo & Al-Anazi, 2016:3). Among the most renowned theorists of motivation are Maslow, Hertzberg, Vroom, Alderfer and Douglas Hall (Obiekwe, 2016:8). According to Suyono and Mudjanarko (2017:3), Maslow's hierarchy of needs is regarded as the most popular theory of motivation. From 1951 to 1969, Maslow was Chair of Psychology at Brandeis University, where he launched his crusade for humanistic psychology. This became far more important to him than his theorising (Sack, 2020:2). Maslow researched 7 modern and 9 historical figures, including Thomas Jefferson and Abraham Lincoln (former presidents of USA), Jane Addams (pioneer of social workers), Eleanor Roosevelt (philanthropist and First Lady), William James (psychologist), Aldous Huxley (author), Albert Schweitzer (humanist), and Baruch Spinoza (philosopher). Maslow developed a theory of mental health and motivation in humans by studying the habits, traits, personalities, and abilities of these and other figures (Suyono & Mudjanarko 2017:3). Maslow also created the famous hierarchy of needs which is one amongst many of his interesting things (Ann & Blum, 2019:3).

This theory suggests that people have five levels of needs, ranked in a hierarchy of physiological, safety, belonging, self-esteem and self-actualisation (Alghazo & Al-Anazi, 2016:3), that require satisfaction in that order. Several studies in the field of the hospitality industry make use of this theory, including Putra et al. (2017), Holston-Okae and Mushi (2018), Sabri et al. (2019) and Ahmad (2021).

2.9.1 The needs hierarchy theory of Maslow

This theory proposes that individuals are motivated to satisfy various needs that exist according to a hierarchy of importance (Suyono & Mudjanarko 2017:3). Before Maslow, researchers frequently focused on identifying factors such as biology, achievement, or power to explain what energises, directs, and sustains human behaviour (Suyono & Mudjanarko 2017:3). People are always seeking better lives according to Maslow; they are always seeking what they do not yet have (Alghazo & Al-Anazi, 2016:2). Maslow proposed a fivefold classification of human needs, with lower-level needs requiring to be met before higher-level needs can be met (Desmet & Fokkinga, 2020:2). The 5 levels of need are as follows:

1) Physiological: thirst, hunger, bodily comforts, etc.;
2) Security/ Safety: out of danger;
3) Love and Belongingness: be accepted and affiliate with others;
4) Esteem: to be competent and gain approval and recognition;
5) Self-actualisation: to realise one's full potential and develop into a distinct individual.
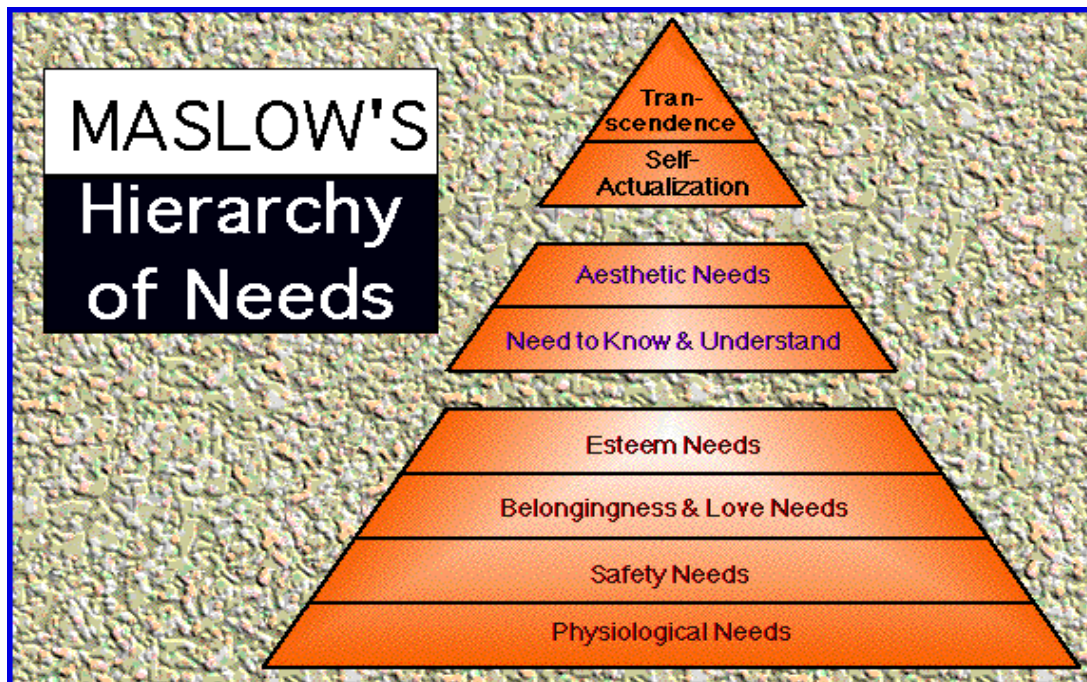
Figure 2.2: Maslow's hierarchy of needs (Hopper, 2020)

The various levels of the hierarchy in Figure 2.2 provide insights into how workers' needs can be met for rewards to be effective (Sari, 2019:30). Sari (2019:30) applies the hierarchy of needs to the modern organisation as follows:

Level 1 needs refer to the physiological needs, necessary for survival, such as water, food, rest, and sex. Workplace environments, with breaks, meals, and holidays, meet employees' physiological needs.

Level 2 needs are requirements for safety and security, including protection against physical and psychological environmental challenges. This category includes organisational employee benefits and job security.

Level 3 needs include a feeling of connection, affiliation, association, and acknowledgement by others, and the need for human contact, compassion, and support. Employees at this level want to know that they are important and cared for by the organisation.

Level 4 needs require self-esteem as well as esteem from others. This is where the need for intrinsic motivation and extrinsic motivation arise. People require psychological stability as well as outside recognition and acknowledgement of who they are and what they do. Quality recognition is used by organisations that acknowledge this need.

Level 5 is a requirement for self-actualisation, which is the possible chance to realise an individual's full potential and develop into a distinct individual. As companies recognise the importance of self-actualisation, there is a greater emphasis on offering to employees, opportunities to confront self-improvement challenges. Because people spend a significant amount of their time at their workplace, organisations should therefore assist employees in meeting higher level needs.

Maslow's theory has proved quite popular among managers because of its simplicity (Rao et al., 2019:3). Its implications for management are obvious: managers must create environments in which the lower-level needs of employees are met as a basis for motivating them to seek fulfilment of higher-level needs (Rao et al., 2019:3). Maslow's theory is relevant to the present study as it concerns human needs and the intrinsic and extrinsic motivation to meet them. Hotel managers can satisfy these needs through the provision of a salary, bonuses, fringe benefits, a safe working environment and job security.

2.9.2 Alderfer's ERG theory of motivation

Alderfer is a psychologist known for further developing Maslow's hierarchy of needs (Dogonyaro, 2021:2). ERG theory is widely used in organisational behaviour studies, and several others in the field of tourism and hospitality (Murray, 2018; Matira & Awolusi, 2020; Dogonyaro, 2021; Cheung et al., 2021). In his elaboration of Maslow's hierarchy of needs Alderfer (1972) suggested that individual motivation in organisations can be understood in terms of existence (E), relatedness (R) and growth (G) needs (Matira & Awolusi, 2020:4).

Table 2.2: Alderfer's ERG theory of motivation

Alderfer's Motivational Needs Hierarchy level	Definition	Properties
Growth	Empowers a person to have a creative or productive impact on himself and his surroundings	Fulfilled by applying abilities to problems; fosters a greater sense of coherence and fullness as a human being
Relatedness	Involves close relationships with others in one's life	Acceptance, confirmation, understanding and influence are elements that are satisfied by mutually sharing thoughts and feelings.
Existence	Encompasses all types of content and mental desires	If resources are scarce, one person's gain becomes another's loss when resources are shared.

Source: Acquah et al. (2021).

Existence needs are equivalent to Maslow's physiological and safety needs (Dogonyaro, 2021:12), concerned with people's need for material and energy exchange, as well as their need to achieve and maintain compensatory mechanisms and balance concerning certain material substances (Diep et al., 2019:4). Companies can meet these needs by providing a salary, bonuses, fringe benefits, a safe working

environment and job security. Existence needs refer to measurable objectives such as being able to buy food and pay for shelter (Dogonyaro, 2021:12).

Relatedness needs recognise that individuals are not self-contained components and must often interact other people (Cheung et al., 2021:2). This level is concerned with interpersonal activities and social contacts that satisfy the need for belonging and recognition. Relatedness includes elements such as acceptance, confirmation, comprehension, and influence (Murray, 2018:2). Employers can fulfil these needs in the place of work by providing encouragement, acknowledgement and respect (Dogonyaro, 2021:12).

Growth focuses on requirements that are self-centred and include personal growth and development needs (Ahmad et al., 2021:3). It is the equivalent of Maslow's esteem and self-actualisation needs (Holston-Okae & Mushi, 2018:4). This need can only be met if individuals receive opportunities to fully utilise their abilities (Suyono & Mudjarnako, 2017:5). According to this motivation theory, jobs can provide happiness if it offers challenge, autonomy, and creativity (Alghazo & Al-Anazi, 2016:1).

2.9.3 Expectancy theory of motivation

Victor Vroom, an expert in the psychology of leadership and decision-making in organisations, announced his expectancy theory of motivation in 1964 (Rehman et al., 2019:1; Yoes & Silverman, 2021:2). The theory responded specifically to the context of a work environment (Alghazo & Al-Anazi, 2016:3). Expectancy theory maintains that employees voluntarily choose a behaviour that will have the most favourable outcome for them (Yoes & Silverman, 2021:2). It assumes that people make rational decisions (Alghazo & Al-Anazi, 2016:3) and act in ways that help them achieve their goals (Yoes & Silverman, 2021:2). To restate it in other terms, expectancy theory asserts that humans are driven by promises of rewards which are tied to specific goals (Rehman et al., 2019: 1). The theory allows for the fact that people have different needs and, as a result, value different things (Patil, 2020:2).

Expectancy theory advances the possibility that an employee's contribution may enable him/her to achieve his/her objectives. Employee performance is influenced by the possibility of receiving a reward for accomplishing a goal. There may be an

expectancy that some rewards will be availed, and the level of a person's preference for a particular outcome will dictate how much effort is put into achieving a goal. The diagram below in Figure 2.3 depicts the dynamics of expectancy theory.
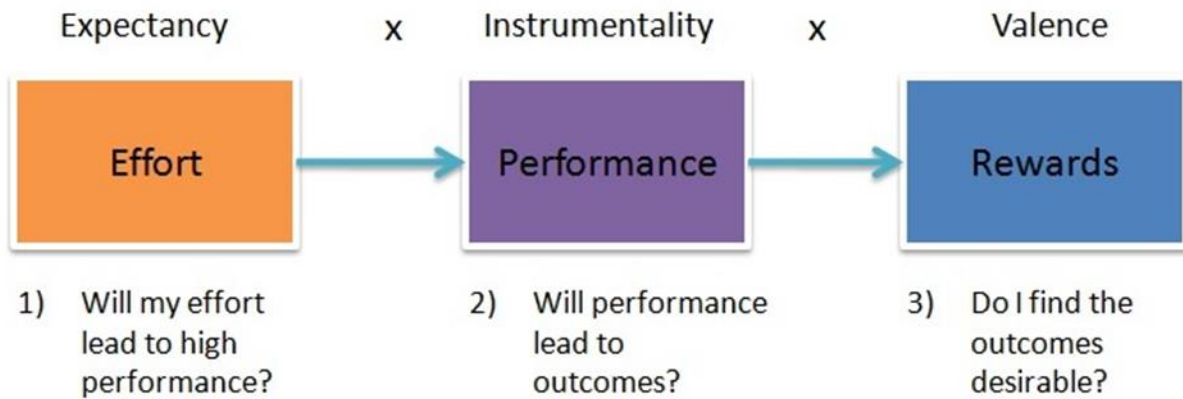
Figure 2.3: Expectancy Theory (Oanh, 2016)

Sabri et al. (2019:1) applied this theory to the hospitality industry, exploring elements of employees' motivation. They used a case study approach and a qualitative methodology to ascertain the factors that motivate workers in the hospitality industry, identifying nine elements crucial to motivation: happiness, will and desire, convenience, relationship with colleagues, working environment, work interest, salary, wage, bonus, relationship with management, challenges and gaining new skills and knowledge (Sabri et al. 2019:1).

There are four assumptions of expectancy theory relevant to this study and further discussed by Shikalepo (2020:69). To begin, employees enter organisations with preconceived notions about their individual needs based on previous experience. Such expectations have a significant impact on how workers react to the company. Secondly, a worker's behaviour is a result of deliberate choices. It thus implies that the behaviour of workers in companies is determined by their expectations. Thirdly, employees expect a variety of things from their employers, that include a good pay or salary, advancement opportunities and challenges and job security. Lastly, workers will select among given alternatives in order to maximise their outcomes.

2.9.4 Douglas Hall's age theory of motivation

This theory of motivation is much concerned about individual's chronological age or the stage of his or her career (Sabbagha, 2016:75). This theory suggests that

employees in their early careers seek development, social connections, income, and opportunities to build their skills (Roberts, 2005:22).

Employees below 30 years prioritise "good salary" as the most significant aspect of their job. In contrast, employees over fifty prioritise "exciting work" (Sugathadasa et al., 2021:3). On the other hand, employees between 40-55 years would like to be recognised but self-directed and left to do their tasks (Roberts, 2005:22). Rewards should thus be tailored to the specific employee needs at various ages (Zaharee et al., 2018:4). As a result, it is clear that the "one size fits all" strategy for rewards will fail (Roberts, 2005:22).

2.9.5 McGregor's theory of motivation

McGregor's motivation theory, also called the theory of X and Y, sorts people into either position X or position Y. Those people in position X are those who are primarily concerned with rewards and compensation, while those in position Y are self-directed individuals looking for new challenges (Badubi, 2017:3). Studies in hospitality management have used this theory of motivation, including Murray (2016) and Sabri et al. (2019).

2.9.6 Herzberg's two-factor theory of motivation

Another, analogous two-factor theory of motivation is that of Herzberg. According to him, measures to accommodate employees can be classified as either satisfiers or motivators, based on their effectiveness in motivating individuals to outstanding effort and performance (Alshmemri et al., 2017:1). Satisfiers are also referred to as hygiene factors, suggesting that they are environmental in nature (Bhatt et al., 2022:2).

Herzberg discovered that some attributes are consistently connected with job satisfaction (Sanjeev & Surya, 2016:4). Job satisfaction appears to be linked to intrinsic factors that include recognition, advancement, achievement, the work itself, responsibility, and growth (Renald & Snelgar, 2016:2). Renald & Snelgar (2016:2) noted that when respondents reported they were satisfied with their jobs, they seemed to attribute that state of affairs to themselves. On the other hand, when unsatisfied, they seemed to blame extrinsic factors, including company policy, administration, and supervision (Ali & Anwar, 2021:4). According to Herzberg's findings, satisfaction and

dissatisfaction are not opposites, as previously thought (Sanjeev & Surya, 2016:4), because removing unsatisfying aspects of a job does not always result in a more satisfying job (Ziar et al., 2016:3). Thus, a dual continuum was proposed, whereby the no satisfaction is the opposite of satisfaction, and that of dissatisfaction is no dissatisfaction (Ziar et al., 2016:3).

According to Herzberg's two-factor motivation theory, organisations cannot start to motivate employees until the source of their dissatisfaction is removed. (Alshmemri et al., 2017:2). Alshmemri et al. (2017:2) observe that hygiene factors, including income, workplace conditions, and close monitoring, even when they are met, are not motivators. Other hygiene factors include corporate policy, job security and poor effective interpersonal (Hur, 2018:3). Meeting the needs of subordinate workers is not motivating but not meeting them can be demotivating (Sanjeev & Surya, 2016:3). Right motivation comes into play whenever a worker's higher-level needs are met (Hur, 2018:3).

Herzberg's motivators drive workers to peak achievement (Alshmemri et al., 2016:2). These motivators are intrinsic to the work. They include elements for example the person's sense of accomplishment, the nature of the work, level of authority, individual growth, acknowledgement for exceptional work, and constructive criticism (Hur, 2018:2). Hur (2018:2) adds that the significance of Herzberg's theory to rewards system is that an unhappy worker cannot be motivated. As a result, an organisation must prioritise hygiene before introducing motivating factors into the workplace (Abdulrahman & Hui, 2018:52).

Only what Herzberg calls motivators cause true motivation, since the duration of hygiene factors is short and cannot be firmly associated with work motivation (Sanjeev & Surya, 2016:2). Rather, they are responsible for reducing the negative factors in the workplace (Hur, 2018:3). In sum, Herzberg's two-factor theory describes how hygiene (extrinsic) factors and motivating (intrinsic) factors influence employee satisfaction in a business. Employee performance may keep improving if the employer provides both extrinsic rewards and intrinsic rewards to employees. The Herzberg two-factor theory is depicted in Figure 2.4, below.

Figure 2.4: Herzberg's two-factor theory (Pedraza & Chen, 2022)

2.9.7 Motivation theories and the present study

Companies use both negative and positive measures to motivate their employees (Fadeyi, 2020:15). Managers may use positive motivation techniques in order to persuade employees to do a good quality job. On the other hand, they may use negative motivation techniques in order to prevent bad behaviour. Positive techniques or rewards are both material and immaterial, ranging from free lunches to simple praise (Fadeyi, 2020:13).

It has been established that applying the Maslow's hierarchy of needs theory enables retailers to apply financial and non-financial motivation to ensure greater levels of engaging employees (Fadeyi, 2020:9). The cost factors that are associated with applying motivation theories have been identified, and how motivation impacts employee retention and loyalty has been established. This study's research objectives are also served by the application of Herzberg's two-factor theory, which focuses on the factors that lead to satisfaction as well as dissatisfaction at the workplace.

2.10 Conceptual framework
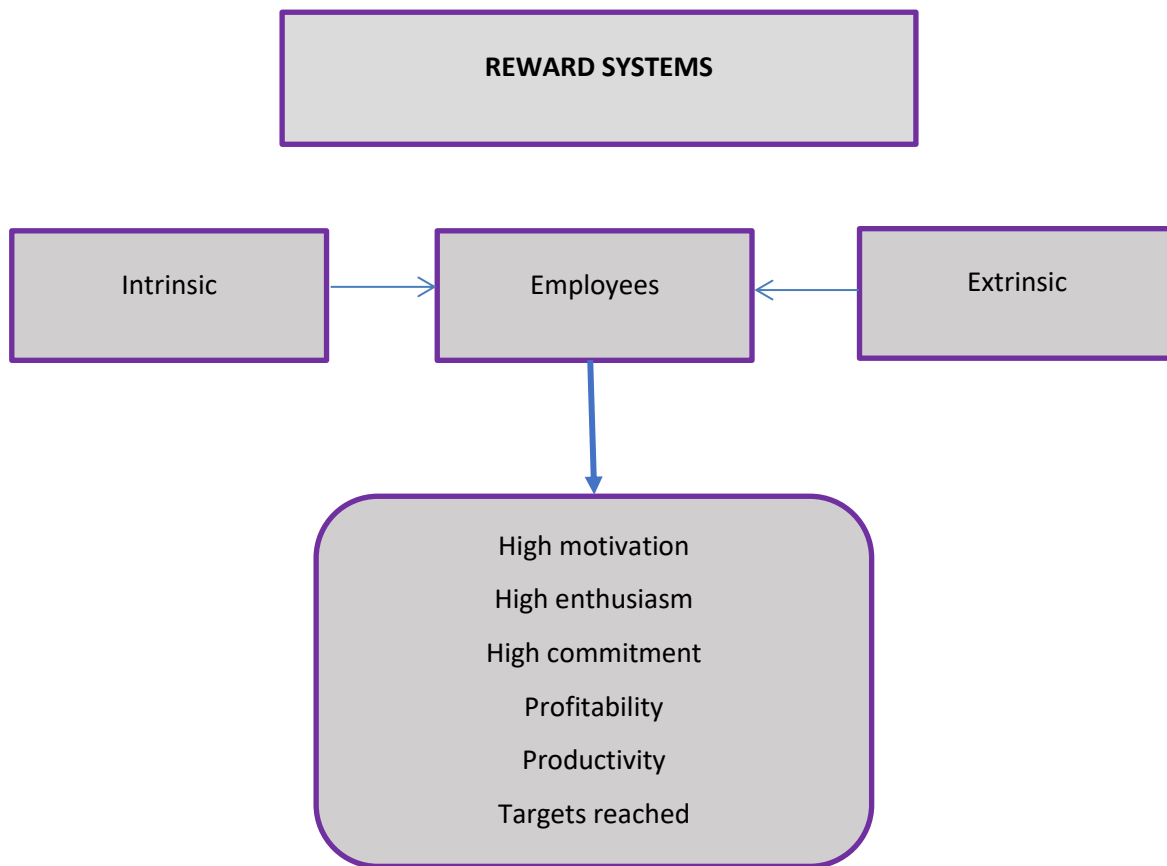
Figure 2.5: The conceptual framework of the study

Figure 2.5 consists of the reward systems that motivate employees which are formulated as specific objectives namely reward systems, intrinsic and extrinsic rewards. This study evaluated the perceptions of employee on the reward system adopted by CBD hotels in Cape Town. Motivation is described as the interiorise force that is more dominant in an individual at a given time (Suyono and Mudjanarko 2017:2). According to Schmid and Dowling, (2020:3), motivation is the power that energises performance, provides direction to behaviour and underlies the propensity to persevere one or more obstacles. Mahmoud et al. (2020:3) add that motivation is the progression of increasing the confidence of the workforce to support employees to willingly give their best in accomplishing assigned responsibilities. In this context, Maslow (1954:2) states that one needs to observe and see the desired end for an employee to be motivated. Maslow (1954:2) further states that if an employee does not feel responsible for doing the job, there is no desired end. Motivation influences

performance, and if an employee's performance is recognised by offering reward systems, then the reward systems have the potential to motivate the employee (Kathombe, 2018:24).

2.11 Chapter Summary

Employees are vital assets to organisations as they play a direct role in their success. To perform to the best of their ability, employees need to be motivated. This chapter has explored various understandings of motivation and of the relationship between motivation and reward. It seems that employees need the promise of both intrinsic and extrinsic rewards to be motivated to perform optimally, and because all employees are different, an organisation should have a flexible and balanced reward system. The chapter has also explored the various reward systems that can contribute to employee performance and satisfaction. The devastating global socioeconomic consequences of the COVID-19 pandemic were noted, together with the particular devastation that lockdowns and quarantine measures had on the hospitality industry and its employees. Th next chapter will present a detailed account of the key research methods, designs and approaches for this research study to collect and analyse data.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This study explores management perceptions of effective employee reward systems at selected five-star hotels in the Cape Town CBD. The previous chapter presented a literature review on how rewards can motivate employees in the hotel industry to achieve set objectives. This chapter presents the methodology, design and approach followed in this study. It covers the geographic area where the research was conducted, the research population and the selection of a sample. The procedures for data collection and analysis are described and explained in some detail, and certain ethical issues are considered.

3.2 Research Paradigm

A research paradigm is a set of values, beliefs and assumptions held by a researcher regarding the nature and conduct of research (Kamal, 2019:4). Built into the research paradigm are certain philosophical choices regarding ontology and epistemology (Saunders et al., 2016:133).

Ontology is concerned with the nature of being, of how a phenomenon to be investigated makes sense or is real (Kivunja & Kuyini, 2017). What is at stake is the researcher's underlying belief system about the nature of existence and what a researcher believes can be known about that reality. There are two main ontological approaches, objectivist and subjectivist (Kivunja & Kuyini, 2017:27).

    i) Objectivist

        The thrust of objectivism is the belief that "social entities exist in reality external to social actors concerned with their existence" (Creswell & Creswell, 2017:68), that the phenomenon under investigation exists independently of the researcher and the tolls of his or her research.

    ii) Subjectivist

Subjectivism holds that the actions and perceptions of social actors contribute to the construction of social phenomena. Creswell and Creswell (2017:69) talk about the "ontological position which asserts those social phenomena, and their meanings are continually accomplished by social actors".

This research adopted the subjectivist view that social phenomena are constructed by the perceptual activities of human beings.

Epistemology, on the other hand, concerns "how individuals come to know something, how the truth or reality is known, or what counts as knowledge within this world" (Kivunja & Kuyini, 2017:27). Epistemology is concerned with knowledge bases, its nature and forms, acquisition process, as well communication aspects to other beings. Epistemology focuses on the "nature of human knowledge and comprehension that the researcher can possibly acquire so as to be able to broaden, extend and deepen an understanding in a particular field of research" (Kivunja & Kuyini, 2017:27). Within epistemology there are again two broad schools of thought, positivism and interpretivism.

i) Positivism

Within positivist research, physical and social realities exist independently of the researcher and the research and hence are not influenced by it. A single truth is obtained from the research following objective or mathematical processes. Positivist studies make use of experiments, gathering quantifiable data and producing objective findings.

ii) Interpretivism

The interpretive research approach emphasises the need for the phenomenon being investigated to be understood from the point of view of the target population that is part of that phenomenon. An interpretive researcher is concerned with human understanding, meanings, values and beliefs, and seeks to gain a deeper understanding of the experiences and activities of the study population. Interpretive paradigms, as noted by Kivunja & Kuyini (2017:27), "emphasise the creativity aspects of science and how scientific knowledge is built through subjective interpretations of

observations in the context of the researcher's knowledge and mental models".

In this research, a subjectivist and interpretivist paradigm were invoked to enable the researcher to explore the participants' perceptions and experiences of the phenomenon under investigation.

3.2 Research approach

A research approach is a structural framework of research techniques and methods utilised by a researcher (Saunders et al., 2016). In social sciences research, the recognised approaches are qualitative and quantitative. The qualitative approach relies on words and sometimes images, while the quantitative approach involves numbers and lends itself to statistical analysis (Kumar, 2018:47,14; Andrew et al., 2019:10).

The quantitative research approach collects and counts data and normally generalises the research findings to the study population (Maree, 2016:47; Andrew et al., 2019:10). Quantitative research uses experiments, surveys, collecting data on predetermined instruments that yield statistical results (Kumar, 2018:14). In quantitative research the investigator mostly relies on positivist claims about the objectivity of knowledge (Bernard, 2017:3540).

On the other hand, qualitative research tries to achieve an insider's view by conducting interviews with people and talking to participants (Almalki, 2016:290; Bernard, 2017:340). Bell and Waters (2018:24) note that qualitative study is primarily based on constructivist perspectives, advocacy/participatory perspectives, or both: a qualitative approach is whereby the inquirer often makes knowledge claims. This study chose a qualitative research strategy to achieve intimate, in-depth knowledge about the research topic.

3.3 Research design

A research design can be characterised as a framework of methodologies and procedures that the researcher chooses, combining various elements to address the research problem (Kumar, 2018:47; Jasmeen et al., 2019:3). A research design provides a structure and strategy for completing a research study and to be certain that the information obtained enables the researchers to be able to clearly answer the research questions (Kumar, 2018:47). According to Akhtar (2016:6), four types of research designs include: descriptive, exploratory, explanatory and experimental. This study employed an exploratory research design. According to Nattrass (2020:4), an exploratory research design signals an exploration of the phenomenon under study. It is used in cases when the research problem must be precisely defined more in order to gain additional insights before developing an approach. This research design was therefore selected as the most appropriate for this study, since the aim was to explore management perceptions of reward systems currently used in five-star hotels in the Cape Town CBD. An investigation of this nature has not been attempted before, so the purpose was to map the terrain, gain new insights, increase knowledge and provide directions for further research.

3.4 Demarcation

This study was conducted in selected five-star hotels in the Cape Town CBD. Figure 3.1 demarcates the area in which the selected five-star hotels within Cape Town CBD that participated in the study are situated.
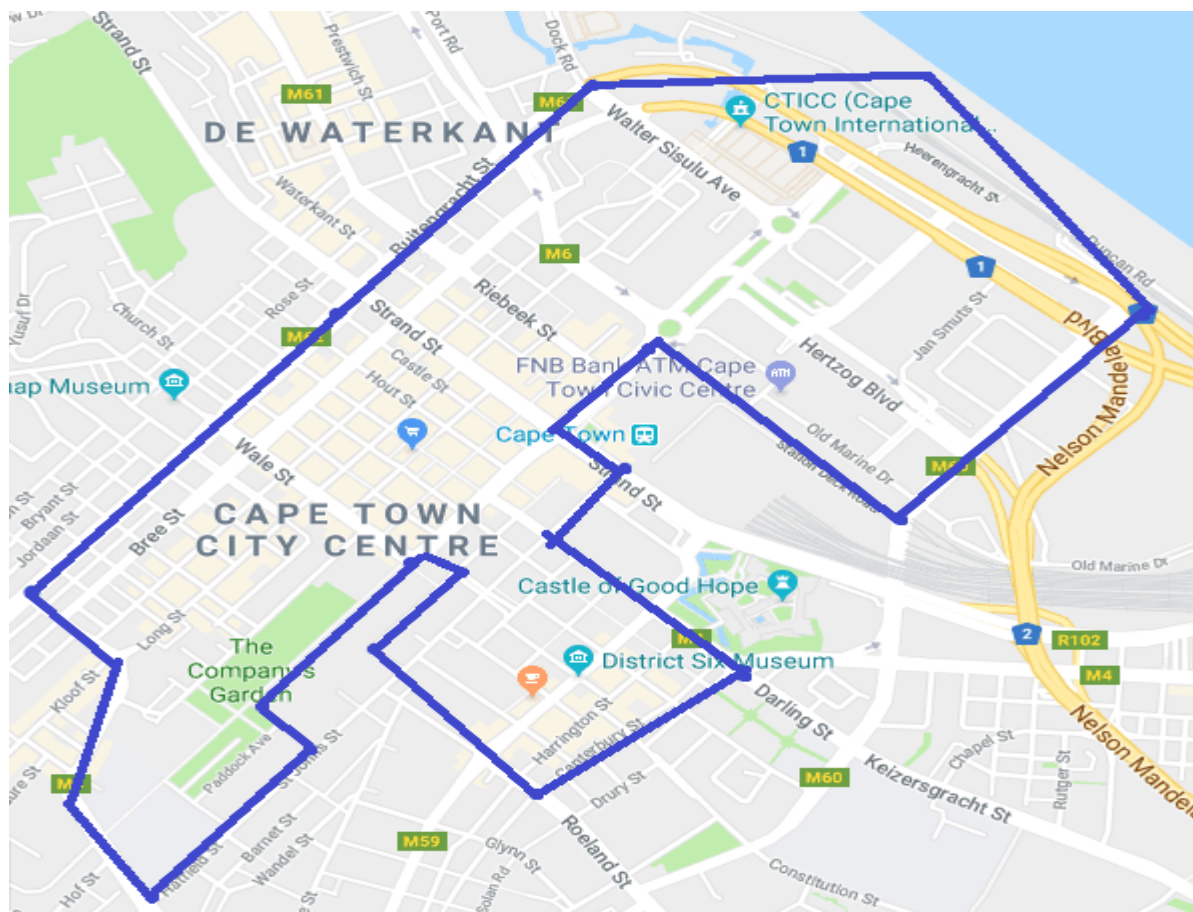
Figure 3.1: Demarcation of the area where the selected five-star hotels are located within the Cape Town CBD (Head, 2018:1)

3.5 Target population

All individuals matching a certain criterion for a specific research study are referred to as the "target population" (Pandey & Pandey, 2021:41). According to Casteel and Bridier (2021:344), the target population is narrowly defined as a conceptually constrained group participants which researchers may have access to, and which best captures the characteristics or descriptions of the population of interest. To define the target population, one should ideally iteratively analyse all boundary issues to ensure the final target population description is comprehensive enough to offer adequate data for the study (Casteel & Bridier, 2021:344). To determine the targeted population, the characteristics of interest must be operationalised according to the study's variables so that the results can be transferred back to the population (Ackerman et al., 2019:2). The population in this study was made up of managers in the administrative sections

of the hotels concerned: H.R. managers, marketing managers, front office managers, reservation managers and accounts managers.

3.6 Sampling method

Sampling is a technique used to choose a certain section or portion of the population for a study (Kabir, 2016:169). Maree (2016:198) and Kabir (2016:169) explain that qualitative research is normally based on purposive and non-probability sampling rather than random or probability sampling approaches. A non-probability method involving purposive was utilised for this study, and convenience sampling was applied. To select participants working at top management in the administrative departments (e.g., reservation, marketing, human resources and accounting) at selected five-star hotels in the Cape Town CBD, purposive sampling was used. These participants were selected because of certain important or defining characteristics, including but not limited to: qualifications, the significance of knowledge about key aspects that are related to incentive programmes and rewards, and responsibility for management and leadership. In addition, convenience sampling was applied based on the willingness and availability of the selected managers to participate in the interviews.

3.6.1 Sample size

A sample is defined by Creswell and Creswell (2017:212) as, "a small proportion of the population that is selected for observation and analysis". The sample size is an important consideration when it comes to sampling (Maree, 2016:198), though there is no agreement on the exact size of an appropriate sample. There were four five-star hotels that showed interest in participating in this study. According to Wesgro (2018:1), there are 23 five-star hotels in Cape Town but only six five-star hotels in the Cape Town CBD. Wesgro did not have a database list of hotels within the Cape Town CBD, so the researcher had to create one (see section 3.6.1). Wesgro is the Western Cape and Cape Town's official trade, tourism, and investment promotion agency (Wesgro, 2019:1). The sample size aimed for was six five-star hotels. However, due to the COVID-19 pandemic and the temporary closure of hotels, the study could access only four five-star hotels in Cape Town CBD that were willing to participate.

3.6.2 Database development

After consulting with multiple government bodies and tourism and hospitality organisations for a database of hotels within the Cape Town CBD, the researcher discovered that there was no list of only five-star hotels. The researcher therefore devised his own list, using numerous online websites, including TripAdvisor, Booking.com, Trivago.com, Agoda.com and Safari.com.

When these sites were accessed (January 2020), TripAdvisor featured more hotels based in the Cape Town CBD than the other websites. Moreover, TripAdvisor was the most comprehensive listing, containing all the hotels mentioned on the other booking websites. The sample frame was therefore created using TripAdvisor's booking website by entering hotel details on a Microsoft Excel spreadsheet organised into columns.

3.7 Data collection

Data collection involves the assembly of relevant and meaningful information to answer the research question (Paradis et al., 2016:3; Kabir, 2016:202; Sari, 2019:61). Flick (2017:7) adds that to determine the data collection methods suitable for a particular research study, the researcher should understand the key data collection methods commonly used in the research studies.

3.7.1 Data collection instrument

Semi-structured interviews are commonly used in qualitative research (DeJonckheere & Vaughn, 2019:2). The use of semi-structured interviews was an effective approach to data collection as it as it allowed a generous degree of flexibility for managers, to take time to think about the questions asked and or provide additional relevant information (Kabir, 2016:13; DeJonckheere & Vaughn, 2019:2). DeJonckheere and Vaughn (2019:6) note that probing for the clarification and elaboration of answers is allowed in a semi-structured interview. They also observe that it is important to pay careful attention to the participant's responses so that one can classify and categorise emerging lines of inquiry directly related to the phenomenon being studied (DeJonckheere & Vaughn, 2019:6). A semi-structured interview guide was developed to assist in the quest for information to address the research objectives. The development of the semi-structured interview guide is discussed below.

3.7.3 Interview guide development

An interview guide is a list of questions with a bearing on the research topic to be raised by the interviewer during the interview (Opie, 2019:4). The interview guide followed that of Odunayo (2022) but was amended to suit the current study. The interview guide was divided into two sections:

Section A: Consisted of closed-ended questions to determine the participant's profile. Information requested included gender, highest level of education, and years worked in the hotel.

Section B: This section was structured to respond to the following four objectives of the study: 1. To determine the employee reward systems currently used at selected five-star hotels in the Cape Town CBD; 2. To investigate the management's perception of effective reward systems offered to employees at selected five-star hotels in the Cape Town CBD; 3. To determine the extent to which five-star hotels utilise reward systems to motivate employees; 4. to investigate the management's perceptions of rewards systems mostly preferred by employees working at selected five-star hotels in the Cape Town CBD.

3.7.4 Pilot study

A pilot study is defined as a small-scale preliminary study that help researchers to decide how to execute a large-scale research project (Masunga, 2019:38). The researcher carried out a pilot test before the proper interviews were conducted in the field. This was achieved using two managers working in the administration area in five-star hotels in the Cape Town CBD that were not part of the study, to see if the participants could understand the interview questions. This process helped to reveal areas that needed improving in certain questions that came across as ambiguous or vague. Fortunately, participants in the pilot study for the most part understood the questions and could respond to the interviewee.

3.7.5 Validity of the data

Validity is how well the data collected covers the actual field of research or "measures what is intended to be measured" (Taherdoost, 2016:3). The researcher undertook a pilot study to ensure the validity of the data. Pilot study findings were used to improve

the questions in the interview guide, thus enhancing research validity. It also helped to identify similar or repetitive questions in the interview guide.

3.7.6 Reliability of the data

According to Kathombe (2018:42), the reliability of a research instrument refers to how consistently it produces the same results over time. The researcher measured the interview questions reliability through pilot testing, ensuring that items in the interview guide were simple, sufficient, precise and understandable.

3.7.7 Data collection fieldwork

Before the start of the research, ethical clearance was obtained from the CPUT Ethics Committee in the Faculty of Business and Management Sciences (see Appendix B). Permission was obtained from the participating hotels, however, after the outbreak of the COVID-19 pandemic, some of the participating hotels were closed and others were no longer willing to participate. Given this, the researcher consulted the CPUT Ethics Committee about changes to the proposed research made because of the pandemic. Permission was granted, so the researcher continued with the study with the hotels that were operating and willing to participate.

The researcher made appointments with the hotels via email and started conducting interviews. Data were collected by the researcher through face-to-face interviews. Interviews took place in the Cape Town CBD during the lockdown (from 3 May to 24 June 2020). During this time, managers of these hotels had to cover several management positions because of a staff shortage after retrenchments. The interviews were therefore scheduled according to these managers' availability. Each manager was briefed about the study and received an informed consent letter (see Appendix D), which explained the study's purpose and its ethical implications. Each interview of 40 minutes to an hour in length was audio-recorded and encrypted for safe storage.

This study included interviews with front office, reservation, marketing, human resource and accounting managers. A qualitative study depends upon data saturation to ascertain when a sample is sufficient in size. Daniel (2019:3) refers to saturation as the "gold standard" to determine sample size. Saturation comprises mounting

instances of the same codes being generated without any new ones (Daniel, 2019:3; Braun & Clarke, 2021:1), or the level or point at which 'added data do not guide or lead to any new emergent themes' (Braun & Clarke, 2021:2). In the qualitative approach, a minimum of 6 interviews is required, and if after 6 interviews, new themes continue to occur, more interviews are required (Guest et al., 2020:2). If after 12 interviews, data saturation starts to occur, then no further interviews are required (Daniel 2019:3; Thorne, 2020:2). In this study, data saturation started to occur after 12 interviews, so a total of 14 interviews was considered adequate.

3.8 Data analysis

The purpose of conducting data analysis is to organise, structure and extract meaning from the data gathered (Creswell, 2014:179; Kabir, 2016:277). The data collected from interviews was recorded, transcribed into text and then presented in a narrative form. The study employed Creswell's (2009:142) six steps to analyse the data, which are outlined chronologically below:

Step 1: Systematically classifying the data to enable the researcher to analyse it. At this point, the researcher reviewed the audio tapes obtained in interviews, then transcribed them into a Word document.

Step 2: Scan the data thoroughly. As Braun and Clarke (2019:594), put it, "get to know your data".

Step 3: Commence thorough and rigorous analysis by coding the data: at this point, arranging the data into smaller chunks by capturing the text and gathering sentences into distinct groups. Before arranging sentences into groups, the researcher needed to label the groups in language captured directly from participants.

Step 4: While coding the data, the role of the researcher is to not only give a general layout of the people and setting but also give a description of the categories of these for analysis to be possible. The process led to the generation of codes, which allowed for explicit description and some generalising of the participants' responses.

Step 5: The researcher should demonstrate s/he will describe their emergent themes in a qualitative narrative. The researcher needed to combine the themes that emerged from the coding process into narrative passages for a logical exposition of the findings derived from the responses of the participants.

Step 6: The researcher illuminated and deciphered the data to make meaning out of it. Creswell and Creswell (2018:262) acknowledge that the background of the

researcher, subjectivity and theoretical lens play a crucial role in formulating this meaning. The researcher listened carefully to what the participants were saying, to the conclusions that they drew, and to their intentions for future practice.

3.9 Issues of trustworthiness

A researcher must be trustworthy when conducting qualitative research. According to Kabir (2016:520) assessing trustworthiness proceeds through verifying and legitimizing the data analysis, findings and conclusion. Maree (2016:80) states that certain procedures need to be sustained to assess the trustworthiness of data analysis. These procedures include but are not limited to consistency checks (e.g., another researcher checking that the category descriptions match their corresponding categories) and credibility or stakeholder checks (Kabir 2016:520). The trustworthiness of this research was achieved through peer reviewing, coding checking, and recording the data.

3.10 Ethical considerations

Educational research deals predominantly with human beings, which means that it is imperative to understand not just the legal but also the ethical implications of conducting a research study (Fleming & Zegwaard, 2018:5). CPUT's Faculty of Business and Management Sciences Research Ethics Committee approved the research proposal and other relevant documents (interview guide, consent letter, and completed ethical protocol form) (see appendix B). Ethical considerations for data collection started with acquiring a permission letter (see appendix C) from the hotels. Participants then gave verbal consent to participate after being fully informed about the study through the consent letter (see appendix D). Before the interview, an informed consent paragraph was read by the researcher from the interview guide. The researcher explained the procedures and protocols for the interviews. In addition, the participants were informed that the interviews were entirely voluntary and had an option of leaving the study at any time without any penalty. The researcher informed the participants about confidentiality as follows: "information supplied will be used for the purpose of academic research only and will be kept in strict professional confidence". Participants were also told to omit any questions that made them uncomfortable. They were assured that all the responses that were audio recorded

would remain confidential and in an encrypted file to which only the researcher would have access.

3.11 Chapter summary

This chapter presented a detailed account of the key research methods, designs and approaches for this research study to collect and analyse data. The description of each method and approach has been accompanied by justificatory explanation. The research study gathered qualitative data using semi-structured interviews. The satisfaction of various ethical requirements was noted. The next chapter presents and discusses the results of the research.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.1. Introduction

The aim of this study was to explore management perceptions of effective reward systems offered to employees at selected five-star hotels in the Cape Town CBD. According to Quadri (2019:45), as the foundation for findings and conclusions, data analysis is the most important part of any research study. The goal of this chapter is to describe the themes discovered, using Creswell's six-step process of analysis, as alluded to in Chapter 3. Three main themes (with concomitant subthemes) emerged from the interviews to characterise the employee rewards systems at the hotels concerned.

The three themes were: categories of rewards, reward utilisation, and the role of reward systems. Extracts from the interviews with the managers are included below to help bring the data to life. Table 4.1 outlines Creswell's six steps followed for this study.

Table 4.1: Processes of data analysis in Creswell's six-step analysis

Number	Analysis phases	Analysis descriptions
1	Get acquainted with your data.	The data has been transcribed and transcripts checked for "accuracy" against tapes.
2	Initial codes coding	Coding interesting features of the data set systematically, collating data which is relevant to each code.
3	Searching for themes, collating	Collating the codes into potential themes and gathering all data that is relevant to each potential theme.
4	Reviewing themes	Checking if themes work in relation to coded extracts as well as the entire data set and generating a thematic map.
5	Defining and naming themes	Ongoing analysis for refining theme specifics and the overall story from what the analysis tells, generating clear names and definitions for each theme.
6	Producing the report	This is the final phase of the analysis. Vivid, compelling extract examples are selected which are then analysed in relation to the research question, aim and relevant literature, and a final analysis report is produced.

Source: Braun and Clarke (2006:35)

The researcher applied these six steps by first reviewing the audio tapes obtained in interviews, followed by transcribing these into a Word document. Secondly, the researcher scanned the data thoroughly and considered how to convey it in an understandable and cohesive manner. Thirdly, he started to code the data, arranging it in smaller chunks by capturing the text and putting sentences into distinct groups. The researcher then labelled the groups in language captured directly from participants for an authentic representation. Fourthly, in coding the data, the researcher described the categories to enable analysis and entered the codes into Microsoft Excel. Next, the researcher combined the themes that emerged from the coding process into narrative passages to create a logical account of the findings derived from the participants' responses. Lastly, the researcher illuminated and deciphered the data to make it meaningful. The researcher focused on what participants were saying, the conclusions they drew, and their intentions for future practice, then produced an analytic report on it.

In this way, the raw data that were collected from the interviews was gradually moulded into several themes for further analysis and interpretation. Next up is a demographic profile of the participants, followed by a presentation of the three major themes identified: reward types, reward utilisation, and the role of reward systems.

4.2 Participants' demographic profile

The participants' demographics are presented below in Table 4.2. Included are the participants' gender, level of education, qualifications, position, and level/length of service.

Table 4.2: Participants' demographic profile

Demographic criteria	Categories	Frequency
Gender	Male	6
	Female	8
Education level	PhD	0
	Masters	0
	Honours	2
	Bachelor	2
	Advanced Diploma	2
	Diploma	4
	Matric	4
Title or designation	HR and learning & development manager	2
	Front office manager	4
	Accounts manager	2
	Reservations manager	4
	Marketing manager	2
Level of service	< 3 years	7
	4 – 6 years	5
	7 – 9 years	0
	> 10 years	2

Source: Researcher's construct

4.2.1 Gender

There were more females (8) working in the administrative divisions of five-star hotels than males (6), as illustrated in Figure 4.1.
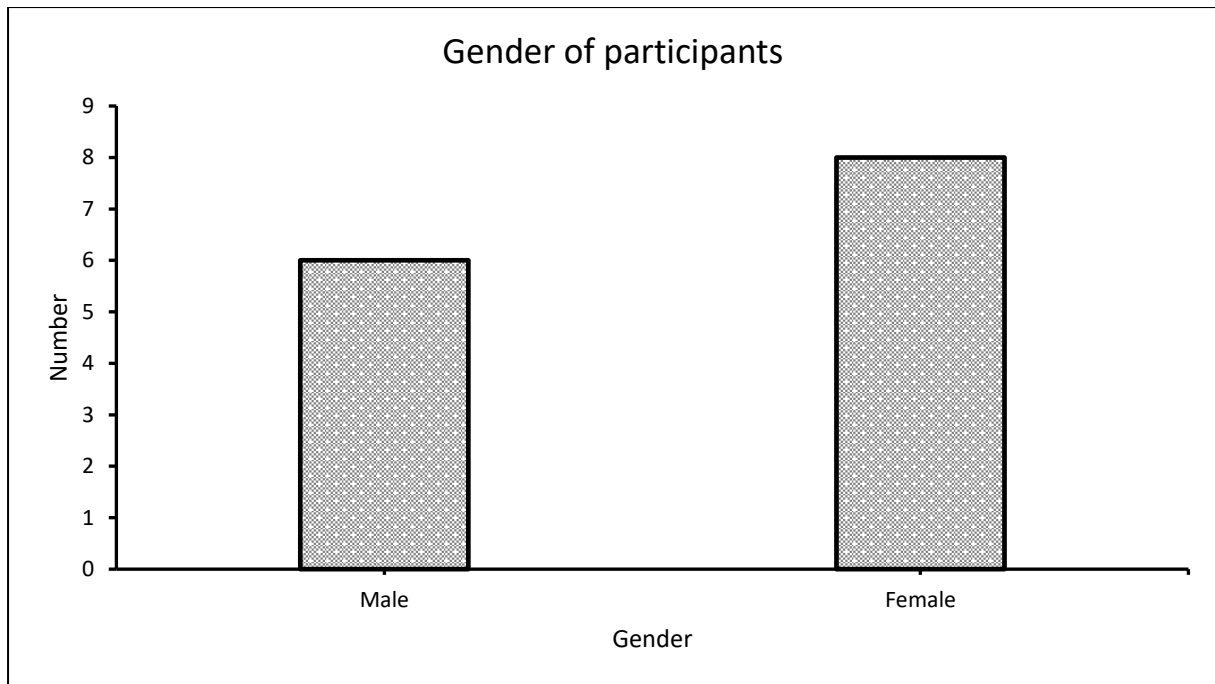
Figure 4.1: Gender of participants

4.2.2 Educational qualifications

Most (10) participants working in the hotels' administration have obtained formal tertiary qualifications (Honours or Bachelor's degrees, Advanced Diploma or Diploma). There were no participants who had gone on to Master's and PhD level. The remaining participants (4) have only matric (senior certificate).

4.2.3 Work position

The participants in the study held the following managerial positions within the hotels: front office managers (n = 5), marketing managers (n = 3), reservations managers (n = 3), human resource managers (n = 2), and accounts manager (n = 3). The positions are depicted below in Table 4.3. The researcher found that most managers held unusual positions or more than one position as the hotels were not fully operational. This was the result of the COVID-19 lockdown, when most staff were retrenched or put on reduced hours.

Table 4.3. Position of employment held by the participants

Position	Number of participants	Additional position
Front office manager	4	• P12 also works as an accounts manager
Marketing manager	3	• P4 also works as a reservations manager • P7 also works as a guest relations manager • P10 also works as a general assistant manager
Reservations manager	3	• P4 is also working as a marketing manager
Human resource manager	2	• P1 also works as a learning and development manager
Accounts manager	2	

Source: Researcher's construct

4.2.3 Years of service

Participants were asked how long they had been working in their current hotel. The majority (7) of the participants had been at the hotel for less than 3 years. This was followed by managers (5) who had been there between 4 and 6 years. There were no participants with between 7 and 9 years of in situ experience and only two participants with more than 10 years of experience. Participants were also asked how long they had been working in their current position, and most of them had been in their position for less than five years; that is, out of 14 participants, 12 managers had worked in their current position for between 1 and 5 years). One manager had been working for more than six years in their current position, and another for less than six months. Table 4.4., below, displays this information.

Table 4.4. Length of service in the hotel vs length of service in current position

Participant	Working experience	
	Length of service in the hotel (years)	**Length of service in current position (years)**
1	15	2
2	6	2
3	11	4
4	3	2
5	0.5	0.5
6	2	2
7	3	3
8	6	4
9	1	1
10	6	6
11	2	2
12	3	2
13	5	1.5
14	5	3

Source: Researcher's construct.

4.3 Qualifications attained through the hotel industry.

Participants were asked if there were any qualifications, they had attained through the hotel industry. Thirteen participants out of 14 had attained some such certification. These were not formal qualifications, but additional certificates awarded for skills development. Participant 4 indicated that*:*

There are a lot of courses that I have done in this hotel, their online training platform, but it is not recognised as a form of qualification. Its additional skill set development within the industry and specifically within this hotel group.

This view was expressed by many participants (10):

… There are a lot of different courses…although they are not formal education but it's just necessarily to grow, just increase your knowledge regarding all avenues in the hospitality industry.

All five-star hotels in the Cape Town CBD offer training programmes; once the employee completes a program, they receive a certificate. All the managers pointed out that employee training certificates expand knowledge and skills about various products, which helps hotels to succeed. A few managers (3) further explained that all employees are given a chance to participate in the programmes that hotels offer.

4.4 Overview of the main themes with sub-themes

Three main themes and ten sub- themes were discovered from the management perceptions on reward systems that are offered to employees at five-star hotels in Cape Town CBD. These themes and subthemes are presented in figure 4.2. below.
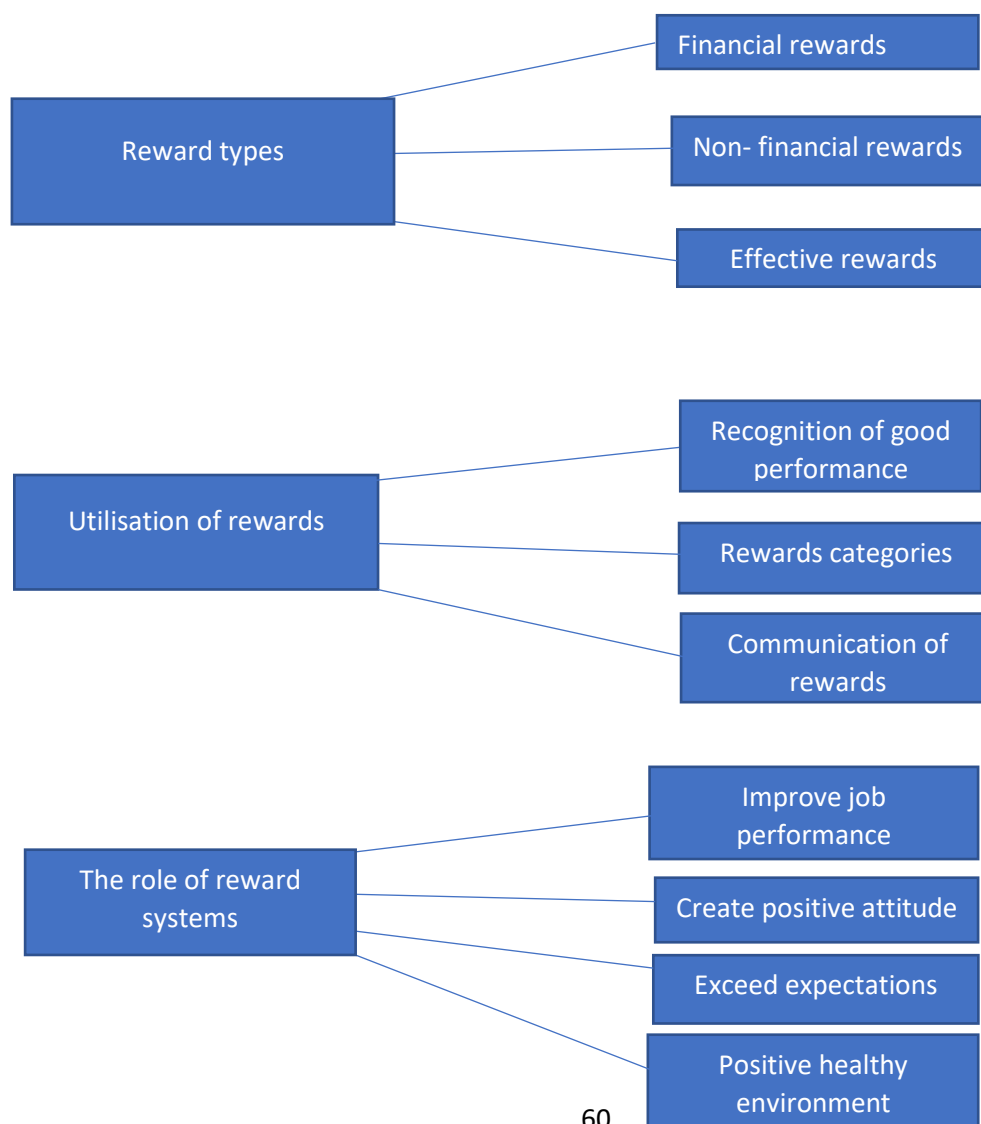
Figure 4.2: Thematic map

4.4.1 Management perceptions of categories of reward systems

This study aimed to explore management's perceptions of effective reward systems for employees at selected five-star hotels in the Cape Town CBD. Participants were asked what reward systems were currently used in their hotel. Most (12) of the managers claimed that employees were offered both monetary and non-monetary rewards (Table 4.5).

Table 4.5. Categories of reward currently offered to employees at five-star hotels.

Sub-themes	Codes
Extrinsic rewards	Commission
	Salary increase
	Cash (in hand)
	Shopping vouchers
	Provident fund
	Bonus
Intrinsic rewards	Appreciation/ Praising
	Training
	Birthday gifts/ presents
	Recognition
	Employee of the month
	Complimentary stay
	Positive feedback from superiors
	Mentoring
	Meal voucher
	Delegation

When asked for their views on rewards systems in use in their hotel, participant 2 responded by saying:

So currently, obviously, there is the basic, which is financial aspect of a reward system. So, if the hotel does well, how employee's performance and impact on how the hotel

is going to do "financially" … If you're doing excelling in that area, we obviously give a point system, which is one being the lowest, and three being the highest, depending on how you're doing, if you're doing great, you're obviously rated higher. This one is basically not financially reward, it's not associated to any rewards in terms of finances, it's basically a touch base and to applaud you where you're doing well, to point out where you need help even if it's training that you need to pick out your weak areas.

Participant 2 identified the two reward types, financial and non- financial. S/he conceded that financial rewards depended on how well the hotel and its employees were performing. With non-financial rewards, there was a points system to rate employees' performance. On the other hand, participant 8 responded by saying:

So basically, for individual rewards and performance, like for the front desk what they have is they have a commission structure base, where if you up-sell anything to a guest. We have employee of the month every employee can give you recognition on the day and say that you've done a job well done then at the end of the month, we'll have whoever got the most recognitions for the month would get a prize, birthday gifts and anniversaries.

All the participants mentioned that they had a reward for the employee of the month where the winner was given a certificate and a voucher, confirming that the most common reward used to motivate employees in all these hotels is the employee of the month award. Participant 7 said:

We have employee of the month, if an employee sees another staff member doing something above and beyond for one of our guests, if they're just going out of their way to help another department, they write out a "you rock" card, which we give them to the staff to get entered into a draw. Then in our staff meetings will pull it out, and they'll win vouchers and gifts, and different prizes.

The managers agreed that employee of the month was an important means of increasing motivation. It is accomplished by either using basic voting methods or via an online application box that allows each nominator to enter his or her nominee's name and a brief text explaining his or her selection. Although the process or systems used for the employee of the month is not identical, it is similar in all the hotels. A

manager selects a winner directly either the ratings or by sending the finalists to judges 'to decide the winner. On the other hand, most participants said that due to the COVID-19 pandemic, the majority of financial incentives had been placed on hold as it was not financially viable for the hotels to incur extra expenses. In response to this, participant 4 said:

From a financial perspective, it's obviously the COVID-19 at this point in time, things like bonuses, or financial incentives does not work the way that they used to, because everyone is trying to save as much money as possible in order to survive this pandemic. However, we are more focus on interpersonal developments, specific recognition for jobs well done, we do a daily lunchtime talks where you will praise something that's associated with that for the day that really stood out.

A few managers (e.g., participant 3) pointed out that non-monetary rewards are cost-effective while still serving to improve employee morale, productivity, and quality. Given the economic climate due to the COVID-19 pandemic, there was a strong case for providing more non-financial rewards to motivate employees. Management teams were faced with many such decisions, including cost-cutting policies, restructuring, and downsizing.

When managers were asked what kind/type of rewards systems they considered most effective in motivating their employees, they responded that financial rewards such as money, shopping vouchers, commission, bonuses and salary increases were most effective. Participant 13 responded by stating:

More effective would-be money like performance-based bonuses along with commission.

Out of the 14 managers, 10 regarded financial rewards as the most effective, 3 mentioned training as a reward effective in motivating employees, while one mentioned career development and complimentary stays in a hotel. Performance-based bonuses were paid to employees in exchange for meeting pre-determined goals and benchmarks. After reviewing excellent projects or high-quality work performances, managers frequently reward employees with performance incentives. Participant 8 simply pointed out that:

Money has always been the highest, most effective way to reward employees.

Several managers (3) pointed out that there were effective rewards other than financial ones, including training and career advancement. Participant 11declared that:

Training and development are more effective, because it's also for the long run, and money doesn't last you long.

Participants were asked what type of rewards they considered more effective in attracting and retaining employees. Out of 14 managers, 12 mentioned financial rewards as the way to attract employees, one mentioned the hotel's micro-culture and another suggested that the hotel brand attracted employees. Financial rewards were thus seen as the most effective in attracting employees. According to participant 3,

It's money because the industry doesn't pay much so if you offer more money in your establishment they come and those that are in the company will stay.

Although financial rewards were seen as the way to attract employees, most managers mentioned that training and development were particularly effective in retaining employees. Participant 9 emphasised that training and development keep employees in the company, saying:

I would say training qualifications, the hotel offers that tend to keep employees but in terms of attracting is money.

Managers stated that financial rewards, specifically money, help promote productivity, raise morale, minimise resignations and attrition, and attract higher-quality workers, motivating employees already engaged to put in more effort. As a result, people are drawn to well-paying employment, expend greater effort on the things that pay them more, and become angry if their compensation is threatened or reduced. Managers were then asked about the type of rewards system preferred by employees working at selected five-star hotels in the Cape Town CBD. Most managers indicated that the preferred rewards are financial, specifically money. The majority of managers (11) indicated that the most preferred rewards were financial, while 2 managers felt that employees preferred a mixture of financial rewards and non-financial rewards. Only 1

manager indicated that employees, specifically young ones, preferred non-financial rewards like career development. To provide more insight, participant 5 responded:

Everyone prefers cash… cash rewards allow the employee to then go home and sort out their personal bills, personal accounts buy whatever they would like.

Managers stated that financial rewards, more specifically money, cover basic living expenses such as bills, transport and food, and help endow their employees with feelings of security and of being valued by the company. There was one manager who responded by saying:

Most young employees prefer career development since they want growth.

On the other hand, when managers asked what kinds or types of rewards are least preferred by employees, a few managers (3) mentioned that a complimentary stay in the hotel in which employees worked was less preferred since they already knew the hotel, its services and other amenities. Participant 12 declared:

Usually, complimentary stay is less preferred by employees.

Out of the 14 managers, 7 suggested that there were no rewards that employees did not appreciate; one mentioned that non-financial rewards were less popular than financial, and one suggested that giveaways like meal vouchers were less preferred. One manager confessed that he did not know which reward was least preferred by employees.

While most managers felt that employees had varying opinions of rewards, they maintained that a reward was a reward and that all employees seemed to like everything that was available. As participant 2 put it:

I don't think there's a reward that isn't preferred by employees.

Managers were asked their views on how satisfied employees were with the current rewards system. Out of the 14 managers, 10 felt that employees were satisfied with the current reward systems on offer, while 2 managers said there was no way one

could satisfy all employees. Two managers were not sure if employees were satisfied or not, while participant 8 expressed the view:

I think they're all pretty satisfied, but surely there's something that we can do more.

Participant 7 felt much the same, saying:

I would say about 70% they quite satisfied, but I think there's still room for improvement.

Participant 9 was somewhat sceptical of pleasing all employees:

Unfortunately, there is no way you could actually satisfy all employees.

4.4.2 Utilisation of rewards

Participants were asked how often the hotel recognised good performance to motivate employees. The frequency of recognition varied from daily to annually. Table 4.6 shows the codes for the frequency of recognition through rewards. Managers stated that their hotel recognised good performance daily, monthly, quarterly, and annually.

4.6 Themes and codes for utilisation of rewards

Theme	Codes
Utilisation of rewards	Daily
	Monthly
	Quarterly
	Annually

Participant 5 responded in some detail:

It is actually a daily thing that happens for example, with the Trip Advisor comments, guests are coming in and out of the hotel on a daily basis and on the day of their checkout, that's when they get the Trip Advisor request for them to give us feedback…. the way the structure is set up is an easy basic structure which allows the staff to be motivated and wanted on a daily and weekly basis. So, it's not like they have to wait for very long to get the incentive.

Participant 5 added that:

Informal rewards are done daily and structured [ones] done monthly and yearly.

Managers explained that informal rewards like personal praise or thankyous, buying an employee coffee or lunch, sending a note card, or giving someone a special mention in a meeting are the things that can be done daily, while other rewards are organised and structured by the organisation and are done monthly, quarterly or at the end of the year.

The participants were then asked whether the hotel offered the same range of rewards to all employees. Out of the 14 participants, 13 said they offered the same rewards to all employees but noted that the system sometimes differed according to the department; for example, at the front desk, commission was awarded for upselling the room and there were tips. Waiters also receive tips for customer service, but commission and tips do not form part of a structured reward policy. A typical view was expressed by participant 7:

We offer the same rewards throughout the entire hotel, for all departments, all staff to just make it equal and fair for everybody … The structured rewards are same but there are also departmental rewards like commissions and tips which are for the certain individuals.

One manager out of 14 (participant 11) allowed that the rewards did differ:

Depends on the type of reward that you're getting. So, they do differ.

Managers were then asked how information about rewards was communicated to employees. The response was that the rewards were communicated through employment contracts, staff inductions, emails and during staff meetings. Table 4.7, below, shows the themes and codes for the communication of rewards as revealed by managers.

Table 4.7. Themes and codes for the communication of rewards revealed by management.

Theme	Codes
Communication tools for rewards	Email
	Notice boards
	Contracts
	Staff meetings
	Induction

Participant 3 stated that:

Rewards like financial rewards would be based or included in your contract. That is something that can be changed if you wish, I mean, when it comes to money, there must be a structured vote. And the non-financial rewards will be communicated via means of a memo or an announcement, an official announcement from the executive team's office.

Another related point of view was articulated by participant 13:

The statutory incentives, if you want to call it that, is found in the contract as they contain confidential information. But when they start with the on-boarding process, that's where we'll take them through the induction training and teaching them about how this property works. The programmes we have in place, the non-monetary benefits, they go through the employee lifecycle, and they get introduced to our policies and procedures.

Most managers stated that the communication of rewards through contracts was confidential and that the benefits offered were commensurate with the level of the employee in the organisation. In contrast, other rewards, specifically non-financial rewards, were communicated publicly through staff meetings, notice boards and in the induction phase when an employee was introduced to the establishment. Managers also indicated that most of the formal rewards or benefits are found in the contract as they contain confidential information pertaining to medical aid, provident fund, night

allowance, holidays allowance, transport allowance, leave, and bonuses, to mention but a few.

4.4.3 The role of the reward system

Managers were asked what role the reward system played in motivating employees. Most of them agreed that the reward system motivates and pushes employees beyond expectations. Table 4.8, below, notes aspects of the positive role played by reward systems in the five-star hotels.

Table 4.8. Codes for the role of rewards on employees in five- star hotels in Cape Town CBD

Theme	Codes
The positive impact of rewards on employee	Create a positive and healthy environment
	Create a positive attitude
	Exceed employees' expectations
	Improve job performance

Participant 8 remarked that:

The reward system has played a very big role in motivating employees, because it keeps them going, it also makes the environment more pleasant, and it also makes them want to do something more.

Another recurring theme was mentioned by participant 10. The participant agreed that the reward system played a huge role in motivating employees. It increased levels of commitment and enthusiasm:

It has played a big role, rewards make employees doing a little bit extra, and rewards spark a little bit of enthusiasm into your day's work, and keep people motivated.

Managers were asked whether their current reward system improved job performance, career growth and employee behaviour. All the participants agreed that their current reward systems were successful in these functions. Participant 4 responded by saying:

100% yes…rewards improve your circumstances; rewards drive employees hard enough to get to a certain level of recognition…So it is a very positive cycle.

Another recurring theme was phrased by participant 7 as follows:

Yes…it definitely motivates our staff to be more efficient, it also increases their job performance; it creates that pattern of positive behaviours. So, it definitely, improved their job performance.

Participants' views were also solicited on whether the current reward system had any impact on employee behaviour, trust and attitude. Most of the respondents were very enthusiastic and positive about it. They all agreed that the current reward systems positively affected employee behaviour, trust and attitudes. According to participant 7:

Yes, when the staff has something to work towards, it almost creates that positive energy, it helps the staff do their job a bit better, it also makes them happier, and it helps them motivate themselves.

The managers were then asked about the possible impact of the absence of rewards. They were all convinced that the absence of rewards would have a negative impact on employees and the hotels generally. All the responses of the managers are shown in Table 4.9.

Table 4.9: Participants' views on the impact of the absence of rewards

Participant	Responses
P1	Hugely demotivating for anybody
P2	Poor work performance & demotivated staff
P3	There will be no real enthusiasm
P4	It will have negative impact, there will be a dull working environment with unmotivated associates, high staff turnover, excessive expenditure in recruiting and training.
P5	Demotivated staff, negative working environment
P6	Demotivated employees
P7	Demotivated staff and positive attitudes & behaviour will drop

P8	Positive staff behaviour will drop & quality of service
P9	Demotivated staff and low staff moral
P10	Demotivated staff
P11	High staff turnover
P12	Loss of talented employees to other companies
P13	Massive staff turnover
P14	Staff turnover & absenteeism

Source: Researcher's construct.

One of the managers (participant 9) responded by stating:

People will be demotivated, the morale will be low, and so employees will come to work because they have to ….

Participant 4 added that:

It will have a negative impact: there will be a dull working environment with unmotivated associates, you'll have high staff turnover, excessive expenditure in the recruiting and training.

Twelve participants claimed that employees would get demotivated, and their performance would decline in the absence of a good reward management system. Managers revealed that the lack of rewards would demotivate and detract from the performance of an employee because they would not feel appreciated, resulting in their resigning and looking for greener pastures elsewhere. Other managers (2) also mentioned employee turnover, stating that employees would leave the current establishment for other establishments that offered good rewards systems. According to participant 13:

It would be just a massive staff turnover.

On the question of recommendations as to how the hotel might recognise hard-working employees more effectively, most managers (10) indicated that their employees were doing a great job and they did not have any such recommendations

to make. They claimed that their current reward system was still relevant and effective. Participant 1 stated:

Nothing at this stage, I think I think we do a decent job.

Participant 14 stated that:

At the moment, none. I think everything is going perfectly well.

On the other hand, two managers had different views and felt there was always more to do and improve. Participant 3 maintained that there was a need:

To have some balanced reward systems.

Most managers claimed that employees were motivated by a well-balanced reward and benefits system to ensure competitive advantage. They added that to deal with strong competition in the current era, hotel management had to recognise the importance of a reward strategy and create an effective, balanced reward system. When the managers were asked what adjustments could be made to the current rewards policy and practice, they had varied views. Two managers mentioned training, the notion that regular training would be the best adjustment and provide rewards at the departmental level. Participant 2 proposed:

Just to get more training and to reward employees on departmental levels based on what their needs are.

Heads of departments needed to play a pivotal role in offering more training and offering rewards that were aligned with employees' individual needs. Managers stated that employee rewards should be determined case by case through identifying needs that might be satisfied. Participant 13 voiced a different opinion when she was asked what adjustments she would make to the current reward policy and practice. Her response was:

… to hold more staff meetings relating to the programme, the reward programme and make it more inclusive.

4.4.4 The impact of the COVID-19 pandemic on hotels

The managers indicated that special five-star hotels should be aware that their reward models and systems are not undifferentiated bouquet and benefit offerings with no competitive edge. Reward and benefit customisation programmes could offer more value to employees.

Managers were asked about the impact of COVID-19 on the current rewards system, and all responded that the pandemic had negatively impacted the hotel industry and the rewards policy. Participant 11 emphasised that:

The hotels were closed. So there was no income coming from anywhere, our salaries were cut by 30% on all levels. Training and development has reduced a bit as we don't have the extra money. So, it has affected a lot in a sense that everything that was monetary involved, we had to cut it.

The impact of the COVID-19 pandemic, as highlighted by most managers, is illustrated in Figure 4.3.
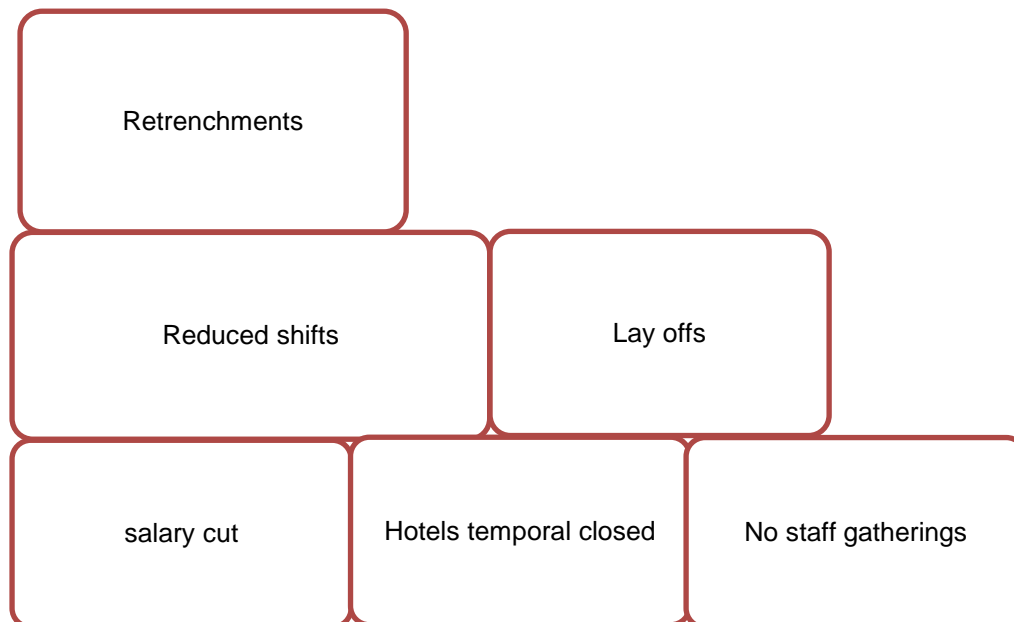
Source: Researcher's construct.

Figure 4.3: Themes regarding the impact of COVID-19 pandemic

Figure 4.3. above shows the negative impact of COVID-19 pandemic that had on hotels and employees. The findings showed that the epidemic had a disastrous impact on the hotel industry as a whole and its rewards policy in particular. This resulted in hotels being temporarily closed, salary cuts, layoffs, retrenchments, reduced shifts. The next section presents the chapter summary of this study.

4.5 Chapter summary

This chapter has presented the research findings on the perceptions of management regarding employee reward systems currently used in five-star hotels in the Cape Town CBD. Most participating managers indicated that they offered both extrinsic (financial) and intrinsic (non-financial) rewards. Concerning the communication of information about rewards to employees, it was indicated that those rewards or benefits that are formal (such as bonuses, promotions and paid leave) were communicated through contracts and staff meetings. In contrast, other rewards or benefits that are informal (such as paid vacations and training) were communicated through inductions and emails. Extrinsic rewards, known as monetary rewards in the hotels, are seen as good motivators, highly effective and the rewards most preferred by employees in the hotel industry. The next chapter will discuss the findings and provides the recommendations and conclusion of this study.

CHAPTER 5

DISCUSSION, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This study sought to explore management's perceptions of effective reward systems offered to employees at five-star hotels in Cape Town. To this end, data was gathered, analysed and presented in the previous chapter, in line with the four objectives listed in Chapter 1. This chapter discusses the findings to provide a clear understanding of the problem in terms of the various research variables. Conclusions are reached recommendations are made, both for practice and for further research.

5.2 Discussion

5.2.1 Participants' demographic profile

According to the participants' demographic profile, there are more females (8) than males (6) working in managerial positions in five-star hotels in the demarcated area. This is supported by evidence from the literature, which suggests that globally women outnumber men in the hotel industry (Madgavkar et al., 2020; Nyathela et al., 2021). Despite this preponderance, women are still grossly underrepresented in top executive and management positions at hotels (Olmsted, 2022). Although researchers, action groups and governments have called for equal opportunities between females and males, in developed countries, females in the hotel and hospitality industry "constitute an under-valued and underutilised resource" (Blayney & Blotnicky, 2017). The reasons for this are complex and sociocultural (Masadeh & Alhammad, 2020). Koome et al. (2013) conducted a study on gender representation among managers in Kenya's hospitality industry. They found that 64% of hotel employees were male and 36% female, but among management the imbalance was greater, 70% male and 30% female.

The sample surveyed in this study suggests otherwise. There was more than a fair representation of women, perhaps in line with changes in the industry predicted by (Olmsted, 2022). It may also have something to do with South Africa's enlightened gender equality policies. Olmsted (2022) found that companies and businesses with

more than 30% women on their managerial teams outperform those with a percentage of less than 30% (Olmsted, 2022).

The participant profile indicates that most hotel managers working in administration had a tertiary qualification, while a few only had matric. These findings are consistent with Swanepoel's (2020:106), call for employees of five-star hotels to have a relevant qualification to work in the hospitality industry, particularly in the area of administration. Although a National Senior Certificate is often acceptable, a post-school diploma or degree leads to higher levels of appointment and promotion in the tourism sector. Booyens (2020:826) found that the right degree of education and training in the tourism industry leads to employability, preparing employees to meet the industry's needs and challenges.

Grencikova et al. (2013:43) found that the value in tourism and hospitality infrastructure is primarily attributable to employees and their specific abilities and expertise, as well as their values, working attitude, and desire to assist. According to the International Career Institute (2018), not all jobs in the tourism and hospitality industries necessitate an academic degree. However, a post-secondary qualification may broaden a person's career opportunities. Individuals with relevant qualifications show they are serious about their careers and enthusiastic and dedicated to their work (International Career Institute, 2018). The findings in this study indicate that managers working in hotel administration for the most part more than meet the minimum educational requirements.

The study also revealed that the hotels offer certification to their employees. These certificates essentially reflect on-the-job training. Although the qualifications are not formal, they are equally important as they enable employees to develop skills and increase their knowledge. The study found that these training certificates expand skills and knowledge about various products and technology, which assist in achieving corporate success.

Regarding length of service, the study found that the majority of the managers had been with the establishment for less than five years. This shows that the working environment in the hotel business is potentially unstable, and it is true that in the

hospitality industry, staff turnover is a constant problem (Brown et al., 2015:4). A lack of reward may be the reason why people do not stay in the industry for too long. It may be that in this case, to advance in their careers, hospitality employees must keep moving and work in various areas of the industry, as well as be exposed to constant change (Peshave & Gupta, 2017:162).

5.2.2 Management perceptions of categories of reward

Rewarding employees appropriately makes them feel valued and engaged with their work. A motivated employee is more likely to produce high-quality work (Victor & Hoole, 2021:2). Rewards are generally described as either intrinsic or extrinsic (Smith et al., 2015:42; Victor & Hoole, 2021:2). The study found that the managerial participants are of the view that the current reward system utilised in the selected five-star hotels in Cape Town CBD involves both financial and non-financial rewards (i.e., extrinsic and intrinsic). Employee rewards are heavily influenced by the business's nature and purpose, and by employees' expectations of reward for exceptional performance. Employees want to earn something, whether financial or non-financial, for going above and beyond what is required of them.

5.2.2.1 Categories of rewards

Managers stated that they offer both extrinsic and intrinsic rewards. Two main categories of rewards (extrinsic and intrinsic rewards) were discovered from the management perceptions on reward systems that are offered to employees at five-star hotels in Cape Town CBD. These categories of rewards are discussed below.

(a) Extrinsic rewards

Extrinsic rewards are essentially tangible, mainly financial, and take the form of pay, bonuses, benefits, grades and public recognition (Smith et al., 2015:42; Noor & Gichinga, 2016:53; Victor & Hoole, 2021:2; Cherry, 2022). This study found that both financial and non-financial rewards are positively perceived by employees. These findings are consistent with the study by Aguinis et al. (2013), which revealed that the best or most effective reward and incentive systems are a combination of monetary and non-monetary rewards. Balanced reward systems are considered a basic tool for growth and organisational development in businesses (Riaz et al., 2018). But there is evidence that extrinsic or financial rewards are valued more highly by employees. For

example, Kikoito (2014) explored the impact of rewards on the performance of Tanzanian banks and found that the three commercial banks in Mwanza city offered intrinsic and extrinsic rewards to their employees. However, the results indicated that employees were not satisfied with the reward packages currently offered, particularly in respect of money. The financial incentives offered were too low and not reflective of the cost of living in their city.

The extrinsic rewards offered by five-star hotels in the Cape Town CBD are discussed below:

(i) *Employer of the month*

All the hotels surveyed used a combination of monetary and non-monetary rewards, but 'employee of the month' was the reward most commonly on offer. An employee of the month is a vital resource for increasing motivation, and it is achieved either by using basic voting methods or a completely online application box that allows each nominator to put in his or her nominee's name along with a brief text defending his or her selection. This practice is championed by Chami (2021:6) in his study "Employee of the month as a motivational best practice in Lebanese hotels." A manager can either select a winner directly from the ratings or send the finalists to a 'jury' to decide on the winner (Chami, 2021:6).

(ii) *Money*

This study shows that financial rewards are the most effective means of attracting employees, while training as well as financial reward were seen as effective in retaining employees. The study established that financial reward is the crucial consideration in choosing a job. Employees dissatisfied with their existing wages are willing to go through a fresh job search to improve their financial packages. Aldana (2022) states that money may enhance productivity by improving nutrition, boosting morale, encouraging greater commitment to firm goals, reducing quits and the disruption caused by turnover, attracting higher quality workers and inspiring workers to exert greater effort. As a result, people are drawn to well-paying employment, put in more effort to do the things that pay them more, and become angry if their compensation is threatened or

reduced. The findings of this study are consistent with Maslow's theory of motivation (1943), which states that human behaviour is driven by a desire to meet certain needs that exist in a natural hierarchy of exigency. Maslow (1954) states that money as a financial reward can satisfy lower-order physiological and safety needs. Employees require money for food, shelter, medical care and other essentials. Employees will be more motivated to work and their performance will improve once these needs are met (Acha-Anyi, & Masaraure, 2021). On the other hand, the study found that offering training is effective in terms of retaining employees. This concurs with the findings of Rodriguez and Walters (2017:3) that employee training and development are vital components of a human resources strategy. They not only maximise the value of individual employees but may also facilitate better talent being attracted to the organisation. Developing and training employees not only enhances employee competency but also helps keep the employee in the organisation.

The findings of this study foreground the idea that financial rewards are important to employees. The results revealed that financial rewards, specifically money, are the most preferred rewards. Money serves as a scorecard for employees, allowing them to assess the business's valuation of their services. Seeing oneself as a valuable member of the organisation contributes to personal motivation, which means that money boosts motivation (Mena et al., 2020:3). The findings suggest that the reason for employees' preference for financial rewards may be because the pay in the hotel industry is at the minimum wage rate, that is, because hotels only pay employees what is required by labour law (Du Plessis, 2015:10). This is substantiated by Angioha et al. (2018:3), who claim that the majority of hotels pay low wages and provide little or no social benefits.

Cognate studies on the hospitality industry include the work of Bustamam et al. (2014), Okoth (2014) and Muchir (2016). Bustamam et al. (2014) focused on reward management and job satisfaction among frontline employees in the hotel industry in Malaysia. They found that rewards, both financial and non-financial, are positively and significantly correlated with job satisfaction, and that extrinsic rewards have a much bigger impact on job satisfaction than intrinsic

rewards (Bustamam et al., 2014). The research conducted by Okoth (2014) determined the effects of reward management on employee performance in a hotel in Kenya. The results indicated a high correlation between rewards and employee performance. However, the reward policies currently in place were weak, with grade structure, performance appraisal and strategic rewards being preferred to monetary ones.

According to Maslow's hierarchy of needs, financial rewards are unique in that they are able to satisfy the differing needs of individuals. Money is important as it is a pre-requisite to survival and security for employees at selected five-star hotels. The study also found that employees appreciated every reward offered to them as incentives. The least popular reward, however, was a complimentary stay in the hotel at which they worked, as they already knew all about its facilities, services and other amenities.

(iii) *Training and Career advancement*

The study also discovered that in addition to financial rewards, training and career advancement are considered effective in motivating employees. Monetary rewards can motivate employees to work harder, but employees' knowledge, skills, and capacities do not necessarily improve unless money is spent on training and development initiatives. The latter are widely regarded as the most effective and efficient contributors to a company's growth. The findings also indicate that training promotes overall performance and improves workers' knowledge, abilities, and attitudes in preparation for future jobs, enhancing overall organisational performance (cf. Nassazi, 2013).

(b) Intrinsic rewards

Intrinsic rewards accrue to individuals in the absence of any obvious or visible external tokens (Legault, 2016:1; Victor & Hoole, 2021:2; Cherry, 2022). Intrinsic rewards are psychological in nature and are earned when employees simply enjoy doing an activity or regard it as an opportunity to learn (Cherry, 2022). In this study, intrinsic rewards were viewed as unsatisfactory to employees. Alfandi and Alkahsawneh (2014) conducted a study that focused on the incentive and reward systems that enhance worker performance in Jordanian Travel and Tourism institutions. They found that

moral incentives as well as tangible rewards were factors that significantly enhanced employee performance. In Maslow's terms, money can meet lower-order physiological and safety needs (Maslow, 1954). However, when lower-order needs are met, employees strive for higher-order needs such as social recognition, moral rectitude and self-actualisation.

5.2.2.2 General discussion on types of rewards

The findings of this study reveal that the rewards employees consider the most effective in motivating them are financial rewards such as money, shopping vouchers, commission, bonuses, and salary increases. Ponta et al. (2020) observe that financial rewards are effective if employees work harder, value monetary rewards, and believe that those rewards will result from increased effort. Financial incentives have a strong motivating effect on employees if they value them, believe that outstanding performance is crucial to obtaining the reward, and expect their efforts to achieve the desired result (Shah et al., 2018).

It appears that most hotels do not have an effective system to measure employee satisfaction. As far as the participant managers are concerned, however, employees are quite satisfied with their current reward systems. They are also convinced that employee reward systems lead to job performance and satisfaction. According to Herzberg's theory (1966), job satisfaction is a predictor of loyalty. Dissatisfaction decreases when an employee's demand for satisfaction prevents poor performance; however, only gratifying motivational aspects can result in increased productivity. Herzberg et al. (1959) identified several motivating factors that could affect employee job satisfaction. Herzberg et al. (1959) measured employee motivation by asking them to identify what aspects of their workplace made them feel good about their jobs and what characteristics made them feel bad about their jobs. According to their findings, employee motivation improved when they thought they could do more and shoulder more responsibility. They also discovered that hygiene factors (see Chapter 2) had an impact on employee satisfaction.

The study also found that employers cannot expect to satisfy all employees as employees differ from one another. What motivates one employee might not do the same for another. Du Plessis et al., (2015) concur in noting that individuals are not

motivated or influenced by "the same things, at the same time, for the same reasons, or with the same intensity".

5.2.3 Utilisation of rewards

In response to the question of how often the hotel recognises good performance, the results show that hotels recognise good performance daily, monthly, quarterly and annually. However, most managers not working directly with employees mention monthly, quarterly or annual recognition. These include managers of HR, marketing and reservations. The rewards they know about are formal and highly structured by the hotel. On the other hand, front office managers work closely with employees and give them positive feedback, praise, acknowledgement, mentoring and coaching daily. It might perhaps be valuable for other managers to evince more frequent performance acknowledgement and positive feedback.

Marthouret and Sigvardsson (2016:3) emphasise the importance of managers having brief discussions with their employees daily. On such occasions, the manager can publicly recognise and commend employees' achievements. The organisation should establish a feedback and reward system that positively reinforces desired behaviour while eliminating negative consequences (Nikolić, Perić & Bovan, 2020:2). Nikolić, Perić and Bovan (2020:2) add that feedback should be given formally at regular weekly meetings, but informally at any time through one-on-one meetings and email correspondence. Managers need to find ways to formulate specific performance recognition and time-efficient feedback.

Participants gave their views on whether or not the hotel offered the same range of rewards to all employees. A few managers mentioned that they were not the same, differing according to departments; for example, at the front desk, commission for upselling accommodation and tips. Commission and tips do not feature in a structured reward policy. Adams's (1963) equity theory maintained that employees should be provided with equal and consistent rewards to foster a healthy environment and avoid competition. A study by O'Donovan and Linehan (2011) examined the reward systems in Irish hotels, focusing on the perceptions and preferences of multicultural employees. Their study revealed that different cultures vary in the extent to which they believe rewards should be collective or individual, intrinsic or extrinsic, work-related or related

to life improvement (O'Donovan & Linehan, 2011). This study also revealed that a reward scheme that varies from department to department might cause problems if employees do not deem the rewards to have an equivalent value. The study suggested that the type of reward offered was irrelevant. The implication was that hotels may be unwittingly failing to suitably reward and thus motivate employees. Considering today's heavy emphasis on quality and service, this may be detrimental to hotels: without efficient employee rewards, performance standards are unlikely to be maintained and overall organisational performance will suffer.

With regard to the communication of these rewards, the findings reveal that the rewards are communicated through contracts, inductions, emails and during staff meetings. It was indicated that most of the formal rewards or benefits are found in the contract, along with information on benefits such as medical aid, provident fund, night allowance, holidays allowance, transport allowance, leave, and bonuses. At the same time, more informal rewards are communicated during induction and at staff meetings. The communication of rewards through contracts is confidential, and the benefits are offered depending on the employee's level in the organisation.

5.2.4 The role of the reward systems

The role of the reward is to motivate employees to improve performance and achieve organisational goals. A reward is given to someone in exchange for their services or effort. The main objective of organisations in awarding rewards is to attract and retain efficient, productive, and motivated employees. A reward system binds employees and fosters positive relationships between them and the organisation's goals. These sub-themes are interlinked and dependent on each other, as illustrated in Figure 5.1, below.
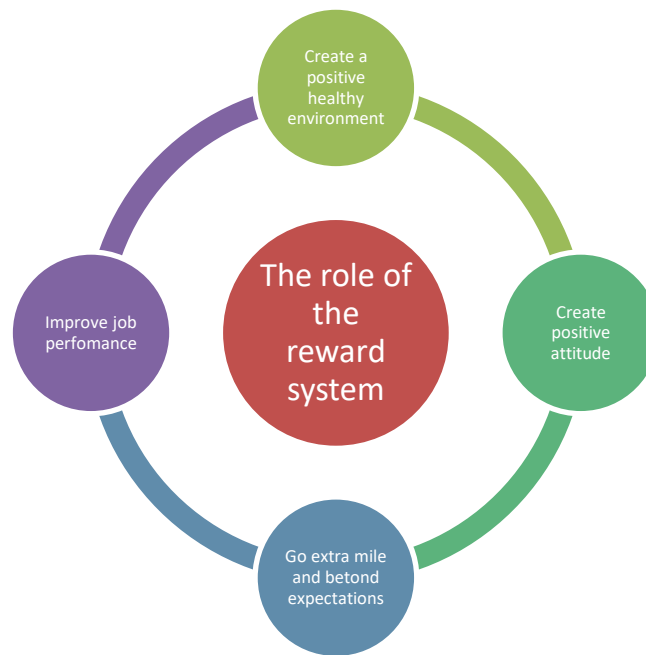
Figure 5.1: Sub-themes on the role of reward systems in motivating employees
(Adapted from Muchiri, 2016; Alzyoud, 2018; Kathombe, 2018)

This study found that at selected five-star hotels in the Cape Town CBD, the rewards system positively impacted employee performance to a significant extent. Managers regarded rewards as crucial to improving employee performance through motivation and increasing productivity. When rewarded, employees are motivated to perform better and accomplish the organisation's goals and objectives. The study also found that reward and recognition programmes keep employees' spirits up, enhancing morale and creating a relationship between motivation, performance and productivity. The findings of this study are consistent with the expectancy theory of Vroom (1964), who argues that employees are more likely to be motivated to perform when they believe that there is a strong link between their performance and reward. According to expectancy theory, thus, the main motivating principle is that effort at work leads to improved performance and therefore rewards. This psychological postulate is formalised in reward and recognition programmes, which create a link between employee performance and motivation. Makamure (2017) found that rewarding employees plays a significant role in motivating them, and studies show that when effective rewards and recognition are implemented within an organisation, a

favourable working environment is created, and this motivates employees to perform well.

The study shows that the current reward systems offered to employees in selected five-star hotels in the Cape Town CBD enhance job performance, stimulate career growth and improve employee behaviour. Pramesti et al. (2019:2) are adamant that employee performance is influenced by reward. Vroom's expectancy theory (1960) is mainly concerned with human behaviour being influenced by the expectation of a certain outcome. The results of this study are in line with Vroom's theory (1964). They are also in line with Herzberg's theory of motivation (1959), which attributes increased motivation to personal recognition, an individual's feeling of performance quality, feedback, feelings of being fit to do the work, responsibility level, and growth and advancement opportunities. As a result, the more rewards given to employees, the higher the company's performance and revenues will be.

On the other hand, regarding the impact that current reward systems have on employee behaviour, trust and attitudes, managers were very enthusiastic and emphatic that the current reward systems had a positive impact on employee behaviour, trust and attitudes. According to the findings of this study, recognised employees have more self-esteem and confidence, are more willing to take on new challenges, and are more motivated to be inventive. Additionally, the study found that when employees knew that management trusted them to make the best decisions, they accepted more responsibility, ultimately improving their capacity to deliver results. These findings echo those of Alimawi and Muda (2020:7), who state that employees who believe their organisation trusts them are more willing to embrace responsibility and go above and beyond to ensure that they reach organisational performance goals. In a study on the impact of trust on organisational performance, Khan et al. (2017:5) discovered that trust among employees led to the development of high levels of responsibility and the willingness of employees to be accountable for both their own and their organisation's performance. There is a strong link between employee trust in management and organisational performance (Koohang et al., 2017:1).

Concerning the impact of the absence of a rewards system, the study found that the absence of rewards would have a negative impact on the hotels. The study also

revealed that the absence or lack of rewards led to demotivated employees, low staff morale, a negative working environment, high staff turnover, poor staff performance and absenteeism. The absence of a reward system would negatively influence employees in selected five-star hotels in Cape Town CBD. The absence of rewards makes employees feel unvalued, which leads them to leave the current hotel and look for greener pastures offering more compensation.

The findings of this study corroborate those of Manzoor et al. (2021:10), who argue that the absence of rewards systems has a negative impact on employees: employees get demotivated and their performance can decline. Malik et al. (2019:4) agree that the absence of rewards demotivates and decreases performance in an employee because they do not feel appreciated and may decide to quit. Employee turnover has been and continues to be a popular topic of study, with several publications on the topic (Narkhede, 2014:1). The literature reveals that discontent with such elements as relationships with supervisors, job content, working conditions, work hours, lack of rewards, salary and other benefits causes turnover in the hotel industry. Holston-Okae (2018:167-168) suggests that employees are less likely to leave an organisation that meets their financial demands, offers help (especially when they have family commitments to meet), makes them feel contented or proud in their daily duties, and provides secure, satisfying, and meaningful social relationships. These results are consistent with the study conducted by Mendis (2017) that looked at the impact of reward systems on employee turnover intention. Mendis (2017) showed that reward systems are a powerful predictor of the turnover of labour in Sri Lanka's logistics industry. Both financial and non-financial rewards strongly affect the turnover intention of an employee. His conclusion was that, to reduce the incidence of employees' intention to leave the organisation, management should develop a well-balanced financial and non-financial reward system.

When asked for recommendations on how their hotel might recognise hard-working employees more effectively, the majority of managers had no recommendations because they believed their current reward system was effective. What hotels need, to recognise hard-working employees effectively, is a well-balanced compensation system. Managers believed that employees working for five-star hotels in the Cape Town CBD were motivated by a well-balanced compensation and benefits scheme

and thereby contributed to a competitive advantage. These findings are supported by those of Riaz et al. (2018:8) and Gupta (2022). In short, to be competitive in the current era, hotel management must recognise the importance of a reward strategy and create an effective reward system.

Companies should be attentive to the types of benefits and rewards that they provide to their workers because levels of work engagement are influenced by certain preferences (Ollar & Uwakwe, 2020). One type of 'reward' that emerged prominently was the regular provision of training at the departmental level. Heads of departments need to play a pivotal role in offering more training that aligns with employees' needs. Rodriguez and Walters (2017:3) maintain that training and development are widely regarded as the most effective elements in an organisation's growth and development. Employee training effectively contributes to the expansion of skills and knowledge about various products and technologies, which helps to make a successful organisation (Sendawula et al., 2018:4). There is evidence in the literature that training and development have positive effects on the performance of employees (Rodriguez and Walters, 2017:3; Sendawula et al., 2018:4). The findings also indicate that managers need to hold more staff meetings relating to the reward programme and make it more inclusive.

One way in which organisations can increase their worker productivity is by giving workers a wage premium, that is, a salary that is higher than the average salary paid by other comparable employers (Kilimo et al., 2016:3). What a wage premium does in a working environment is not just improve the productivity of workers but boost their morale and encourage them to commit to certain goals. This leads to a lower quit rate, lending stability to the organisation, which in turn attracts better quality employees who are highly motivated (Haruna et al., 2019:5). Employees are attracted to jobs that pay well and increase their productivity in jobs that give them more pay. They will do everything in their power to hold on to these jobs (Victor & Hoole, 2021:3).

5.2.5 Effects of the COVID-19 pandemic on hotels
Given that the study was conducted during the COVID-19 pandemic, the findings showed that the epidemic had a disastrous impact on the hotel industry as a whole and its rewards policy in particular. The repercussions for hotels were immediately

evident following the declaration of a National State of Disaster and the President's announcement of a strict lockdown for the country from 15 March 2020. This resulted in hotels being temporarily closed, salary cuts, layoffs, retrenchments, reduced shifts and no staff gatherings. These are further discussed below.

(a) Hotels temporarily closed

The hospitality industry in South Africa, which counts on both local and international clients, was one of the hardest hit by the restrictions imposed to curb the spread of the coronavirus (Alonso et al., 2020:4; Anderson, 2020:2; Hall et al., 2020:3). Hotels were closed as part of the COVID-19 restrictions, which affected rewards as explained earlier. After their closure, hotels earned no revenue and struggled to pay their workers. Under these circumstances, rewards could not even be given.

(b) Salary cuts

Since hotels were not able to get any revenue from clients, they cut salaries. This was brought up in this study. The hospitality industry was by no means the only one affected by salary cuts, but undoubtedly one of the worst hit (Kaushal & Srivastava, 2020:2; Sucheran, 2021). In line with the salary cuts, there was no way hotels could offer rewards during the COVID-19 lockdown period as they were struggling to pay their employees.

(c) Layoffs and Retrenchments

Due to the overwhelming pressure on hotels to support at least some of their employees, layoffs and retrenchments were a feature of the pandemic period (Ke et al., 2022). The study found that employees lived in fear, as it was never clear nor certain when they might be able to resume work.

(d) Reduced shifts and no gatherings

When the lockdown restrictions were relaxed to a certain extent, the hospitality industry resumed operations but with strict protocols still needing to be adhered to. Hotels had to reduce shifts and implement no-gathering policies in line with the government's requirements. Those working on reduced shifts were offered non-monetary rewards as the hotels were trying to save as much as possible.

Highly structured rewards were no longer offered, partly because the restrictions allowed no staff gatherings.

5.3 Conclusion

This study explored the management perceptions of effective reward systems offered to employees at selected five-star hotels in the Cape Town CBD. The research was driven by the increasing need for hotels in a difficult time of keen competition to understand what kinds of rewards were suitable to motivate employees for better organisational performance. Previous studies had suggested that existing reward systems were inadequate, as employees not only wanted to be rewarded for work done but also for other kinds of input that add value to the organisation. The hospitality industry seems to be failing to introduce appropriate reward systems to keep their existing employees, and the result has been enormous turnover rates.

This study found that the selected five-star hotels in the Cape Town CBD practise extrinsic and intrinsic reward systems, with extrinsic rewards being preferred by employees. Training and career development are also popular rewards. The range of rewards differed depending on the nature of the employment. The study also found that the hotel business represented by the research sample is dominated by women. All the managers had some qualifications, though managers in administration had the highest qualifications. It was also established that the hotel business working environment is comparatively unstable as most of the managers had been at the establishment for less than five years.

The results indicated that a reward system has a positive impact on employees' motivation, performance and job satisfaction. Employees are motivated to perform better when rewarded, accomplishing organisational goals and objectives. The study revealed that the rewards system attracts, keeps and motivates employees to perform consistently at optimal levels. The absence of a rewards system leads to demotivated employees, low performance levels, low productivity, staff turnover, and negative attitudes and behaviour. The study found that COVID-19 had had a negative impact on the hotel industry and affected reward structures. Many employees were laid off, with no staff gathering or annual reward ceremonies.

Based on the results of this study, the researcher recommends that managers implement a balanced system of effective intrinsic and extrinsic rewards, bearing in mind that employees are the most precious asset of an organisation. Hotel establishments should also invest in educating their employees to improve their work habits and environment. This is to ensure that employees value non-financial rewards as well as financial rewards. Hotels must devise innovative rewards to drive and maintain company performance above industry averages.

This study provided new and up-to-date information on effective, current reward systems offered to employees at five-star hotels in the Cape Town CBD. The findings of the study will assist hotel owners, managers and human resource practitioners to devise and maintain effective reward systems. The findings will assist these establishments to improve on the existing rewards systems for the purpose of attracting, motivating and retaining employees. This study adds to the research literature in the field, especially with its particular focus on Cape Town. Its results can also be used to educate current and future managers at research institutions and government research sites regarding rewards systems used at five-star hotels.

5.4 Recommendations

Based on the findings and discussion presented in the previous sections of this chapter, the following recommendations are made:

1. Managers should implement both financial and non-financial rewards to increase employee performance and productivity, as well as to boost staff morale and reduce staff turnover.
2. Management should conduct employee surveys, hold focus group discussions, measure participation rates, and evaluate the effectiveness of recognition programmes using statistically reliable measures. This assessment procedure should be conducted at the end of each day or award cycle so that changes can be made to improve the system and keep the programme current to maintain employee enthusiasm.
3. Management should create and implement a strategic communication plan that communicates all components of the employee recognition strategy, including programme objectives, recognition processes, events, celebrations, tools, and

a programme contact person. To educate employees, details might be posted on notice boards, in the orientation manual, and at other prominent workplace sites.

4. Management should recognise employees immediately after a well-done job to avoid perceptions that the value of the achievement is being underestimated, or as soon after as is feasible. In a hotel, outstanding performance is typically recognised and rewarded in daily or weekly staff meetings or periodic gatherings.

5. Hotels must create innovative rewards to drive and maintain company performance above industry averages.

6. In pandemic circumstances, five-star hotels in the Cape Town CBD should consider an incentive or premium to reward front-line employees who cannot work from home. The approach to rewards needs to be redefined in line with the emerging new, post-pandemic normal.

7. Future research should include all star-graded hotels and management from other departments in a similar study. Further important findings might emerge on managers' perceptions of current reward systems offered to hotel employees.

8. Future research should include employees as well, in-depth application of motivation theories, including participants from additional locations, organisations, and industries, use different sampling methods, and focus on organisational-level research results.

9. Based on the findings, employees prefer extrinsic rewards to intrinsic rewards. Future research can explore the effective use of intrinsic rewards to motivate front-line workers in the hospitality industry.

5.5 Limitations of the research

This study encountered several limitations, which are discussed in more detail below.

5.5.1 Sample size

The sample size was limited to 5 hotels in the CBD of Cape Town. The sample size could have been improved by increasing the sample to yield additional information.

5.5.2 Data collection method

A single method of data collection was used in this study. A larger quantitative study with some statistics, graphs and figures could improve the presentation of the results.

Data for this study was initially sought through semi-structured interviews and document analysis. However, document analysis had to be excluded due to the impact of the COVID-19 pandemic. Hotels were not willing to provide documents for analysis mainly because they were not fully operational and were not making much revenue and thought they might need in any case to review their reward programme for employees. The hotels indicated that much of this material is in any case confidential. Given this, the researcher had to adjust, excluding document analysis and expanding the interview guide (Appendix A) to gather more information.

5.5.3 Sample group interviewed

The study focused on only one group of participants. Sample diversification could obtain more comprehensive information.

5.6 Implications for future research

This study has identified two implications for future research, which are discussed in detail below.

5.6.1 Geographic study area

Results from this study cannot be generalised to all five-star hotels in South Africa. Future research could focus on other provinces in South Africa to determine if perceptions of reward systems are universal across the country.

5.6.2 Diversification of sample

The sample needs to include the recipients of the rewards themselves to determine how they perceive the system of rewards from which they benefit.

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APPENDIX

Appendix A: Interview guide

Topic: Management's perceptions on the effective employee reward systems at selected five- star hotels in the Cape Town Central Business District.

Demographic information

1. What is your gender?

Male   ( )

Female   ( )

Other   ( )

2. What is the highest level of education you have obtained?

No education   ( )

Matric   ( )

Certificate   ( )

Diploma   ( )

Bachelor degree   ( )

Honor's   ( )

Masters   ( )

Doctorate   ( )

Other   ( )

2.1. What did you study?

2.2. Is there any qualification that you have attained through the hotel industry?

3. Could you please tell me about your role in this hotel?

3.1 How long have you worked in this hotel?

Less than 1 year   ( )   1 – 5 years   ( )   6-10 years ( )

11-15 years   ( )   More than 15 years   ( )

3.2 How long have you been working in this position?

Less than 1 year   ( )   1 – 5 years   ( )   6-10 years ( )

11-15 years   ( )   More than 15 years ( )

Reward systems in hotels

4. To determine the employee reward systems currently used at selected five-star hotels in Cape Town CBD

4.1. Could you explain the employee reward systems currently used at this hotel?

4.2. How are rewards systems communicated to employees?

43. Does the hotel offer the same range of rewards to all employees, or does it differ depending on certain criteria?

 4.4. How often does the hotel recognise good job performance/achievers? e.g. Daily, annually, or quarterly etc.

5. To determine the extent to which five-star hotels utilise reward systems to motivate employees.

5.1. What role has reward systems played in motivating employees?

5.2. Does the current rewards system have an impact on employee behavior, trust and attitude? And how?

6. To investigate the managements' perceptions on rewards systems mostly preferred by employees working at selected five-star hotels in the Cape Town CBD

6.1. What do you think are the kinds/type of rewards that are preferred by most employees? And why?

6.2 Which rewards are not preferred most by employees? And why?

7. To investigate the managements' perception of effective reward systems that are offered to employees at selected five-star hotels in Cape Town CBD

7.1. Which kind/type of rewards do you consider to be more effective to motivate your employees? Please explain how and why you think so?

7.2. Does the current reward systems you are offering improve job performance, career growth and employee behavior? Please explain how they do or don't?

7.3. Which type of rewards would you consider to be more effective in attracting and retaining employees?

7.4. How satisfied are employees feel about the current reward systems?

7.5. What do you think would be the impact of the absence of rewards?

7.6. Do you have any recommendations on how the hotel can recognise hard-working employees more effectively?

7.7. What adjustments would you make in the current rewards policy/practice the hotel has?

7.8. The COVID-19 pandemic is reported to have severely affected organisation globally. What impact has COVID-19 had on the current reward policy or practice?

Thank you very much for your time and participation.

End of an interview

Appendix B: Clearance certificate

Cape Peninsula
University of Technology

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

Office of the Chairperson Research Ethics Committee	**Faculty: BUSINESS AND MANAGEMENT SCIENCES**

At a meeting of the Faculty's Research Ethics Committee on **30 April 2019**, Ethics **Approval** was granted to **Mzukisi Cwibi (216184142)** for research activities of **M Tech: Tourism & Hospitality** at Cape Peninsula University of Technology.

Title of dissertation/thesis/project:	MANAGEMENT'S PERCEPTIONS ON EFFECTIVE EMPLOYEE REWARD SYSTEMS AT SELECTED 5 STAR HOTELS IN THE CAPE TOWN CENTRAL BUSINESS DISTRICT Lead Researcher/Supervisor: Dr B Manners/M Silo

Comments:

Decision: Approved

    _____ **Signed: Chairperson: Research Ethics Committee**	**3 May 2019** _____ **Date**

Clearance Certificate No | FOBREC639

Appendix C: Permission letter for hotels to conduct research

To whom it may concern

My name is Mzukisi Cwibi, a registered Masters (MTech) student in Tourism and Hospitality management at the Cape Peninsula University of Technology (CPUT), in Cape Town. I am hereby seeking your consent to conduct a study titled: Management's perceptions on the effective employee reward systems at selected five-star hotels in the Cape Town Central Business District.

Objectives of the study:

1. To determine the employee reward systems currently used at selected five-star hotels in Cape Town C.B.D.

2. To investigate the management's perception of effective reward systems offered to employees at selected five-star hotels in Cape Town C.B.D.

3. To determine the extent to which five-star hotels utilise reward systems to motivate employees.

4. To investigate the management's perceptions of rewards systems mostly preferred by employees working at selected five-star hotels in the Cape Town C.B.D.

Participants:

❖ All participants will be made aware of the purpose of the study and methods that will be used.

❖ All participants will be guaranteed confidentiality

❖ There will be no names mentioned of the participant

❖ This project will be conducted under the supervision of Miss Mandisa Silo and Dr. Tshinakaho Sunday Nyathela. For further clarity contact them on 021 440 5723 or email them at silom@cput.ac.za and nyathelat@cput.ac.za.

Thank you for time and consideration in matter.

Yours sincerely

Mzukisi Cwibi

In accepting my request to conduct my research at your hotel please sign below:

Appendix D: Informed consent information for the participants

Dear Participants,

My name is Mzukisi Cwibi, and I am a student at the Cape Peninsula University of Technology (CPUT), studying for an M-Tech degree in Tourism and Hospitality Management. The purpose of this study is to explore the managements' perceptions of the effective employee reward systems at selected five-star hotels in the Cape Town Central Business District. As a part of this research, I would like to invite you to participate in a depth interview. The interview will take approximately 45 minutes to an hour to participate, and the findings of this study will be available if interested. The findings of this study will assist the hotel management on ways of improving the existing reward systems being offered and implement appropriate rewards.

Please note that participation in this study is strictly voluntary and anonymous, participants may withdraw at any given time and participants may choose not to answer some certain questions. All the information collected will be used for the purposes of this study and will be treated confidentially in accordance with the ethical standards of CPUT. Should you have any queries, please feel free to contact the following me or my supervisor on the details below:

 Student: Mr. Mzukisi Cwibi 073 242 4390 or

Email: mzukyc89.mc@gmail.com

X _____

  M. Cwibi
  Masters Candidate

Supervisor: Ms. Silo 082 475 2066 or

Email: silom@cput.ac.za

Appendix E: Language Editor Confirmation Letter

<p style="text-align:center; color:red; font-size:2em;">Epsilon Editing</p>
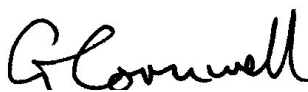
17 Kew Gardens
21 Park Drive
Gqeberha
6001

dgncornwell@gmail.com

tel. 084-9897977

2 December 2022

<p style="text-align:center;">TO WHOM IT MAY CONCERN</p>

This serves to confirm that the M.Tech thesis (Tourism and Hospitality Management) by Mzukisi Cwibi (student number 216184142), "Management's perceptions of effective employee reward systems at selected five-star hotels in the Cape Town Central Business District,"has been proofread and edited to my satisfaction for English idiom and correctness of expression. The referencing has been checked against the CPUT Harvard standard.

Professor D G N Cornwell
(PhD, Rhodes University)
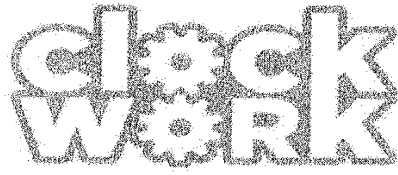
15 April 2021

This is to certify that Mzukisi Cwibi has been granted permission to carry out research for his M-Tech degree at Gorgeous hotel. He is allowed to conduct interviews on management's perceptions on effective employee rewards systems at selected five-star hotels in Cape Town C.B.D.

Yours sincerely

Thobeka Bushwane
Guest Relations Executive

gorgeous
George.
CAPE TOWN

Clockwork Hospitality GG (pty) LTD- 2016/114357/07

118 St George's Mall 8001 Cape Town

15th April 2019

To Whom It May Concern

Re: Mzukisi Cwibi

This is to certify that Mzukisi Cwibi has been granted permission to carry out research for his M. Tech degree research on condition that no private and confidential information is requested. He is allowed to conduct interviews on management's perceptions on effective employee reward systems at selected five star hotels in C.B.D.

Yours sincerely

Desiree Farrett
HR Manager

Radisson BLU

HOTEL & RESIDENCE
CAPE TOWN
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MOUNT NELSON

A BELMOND HOTEL
CAPE TOWN

31 May 2021

Radisson Blu Hotel & Residence Cape Town
22 Riebeek Street, City Centre, 8001, Cape Town, South Africa
info.capetown.residence@radissonblu.com
radissonblu.com/en/hotel-capetown-residence

To whom it may concern, Participation in Research

I, the undersigned, hereby confirm that Mr. Mzukisi Cwibi conducted a research interview at the Mount Nelson Hotel in support of his research exploring the management perceptions on effective employee rewards systems.

The interviews took place at Mount Nelson hotel from the $3^{rd} - 5^{th}$ of May 2021.

 Yours sincerely,

SUSAN GROENEWALD

LEARNING & DEVELOPMENT MANAGER

Mount Nelson, A Belmond Hotel, Cape Town 76 Orange Street, Cape Town, 8000, South Africa

+27(0)21 483 1000 reservations.mnh@belmond.com

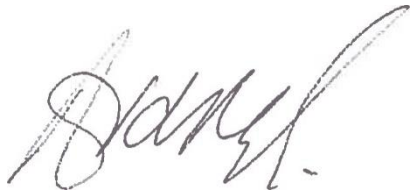Incorporated in England. Registration number 1897/000011/10

BELMOND.COM

21 June 2021

To whom it may concern

I hereby confirm that Mzukisi Cwibi conducted interviews in this hotel on the 11th of May to the 14th of May 2021, at the Pepperclub Hotel, on the topic of management perceptions of effective employee rewards systems.

Should you require any further information, please do not hesitate to contact me.

Kind Regards

Arista Van Zyl

HUMAN RESOURCES MANAGER

www.pepperclub.co.za

+27 (21) 812 8888 | info@pepperclubco za

_____   pepperclub
Corner Loop and Pepper Street, Cape Town, 8001
Directors   Efl   Ella.   Jonathan   Szaplra.   JeffreyH OT E L
Solomon, Godfrey Leslie Shev. David Solomon,
Jade Knight
SBC HOSPITALITY (PTY) LTD (Reg No 2019/539914/07)

Operating as Pepperclub Hotel