



Business Administration and Business Economics

The Impact of Reward Systems on Employee Performance in Selected Hotels in Cape Town

Ludmilla Nkouangas¹, Darlington Onojafe²

Abstract: Despite the interest shown by scholars, policy, and practitioners in hotel and hospitality's reward systems, relatively little research has been performed on how reward systems might increase motivation and performance. Few studies explored the significance and impact of the reward system on employee performance in the hospitality industry; consequently, it is necessary to investigate the relationship between the reward system and other employment characteristics to solve employee reward discord. This article sought to examine how reward systems impact employee performance, attraction and retention in selected hotels in Cape Town South Africa. Through quantitative techniques, 180 questionnaires were distributed at 12 selected hotels in Cape Town. The Statistical Package for Social Sciences (SPSS) was used to analyse 136 responses using descriptive analysis (frequency tables and mean) and Chi-square test. The results indicated that rewards, performance, attractiveness, and retention were positively correlated. The study concluded that non-financial and financial rewards are vital for both improved employee motivation and changed behaviour in worker's performance. The research suggested that hotel management reassess their compensation system to improve workers' motivation and performance. This research provide the academics with knowledge regarding the impact of reward systems on employee performance with particular reference to the hotel industry.

Keywords: rewards; employee performance; employee attraction; employee retention; motivation.

JEL Classification: M12; M52; M54; J33

1. Introduction

Human capital is the primary source of a company's sustainable competitive advantage. In today's changing economic, political, legal, technological, and social environments, organizations must reevaluate their reward systems. According to Monsor, Borhannudin, and Yusuf (201), it is common practice for organizations to develop competitive and attractive compensation packages for employees as a

¹ Cape Peninsula University of Technology, South Africa, Address: Roeland St, Gardens, Cape Town, 8000, South Africa, Corresponding author: evenathan17@gmail.com.

² Cape Peninsula University of Technology, South Africa, Address: Roeland St, Gardens, Cape Town, 8000, South Africa.

competitiveness strategy. With increasing competition, the connection between competency, retention, and performance has become a crucial component of human resource management strategies, with a focus on reward systems. Reward, motivation, and recognition will be used interchangeably in this study to refer to reward.

The reward system is a critical feature of the employment relationship. A reward system is an essential tool for attracting and retaining talented employees, as well as motivating them to produce quality work.

In South Africa, Human resources managers face critical challenges in trying to align reward practices with the company's overall strategy (Snelgar, Renard & Venter, 2013). According to Deloitte's Best Companies survey, most workers in South Africa's companies are dissatisfied with the following aspects of their employment: competitive pay, benefits package, genuine concern, performance rewards, equal pay for equal work, and public recognition of achievements (Deloitte Consulting LLP, 2017). These unhappiness factors indicated that South Africa is under significant pressure to develop a high-performance work culture, required to gain a competitive edge.

2. Literature Review

2.1. Overview of South Africa's Hospitality Industry

Four years after the end of apartheid in South Africa, the tourism initiative was established in 1996 as a tool to promote and encourage previously disadvantaged groups in support of the state's economic, social, and environmental goals. According to a survey by PWC (2015), Durban and Cape Town are the most popular tourism destinations in South Africa, supporting the business by attracting more visitors with their distinctive amenities and scenery (PWC, 2015). In 2018, this sector contributed 8.9% to South Africa's GDP, making it a vital contributor to the country's economy. In 2018, a total of 1.5 million jobs were produced by the industry, aiding South Africa in its fight against poverty and unemployment (Thusini, 2019). The hotel business is acknowledged as one of the sector's primary components. This business has a beneficial association with the tourism and hospitality industries, such that without hotels, no state or place could expect to attract tourists (Attila, 2016, p. 85). Despite the unpredictable and unstable status of South Africa's economy in 2012, the hotel growth in South Africa varied between 9.8% for 3-star hotels to 12.6% for 5-star hotels. In addition, the hotel business contributes significantly to the development of South Africa's infrastructure by constructing hotels and roads in both urban and rural areas (Geloso, Leshner & Pinali, 2007).

2.2. The Concept of Rewards

Reward systems remain a frequent topic of discussion in the workplace. Companies often utilize incentives to attract, retain, and motivate employees (Griffin & Moorhead, 2008, p. 159). A reward system consists of “organizational variables, including people, processes, rules and procedures, and decision-making activities involved in the distribution of incentives to workers in exchange for their contributions to the organization” (Griffin & Moorhead, 2008, p. 159).

Extrinsic and intrinsic incentives are the primary types of compensation offered by companies to their employees. Extrinsic rewards refer to any monetary compensation provided to workers. These benefits consist of salaries, incentives, and bonuses (Taylor, Doherty & McGraw, 2015, p. 140). Intrinsic rewards are non-monetary rewards offered by a company. They originate from by the satisfying experiences an individual has while doing his or her occupation. The majority of non-financial rewards are recognition schemes (Taylor, Doherty & McGraw, 2015, p. 140).

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

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

2.3. Basic Elements of Rewards

2.3.1. Base Pay

Base or basic pay is the payment or salary that the majority of firms provide to reward their employees for doing a certain task. Base pay is the fundamental component of the compensation package, and it may vary dependent on the grade of the position, the size of the employment, or the needed credentials and level of abilities (Beardwell & Thompson, 2017, p. 468).

2.3.2. Variable Pay

Variable pay is a sort of compensation that is based on individual, team, or organisational performance. Typically, variable pay is referred to as “Pay for Performance,” leading workers to believe that a higher level of performance would result in bigger incentives. Variable compensation plans may include incentives, commissions, bonuses, profit-sharing, and gain-sharing (Singh, 2007, p. 143).

2.3.3. Benefits

Benefits, in contrast to base pay or variable pay, is a reward provided indirectly to an individual or group of employees but nevertheless considered an integral component of the overall reward package. Benefits are often provided in a non-cash form, in comparison with wages, which require immediate payment (Mathis & Jackson, 2011, p. 362).

2.4. Employee Performance

Effective employee performance management is essential to the success of every organization. Armstrong (2012, p. 103) noted that is directly linked to the clarity and availability of the organization's policies and procedures. Van Dyk and Herholdt (2014) stated that the focus of employee performance should be on employee behavior rather than job outcomes. Employee performance should be characterized by employees' belief in their behavior, participation, and contributions to the organization's success.

Performance management entails the evaluation and determination of organizational goals, as well as the process of developing successful tactics and motivators to attain these goals. According to Osmania and Maliqi (2012, p. 435), in addition to achieving results, a well-defined performance appraisal motivates individuals to exceed expectations, thereby enabling them to comprehend the qualities of good performance.

2.5. Rewards and Employee Performance

Reward is a vital element of the employment contract and continues to be the primary driver of people's motivation to work (Harrison & Liska, 2008). An individual who is well rewarded considers himself or herself valuable to the organization. When an employer invests in its employees and demonstrates genuine interest in their professional growth, the employee responds by working harder and with greater enthusiasm for the company (Bosco, 2014, p. 20). Armstrong (2012) suggested that rewards substantially influence performance by promoting the development of a high-performance culture. According to Freeman (2019, p. 53), both financial and non-financial awards boost worker satisfaction. The author also claims that giving workers exclusively cash rewards can hinder performance. Eventually, these employees will view the awards as lacking value, and their performance efforts will diminish (Freeman, 2019, p. 54).

2.6. Rewards and Employee Attraction

According to Rynes (1991), employee attraction is “the process of acquiring prospective and high valued applicants to regard the organization as a positive place to work”. The job and other organizational characteristics identified during the recruitment process determine the company’s attractiveness to candidates (Shikongo, 2011).

Bussin (2015) claims that while several factors can make a job appealing, the compensation package is the most important. Compensation is one of the most effective and significant job characteristics for assessing an organization’s attractiveness to prospective employees. Aon (2012) found that rewards have multiple components that change behavior and outcomes. Schlechter, Thompson, and Bussin (2015) also found that higher rewards seem to strengthen the relationship between potential employees and the organization.

2.7. Rewards and Employee Retention

Employee retention refers to the organization’s policies and strategies to retain its workforce (Dhillon & Satpal, 2016). Retaining valuable staff members is important to businesses since losing high performers can have a severe effect on revenue and productivity (Gharib, Kahwaji & Elrasheed, 2017).

As a strategy for employee retention, the provision of appealing reward packages has been widely employed. Reward has proven to be one of the most successful ways to motivate people to change work habits and behavior for a benefit of an organization (Aguanza & Som, 2012). Reward is important because it leaves a lasting effect on employees, giving them a sense of worth in the organisation (Das & Baruah, 2013). Compensation experts believe competitive salaries and benefits crucial in any rewards system and the key predictors of employee engagement and retention (Hom, Allen & Griffeth, 2020).

2.8. Theoretical Framework

This study’s primary motivational theory is derived from Victor Vroom’s “Work and Motivation” and is the expectancy theory (Vroom, 1964; Robbins et al., 2014). Motivation is defined by Vroom (1964) as “a product of an individual’s expectation that a certain amount of effort will produce intended performance, the instrumentality of this performance in achieving a particular outcome, and the value of this outcome for the individual, called valence.

Vroom highlighted three major expectation theory components: Valence refers to an individual’s attraction or appreciation for a specific outcome. Instrumentality is the

belief that an individual's level of performance will result in the completion of the desired outcome he or she is determined to achieve (Brinkman, Navarro & Harper, 2014). Expectation is the degree to which a person believes that exerting effort toward specific tasks will result in improved performance.

As applied to this study, this theory predicts that the independent variable, reward systems, will influence the dependent variable, employee performance. Given that employees believe that rewards can increase their work effort, hotel managers can reinforce their reward system by providing employees with appropriate incentives, thereby enhancing the performance of hotel staff.

3. Methodology

3.1. Research Approach

This study opted for the positivism paradigm and adopted a descriptive survey research design to draw powerful inferences between the variables being studied in this paper. A quantitative technique was deemed to be the most practical way to promptly and conveniently acquire data for establishing the strength of the association between reward systems and employee performance in Cape Town hotels. This method was adopted because quantitative studies provide guidance and allow the researcher to reach a larger population. The results can be interpreted using statistics because the data is mostly numerical (Rubin & Babbie, 2009).

3.2. Sampling

The target group was the 77 Cape Town metropole hotels listed on The Tourism Grading Council of South Africa website as 3- to 5-star hotels. The study population was chosen because 3- to 5-star hotels are usually larger than lower-graded hotels.

Non-probability sampling techniques were employed to select respondents. This was specifically evident as data had to be obtained in a limited timeframe, nearby the researcher, and without a formal research funding. Firstly, this study used convenient sampling to approach hotels willing to participate. About 12 hotels consented to participate in the study. Secondly, a purposive sampling method was used to identify people who would provide detailed information on the studied issue.

3.3. Data Collection

180 questionnaires were distributed to employees of the 12 hotels that agreed to participate in the study. The researcher used a self-administered structured questionnaire with closed-ended questions from Sections A and B. Sections D and E

employed a 5-point Likert scale questionnaire with 1=Strongly Disagree and 5=Strongly Agree. The questionnaire had four sections. In Section A, the focus was on the demographics of the personnel Section B identified the hotels' rewards (monetary and non-monetary). Section C examined the impact of reward systems on employee performance. Reward systems' impact on employee attraction was highlighted in Section D. Section E examined how reward systems impact employee retention.

Out of 180 questionnaires distributed, 136 questionnaires were returned for analysis.

3.4. Data Analysis

The obtained information from the research questionnaires was organized and analyzed through the use of the software Statistical Package for the Social Sciences (SPSS), the latest version (SPSS 24). Descriptive analysis such as frequencies, standard deviation and, chi-square test were applied to the study's analysis

4. Results and Discussions

4.1. Demographics

Table 1 shows the demographics of the sampled population. 59.6% of the 136 responders were female, while 40.2% were male. This study covered both genders, reducing gender bias. However, the findings contradict a research by Masadeh (2013:573), which states that the hotel and tourism industry continues to be dominated by men due to persistent gender inequality concerns within the industry.

According to Table 1, 55% (n=75) of this study's respondents were African. 38% (n=52) of the responders were Colored, whereas 6% (n=8) were White. Indians comprised only 1% (n=1) of the population sampled. The respondents were requested to identify their age group.

The majority of respondents (45.59%) were between 31 and 40 years old (n=62) according to Table 1. 40,44% (n=55) of respondents were between 20 and 30 years old, followed by 11,03% between 41 and 50 years old. (n=15). 4% (n=4) of the sample was 51–60 years old. The majority of hotel personnel were fairly young, as indicated by the following table.

Table 1 showed that 36,8% (n=50) of respondents had a National Diploma or degree, followed by 31,6% (n=43) with a Certificate. 25,7% (n=35) had Grade 12 or lower, whereas 5,9% (n=8) held postgraduate degrees.

About 33,09% (n=45) of the 136 respondents had worked in the hotel for 4 to 5 years, 25,74% (n=35) for 1 to 3 years, 18,38% (n=25) for 6 to 10 years, and 11,76% (n=16)

for less than a year. Only 11,03% (n=15) has worked in the hotel for more than 10 years (see Table).

Table 1. Demographic Characteristics (n=136)

Variables		Frequency	Percentage
Gender	Male	55	40.4
	Female	81	59.6
Race	African	75	55
	Coloured	52	38
	Indian	1	1
	White	8	6
	Asian	0	0
Age	20-30	55	40.4
	31-40	62	45.6
	41-50	15	11
	51-60	4	2.9
	60+	0	0
Educational Achievement	Grade 12 or below	35	25.7
	Certificate	43	57.4
	National Diploma or Degree	50	94.1
	Postgraduate degree	8	5.9
Work duration	Less than a year	16	11.8
	1-3 years	35	25.7
	4-5 years	45	33.1
	6-10 years	25	18.4
	+10 years	15	11
Average total		136	100%

4.2. Types of Rewards Provided in the Hotels

In Table 1, 100% (n=136) of hotel workers received pay, while 54% (n=73) received bonuses. Around 49% of respondents (n=66) received “employee of the month” rewards. While, 38% (n=51) received praise and 24% (n=32) received allowances. About 23% (n=31) had pensions, whereas 16% (n=22) had thank-you notes. Only 15% (n=20) of respondents received a certificate of achievement, and 8% (n=11) said their hotel offered commissions.

Table 2. Types of Rewards Provided by the Hotel

Types of rewards	Frequency	Percentage (%)
Salary	136	100
Bonuses	73	54
Commissions	11	8
Pension	31	23
Allowances	32	24
Certificate of achievement	20	15
Employee of the month	66	49
Thank you note	22	16
Praise	51	38

4.3. Rewards and Employee Performance

Statement 1: The reward policy of the hotel is fair and equitable. About 36% (n=49) agreed with the statement, while 31% (n=42) were neutral. Table 3 indicated that 24% (n=32) strongly agree. Only 8% (n=11) disagreed and 1% (n=2) strongly disagreed ($\chi^2=59.368$, $df = 4$, $p = 0.000$).

Statement 2: I am satisfied with the quantity or quality of the rewards offered. Out of 136 respondents, 32% (n=44) agreed with the statement, 24% (n=32) strongly agreed, equally 24% (n=32) were neutral. About 15% (n=20) disagreed and 6% (n=8) strongly disagreed ($\chi^2=27.529$, $df = 4$, $p = 0.000$).

Statement 3: I receive a salary as payment for my work. In Table 3, 52% (n=71) of the respondents agreed, 40% (n=55) strongly agreed, 6% (n=8) remained neutral while 1% (n=1) disagreed and equally 1% (n=1) strongly disagreed with the statement ($\chi^2=162.971$, $df = 4$, $p = 0.000$).

Statement 4: I am satisfied with my current pay. In Table 3, 35% (n=48) of the respondents agreed, 20% (n=27) remained neutral to the statement, 19% (n=26) strongly agreed, 17% (n=23) disagreed while 9% (n=12) strongly disagreed ($\chi^2=25.103$, $df = 4$, $p = 0.000$).

Statement 5: My performance would increase if my salary increases. In Table 3, 38% (n=51) who strongly agreed and 32% (n=43) who agreed. While 13% (n=18) remained neutral, 11% (n=15) of the respondents disagreed and 7% (n=9) strongly disagreed with the statement ($\chi^2=50.765$, $df = 4$, $p = 0.000$).

Statement 6: I am ready to increase my work effort to gain bonuses. In Table 3, 44% (n=60) of the respondents strongly agreed, 35% (n=47) agreed, 12% (n=16) were neutral, 5% (n=4) strongly disagreed while 4% (n=6) disagreed with the statement ($\chi^2=90.103$, $df = 4$, $p = 0.000$).

Statement 7: I receive feedback or appreciation from my superior, Table 3 showed that a total of 72% (n=98) of respondents agreed they were provided feedback or

appreciation for their performance, 21% (n=28) were neutral while a total of 7% (n=10) disagreed with the statement ($\chi^2=73.706$, $df = 4$, $p = 0.000$).

Statement 8: Any form of feedback or appreciation encourages me to perform better. In Table 3, in total 90% (n=122) of the respondents agreed, 6% (n=8) remained neutral, and overall, 5% (n=6) of the respondents disagreed with the statement ($\chi^2=140.985$, $df = 4$, $p = 0.000$)

Statement 9: Being employee of the month is an important achievement. In Table 3, 38% (n=51) of the respondents strongly agreed, 35% (n=48) agreed with the statement, 18% (n=25) remained neutral while 7% (n=10) disagreed and only 1% (n=2) strongly disagreed ($\chi^2=71.132$, $df = 4$, $p = 0.000$).

Statement 10: I value financial incentives more than non-financial incentives. In Table 3, 37% (n=50) strongly agreed and 32% (n=43) agreed. 16% (n=22) of the respondents were neutral while 8% (n=11) disagreed and 7% (n=10) strongly disagreed ($\chi^2=49.809$, $df = 4$, $p = 0.000$).

Table 3. Descriptive Statistics Rewards and Employee Performance

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Standard Deviation	P.values
Statement 1	32 (24%)	49 (36%)	42 (31%)	11 (8%)	2 (1%)	3.72	.964	.000
Statement 2	32 (24%)	44 (32%)	32 (24%)	20 (15%)	8 (6%)	3.53	1.173	.000
Statement 3	71 (52%)	55 (40%)	8 (6%)	1 (1%)	1 (1%)	4.43	.706	.000
Statement 4	26 (19%)	48 (35%)	27 (20%)	17 (23%)	12 (9%)	3.39	1.224	.000
Statement 5	51 (38%)	43 (32%)	18 (13%)	15 (11%)	9 (7%)	3.82	1.235	.000
Statement 6	60 (44%)	47 (35%)	16 (12%)	6 (4%)	7 (5%)	4.06	1.096	.000
Statement 7	44 (32%)	54 (40%)	28 (21%)	8 (6%)	2 (1%)	3.96	.950	.000
Statement 8	62 (46%)	60 (44%)	8 (6%)	5 (4%)	1 (1%)	4.30	.801	.000
Statement 9	48 (35%)	51 (38%)	25 (18%)	10 (7%)	2 (1%)	3.98	.985	.000
Statement 10	50 (37%)	43 (32%)	22 (16%)	11 (8%)	10 (7%)	3.82	1.223	.000

4.3.1. Chi-Square Results

This study used chi-square tests to find associations between variables (rewards and employee performance). The relationships were assessed using rewards components (Table 2) and rewards and employee performance statements (Likert-scale) in Table 3. Using p-values, each test was conducted at 95% confidence level. Statistics were significant if the p-value was below 0.05.

Table 4 indicated that there was a significant relationship between the provision of bonuses and the fairness of the reward policy (p-value < 0.05). Employees who received bonuses perceived the reward policy as fair and equitable.

Table 4. Bonuses and “the Reward Policy of the Hotel is Fair and Equitable”

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square	17.268	4	0.002
N of Valid Cases	136		

Table 5 revealed a statistically significant relationship between the offering of a certificate of the month and the fairness of the reward policy (p-value < 0.05). Employees who were provided with a certificate of the month felt that the reward policy was fair and equitable.

Table 5. Certificate of the Month and “the Reward Policy of the Hotel is Fair and Equitable”

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square	14.039	16	0.007
N of Valid Cases	136		

As indicated in Table 6, the Pearson chi-square (p < 0.05) presented a statistically significant result. This implies that employees that were receiving a salary viewed the reward policy as fair and equitable.

Table 6. I Receive Salary as Payment for my Work” and “the Reward Policy of the Hotel is fair And Equitable”

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square	85.597	16	0.000
N of Valid Cases	136		

Table 7 showed that variables are highly related (p < 0.05). Employees that were provided feedback and/or appreciation viewed the reward policy as fair and equitable.

Table 7. I Receive Feedback and/or Appreciation for my Work” and “the Reward Policy of the Hotel is Fair and Equitable”

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square	76.457	16	0.000
N of Valid Cases	136		

Table 8 revealed that receiving a salary and satisfaction with the rewards' quantity/quality were significantly associated ($p < 0.05$). This suggests that employees who were receiving a salary were content with the quantity/quality of the rewards.

Table 8. I Receive a Salary as Payment for my Work and I am Satisfied with the Quality/Quantity of the Rewards Provided by the Hotel

	Value	df	Asymptotic Significance
Pearson Chi-square	31.896	16	0.010
N of Valid Cases	136		

Table 9, the Chi-square results were statistically significant ($p < 0.05$). This indicates that employees who received bonuses felt satisfied with the quantity/quality of rewards.

Table 9. Bonuses and “I am Satisfied with the Quality/Quantity of the Rewards Provided by the Hotel”

	Value	df	Asymptotic Significance
Pearson Chi-square	23.204	4	0.000
N of Valid Cases	136		

Table 10 indicated that receiving a certificate of achievement and satisfaction with the quantity/quality of the rewards were strongly related ($p < 0.05$). This suggests that employees that were offered a certificate of achievement felt satisfied with the quantity/quality of the rewards.

Table 10. Certificate of Achievement and “I am Satisfied with the Quality/Quantity of the Rewards Provided by the Hotel”

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square	10.629	4	.031
N of Valid Cases	136		

Both Tables 11 and 12 indicated significant results ($p < 0.05$). This suggests that receiving bonuses and a pension strongly affected pay satisfaction among employees.

Table 11.

	Value	df	Asymptotic Significance
Pearson Chi-square	25.429	4	.000
N of Valid Cases	136		

Table 12.

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square	12.401	4	.015
N of Valid Cases	136		

Table 13 indicated a significant relationship between receiving a salary and the belief that performance would increase if the salary increased (p-value < 0.05). This implies that those workers that received a salary would increase their performance if their salary were increased.

Table 13.

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square	31.508	16	.012
N of Valid Cases	136		

Table 14 revealed a statistically significant relationship between the offering of a certificate of the month and the perception that performance would increase if the salary increased (p-value < 0.05). Employees who were provided with a certificate of the month felt that their performance would go up if their salary was increased.

Table 14. Certificate of Achievement and “My Performance Would Go up if the Hotel Increased my Salary”

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square	13.555	4	.010
N of Valid Cases	136		

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

Table 15. “I Receive a Salary as Payment for my Work” and “I am Ready to Increase my Work Effort to Gain Bonuses”

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square		16	.002
N of Valid Cases			

Table 16 indicated that there was a significant relationship between the provision of bonuses and the readiness to improve work effort to obtain bonuses (p -value < 0.05). This implies that employees that were provided bonuses were ready to boost their effort to gain more bonuses.

Table 16. Bonuses and “I am Ready to Increase my Work Effort to Gain Bonuses”

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square		4	.016
N of Valid Cases			

Table 17 showed that there was a significant association between receiving feedback/appreciation and any form of feedback encouraging better performance (p -value < 0.05). Hotel workers that received feedback were motivated to increase their performance.

Table 17. “I Receive Feedback/Appreciation from my Superior” and “Any form of Feedback Encourages me to Perform Better”

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square		4	.000
N of Valid Cases	136		

In Table 18, the Pearson chi-square ($p < 0.05$) presented a statistically significant result. This implies that being the employee of the month encouraged workers to perform better.

Table 18. “Being the Employee of the Month is an Important Achievement for me” and “Any form of Feedback Encourages me to Perform Better”

Heading level	Value	df	Asymptotic Significance
Pearson Chi-square	99.030	16	.000
N of Valid Cases	136		

4.3.2. Rewards and Employee Attraction

Factor 1: Recognition is an important factor to consider before embarking on a new position. In Table 19, a total of 37,5% ($n=69$) considered recognition is important ($\chi^2=70.985$, $df = 4$, $p = 0.000$).

Factor 2: The employer’s respect for race, gender and age differences. The majority 81,6% ($n=111$) of the respondents considered this factor as important as shown in Table 19 ($\chi^2=135.544$, $df = 4$, $p = 0.000$).

Factor 3: The quality of the performance feedback and performance discussion with the supervisor. A total of 84,6% ($n=115$) mentioned it was an important factor to

consider before agreeing on a job position as indicated in Table 19 ($\chi^2=115.397$, $df = 4$, $p = 0.000$).

Factor 4: The provision of challenging targets was a factor of importance in the decision for a job position. In Table 19, A total of 75,8% (n=103) mentioned it was an important factor to consider before agreeing on a job position ($\chi^2=84.809$, $df = 4$, $p = 0.000$).

Factor 5: The provision of a competitive pay package. In Table 19, a total of 90,5% (n=123) this factor was important ($\chi^2=96.765$, $df = 3$, $p = 0.000$).

Factor 6: The provision of medical aid, retirement and pension benefits. A total of 81,7% (n=111) mentioned it was an important factor to consider before agreeing on a job position as shown Table 19 ($\chi^2=104.515$, $df = 4$, $p = 0.000$).

Factor 7: The provision of incentive bonuses or variable pay. A total of 86,1% (n=117) mentioned it was an important factor to consider before agreeing on a job position when deciding on a position as revealed in Table 19 ($\chi^2=122.971$, $df = 4$, $p = 0.000$).

Table 19. Descriptive Statistics Rewards and Employee Attraction

Factors	Very Important	Important	Uncertain	Not important	Not at all important	Mean	Standard Deviation	P.values
Factor 1	51 (37,5%)	50 (36,8%)	18 (13,2%)	14 (10,3%)	3 (2,2%)	3.9 7	1.061	.000
Factor 2	77 (56,6%)	34 (25%)	3 (2,2%)	16 (11,8%)	6 (4,4%)	4.1 8	1.198	.000
Factor 3	61 (44,9%)	54 (39,7%)	13 (9,6%)	4 (2,9%)	4 (2,9%)	4.2 1	.944	.000
Factor 4	42 (30,9%)	61 (44,9%)	18 (13,2%)	14 (10,3%)	1 (0,7%)	3.9 5	.964	.000
Factor 5	73 (53,7%)	50 (36,8%)	7 (5,1%)	6 (4,4%)	0 (0%)	4.4 0	.782	.000
Factor 6	61 (44,9%)	50 (36,8%)	16 (11,8%)	8 (5,9%)	1 (0,7%)	4.1 9	.915	.000
Factor 7	56 (44,9%)	61 (41,2%)	13 (9,6%)	3 (2,2%)	3 (2,2%)	4.2 1	.870	.000

4.4. Rewards and Employee Retention

Statement 1: Communication of the reward policy encourages me to stay in the organization. Table 20 showed that 59.6% (n=81) of respondents agreed that the hotel's reward policy communication encouraged them to stay. About 22% (n=30) disagreed and 18.4% (n=25) were neutral ($\chi^2=58.191$, $df = 4$, $p = 0.000$).

Statement 2: Receiving rewards through promotion increases would enhance my loyalty to the hotel Table 20 showed that 69,6% (n=95) of respondents agreed that rewards from promotion increases would increase their loyalty to the hotel, 17,6% (n=24) were neutral, and 12,5% (n=17) disagreed ($\chi^2=49.809$, $df = 4$, $p = 0.000$).

Statement 3: I remain in this hotel because of the financial assistance I receive. About 58.8% of respondents (n=81) disagreed 26,5% (n=36) were neutral, and 14% (n=19) agreed as shown in Table 20 ($\chi^2= 42.008$, $df = 4$, $p = 0.000$).

Statement 4: The remuneration packages I receive in this hotel suit my lifestyle. Around 44.1% (n=60) of respondents disagreed with the statement, 30.9% (n=42) agreed, and 25% (n=34) were neutral as shown in Table 20 ($\chi^2=18.338$, $df = 4$, $p = 0.001$).

Statement 5: My benefits and medical aid are adequate. About 36% (n=49) of study respondents were neutral about the statement, 30.1% (n=53) rejected the statement, and 25% (n=34) said they were adequate as indicated in Table 20 ($\chi^2=26.132$, $df = 4$, $p = 0.000$).

Table 20. Descriptive Statistics: Rewards and Employee Retention

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Standard Deviation	P-values
Statement 1	36(26,5%)	45(33,1%)	25(18,4%)	18(13,2%)	12(8,8%)	3.55	1.258	.000
Statement 2	51(37,2%)	44(32,4%)	24(17,6%)	12(8,8%)	5(3,7%)	3.91	1.112	.000
Statement 3	11(8,1%)	8(5,9%)	36(26,5%)	46(33,1%)	35(25,7%)	2.42	1.165	.000
Statement 4	15(11%)	27(19,9%)	34(25%)	42(30,9%)	18(13,2%)	2.90	1.224	.000
Statement 5	16(11,8%)	18(13,2%)	49(36%)	30(22,1%)	23(16,9%)	2.81	1.214	.000

5. Discussion

The findings of this study confirm the fairness and equitability of the reward policy inside the hotel. The fairness of a reward policy is determined by the inclusion of both financial and non-financial rewards in the reward systems. A balance must be maintained when developing reward systems so that each party (employer and employee) meets the majority of its expectations (Cherotich, Chepkilot & Muhanji, 2015). Mutjaba & Shuaib (2010) highlight the necessity to have fair and equitable rewards for a favourable business climate since it will increase trustworthiness.

Employees enthusiastically support salary increases, which motivates them to work harder. Muogbo and Chineze (2018) found that salary increases motivate employees to improve their skills, which benefits the company by increasing productivity and performance.

This study shows that hotels offer attractive bonuses, and employees are willing to work hard to earn them. Bonuses can be highly motivating if it is directly linked to employee performance and adheres to the expectancy theory (Armstrong & Murlis, 2004). The findings support Vroom's (1964) expectancy theory that people choose behaviors they think will lead to results they will value.

Hotel employees valued employee of the month and receive positive feedback. This reward shows that their effort is appreciated and provides performance feedback. Without feedback, employees would never know their performance or where they need to improve. Sajuyigbe et al. (2013) recommended giving employees performance feedback more than once a year because frequent rewards improve performance.

Both financial and non-financial factors were considered as important factors before considering a job position. This implies that both financial and non-financial rewards attract employees. This is in agreement with Schlechter, Hung and Bussin (2014) whose results revealed that job attractiveness was influenced by three elements (remuneration, benefits, and variable pay). In addition, Schlechter, Thompson, and Bussin (2015) cited Amundson (2007), who noted that while financial rewards are important, prioritising also non-financial rewards will improve employee attraction. According to Nikolić, Perić, and Bovan (2020), new generations prefer workplaces with growth and feedback.

The findings showed that most employees stressed the importance of communicating the reward policy because it encourages them to stay in the hotel. According to Mamoon and Hassan (2007), rewards are one of the main factors in turnover intentions, and if employees are not properly briefed on the reward system, it can cause instability in the organization. In their study, Chepkosgey, Namusonge, and Makokha (2019) found that employees were unaware of their companies' reward policies, which caused job dissatisfaction and retention issues.

This study found that hotel employees agreed that promotion would boost loyalty. Employees believed promotions would strengthen their loyalty to the company. Being promoted offers growth, status, and more functions Chandrasekara (2020) supports the study by suggesting that promotions may motivate employees to stay.

6. Recommendations

The study suggests that hotel employees should be aware of the hotels' reward policies and discuss hotel rewards and their effects on their performance during performance appraisal.

Increasing salary, bonuses, feedback, appreciation, and employee rewards is one of the main recommendations to employers in the study.

Hotel management must demonstrate commitment. If upper-level management is committed to company success, rewards issues will be addressed immediately rather than waiting for employees to express their dissatisfaction, which could lower productivity.

The researcher suggests that the hospitality industry collaborate with hotels and invest in human resource management strategies that could improve hotel reward programs.

7. Limitations and Future Research

This study has some limitations that must be taken into account. First, the study was limited to 3- to 5-star hotels within the Cape Town city center (City Centre, Waterfront, Sea Point). The data were analyzed using strictly descriptive statistics and chi-square tests. In conclusion, 180 hotel employees were included in the study's sample, and convenience sampling and purposive sampling were used to select participants in the study. Regarding a study of this nature, the sample size was deemed to be relatively small. Budgetary constraints and the inaccessibility of a number of hotels are two possible explanations. Therefore, the results cannot be generalized and used as a representative sample of what is happening in all Cape Town hotels.

Future studies should employ a mixed methodology to better understand how rewards affect employee performance. Random sampling is also suggested to increase the generalizability of the findings. In order to obtain a larger sample size, future research on hotel industry rewards systems should also concentrate on other geographic regions or the entire Western Cape.

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