

EMPLOYEE REWARD SYSTEM IN THE CORPORATE AND INVESTMENT BANKING SECTOR OF STANDARD LESOTHO BANK IN MASERU REGION

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DECLARATION

I declare that the field study hereby handed in for the qualification Master's in Business Administration at the UFS Business School at the University of the Free State is my own independent work and that I have not previously submitted the same work, either as a whole or in part, for a qualification at/in another university/faculty.

I also hereby cede copyright of this thesis to the University of the Free State.

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ABSTRACT

Banks today are faced with intense competition for talent as the banking industry evolves and certain skills become more critical. One of the most significant ways to attract, motivate and retain the talent is through the strategic use of rewards. However, looking at the disruption that has been brought by the fourth industrial revolution (4IR) and the presence of all four generations in the workplace at the same time for the first time, organisations are faced with a challenge to rethink their entire reward systems and align them with the future demands. Despite the apparent need to transform the reward systems, very few organisations have taken the necessary steps towards the transformation of the reward systems.

This study evaluated the reward system at Standard Lesotho Bank (SLB) for Corporate and Investment Banking (CIB) employees in Maseru, Lesotho. The study did this by establishing the views and perceptions of CIB employees regarding the reward system and investigated whether the SLB CIB reward system will still be effective in the fourth industrial revolution and in meeting the demands and preferences of the younger generation of the workforce. A qualitative approach in which semi-structured interviews were conducted was employed.

The research findings mainly revealed that the SLB reward system is still very traditional and CIB employees do not perceive it as one of the best in terms of attracting, motivating and retaining the bank's workforce. Participants cited lack of transparency, fairness and innovation in the reward system as the major problems. The employees expressed great desire to have reward strategies tailored to their needs. The results further revealed that the reward system is not on par with the 4IR demands and not lucrative enough to attract the younger generation to choose SLB as their preferred employer.

The study concluded that there is a need for SLB to re-imagine the reward system and come up with refreshed ways of rewarding people aligned with individual preferences to facilitate the retention and attraction of talented employees. This paper recommended the adoption of transparent personalised rewards that accommodate individual employee needs, are appealing to the young generation and relevant to the workplace and workforce of the fourth industrial revolution.

Key words: Reward system, Total rewards, Employee performance, Perceptions, Motivation, Retention, Attraction, Generation, Fourth Industrial Revolution, Preferences

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CHAPTER 1 - INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Introduction

Today's business environment has become highly challenging and demanding. Globally, the banking industry has become exceedingly competitive and is facing greater challenges with digitisation, economic trends, and increased demands for customer satisfaction (European Investment Bank, 2018). As competition intensifies, banks must find ways to maintain their competitive edge. One of the most significant ways is through the strategic use of rewards to attract, retain and motivate their workforce (Holston & Kleiner, 2017). Banks are faced with a time during which it has become crucial for them to have the best quality rewards for them to maintain the best quality workforce and to stay competitive, so as to achieve the high levels of customer satisfaction desired (Taba, 2016).

The rewards mantra for the past decades has been "pay for performance." The word "rewards" includes all the provisions that form part of the employer-employee 'deal' (Armstrong, 2014:358). Bratton and Gold (2012) define the notion of reward as a 'reciprocal exchange' in which an employee engages in work-related behaviours that contribute towards the achievement of organisational goals in return for financial and non-financial payments, and other support by the employer. Rewards are therefore central to the employment relationship (Milkovich, Newman & Gerhart, 2014). They are at the heart of why people join organisations and are motivated to work.

Back in 2000, WorldatWork introduced what is called Total Rewards (WorldatWork, 2020). Total Rewards are defined as:

Elements encompassing compensation, well-being, benefits, recognition and development which when designed strategically and executed in alignment with business goals, fuel motivated and productive workforces that feel appreciated and rewarded for their contributions, thus driving the organisation to ever greater success (WorldatWork, 2020).

The concept of Total Rewards, as defined by WorldatWork (2020), forms the basis of the rewards offered in the banking sector across the globe. The banking sector relies heavily on its employees to be able to serve its customers better (Daniel, Izediuno & Caleb, 2018). It is therefore critical that banks offer their employees rewards that fuel them to provide exceptional service to banking customers. Rewards offered by banks currently include salaries, financial incentives, recognition for service excellence, training and feedback by

customers and employers (Taba, 2016). These rewards are believed to drive the desire in bank employees to serve customers better (Taba, 2016).

As alluded to earlier, the banking sector faces challenges posed by the business environment which has become more competitive and demanding. This has a significant impact on the rewards which banks offer to employees. The challenges of the current environment are coined using the army phrase VUCA, which refers to the “Volatile, Uncertain, Complex and Ambiguous” environment which organisations have to operate within (Petrie, 2014). The banking sector has been and is still challenged by the VUCA environment. Economic downturns such as the 2008 financial crisis and now COVID-19 are putting much strain on banks’ bottom line which then forces them to take restrictive measures on the rewards they give to their employees, especially financial rewards. Other challenges are as a result of rapid transformation caused by changing customer expectations, emerging technologies and changing employee demands (Bussin & Toerien, 2015; Seegers, 2015; Ncgobo & Naidoo, 2015).

There is no question about the disruption that has been brought in organisations by the fourth industrial revolution. Technologies such as robotics, artificial intelligence and machine learning are having a huge impact on the workplace and jobs that people do (Schwab, 2016). Existing jobs are being redesigned and new jobs and professions are on the rise (Schwab, 2016). According to Deloitte’s (2019) survey, with automation of routine tasks and people having to perform fewer routine tasks, jobs will evolve into “super jobs”, thus changing the landscape of how organisations think about work. All these developments are hugely impacting the banking sector, its workforce and consequently its rewards strategy (BANKSETA, 2018). Banks have to rethink new ways of rewarding employees as their job profiles and demands are changing.

The relevance of the topic of reward systems is further increased by more millennials (Generation Y) in the workplace. The world of work is entering an era when all four generations of employees will work together at once – Traditionalists, Baby Boomers, Generation X and Generation Y (Meister & Willyerd, 2010). These generations have different attitudes to work and different preferences to rewards, creating new challenges for employers (Bussin, Mohamed-Padayachee & Serumaga-Zake, 2019). Baby Boomers and most Generation Xers prefer job security and benefits towards their retirement fund while Generation Y’s prefer rewards that are inclined to flexible working arrangements and career development (Bussin *et al.*, 2019). There is also Generation Z – the youngest Generation

that is just starting to join the workforce. This Generation is highly technologically advanced and demanding in terms of how they want things to be done (very self-opinionated) (Berkup, 2014). It has therefore become even more imperative for organisations to understand and strategically re-design reward programmes to accommodate these changes and varying employee preferences.

1.2 Background to the Problem

The challenging business environment, the fourth industrial revolution and changing work and workforce have presented the need for organisations to re-look at their reward systems more than ever before (Deloitte, 2019).

Due to the tough economic conditions and increased competition within the banking industry, banks are looking to contain costs and do more with fewer employees (Taba, 2016). This requires that those employees be sufficiently talented and possess the required skills and knowledge. The war for talent has therefore increased more than before and organisations have to find the best ways to attract and retain the best employees in the industry. Rewards are identified as very important in winning the competition for talent (Pregnotato, Bussin & Schlechter, 2017). Furthermore, because of technology, employees learn much quicker. They are therefore more equipped with knowledge and skills than the previous generations (Seegers, 2015). As a result, they can easily move between jobs. This makes it even more challenging for banks to retain the talent they so need.

Furthermore, the fourth industrial revolution has brought a lot of changes in the workplace. The automation of certain jobs and emergence of new roles call for organisations to rethink the job designs and job profiles of employees (Dombrowski & Wagner, 2014). Organisations must seek new ways of rewarding people and new strategies for attracting and retaining talented employees who possess the knowledge and skills needed in the fourth industrial revolution (Schwab, 2016). This is because the low-skilled jobs will be replaced by machines and people who are skilled and can create new ideas and innovation will represent a critical factor of production (Xu, David & Kim, 2018). The quest for talent will further rise because there will be a shortage of the right skillset (Xu *et al.*, 2018). Organisations will therefore have to adjust their reward policies.

In addition, the existence of different generations in the workplace has resulted in diverse preferences for rewards (Bussin *et al.*, 2017). According to Twenge and Campbell (2012), Millennials show less interest in financial rewards than Baby Boomers and Generation Xers.

The younger generation is also interested in the kind of environment that resonates with their lifestyle. They are characterised by constant exposure to the information and communication technology which networks them to the rest of the world (Meister & Willyerd, 2010). They therefore prefer work that furnishes them with the networking capabilities they are so accustomed to (Meister & Willyerd, 2010). Organisations should therefore understand if their target types of employees prefer mainly monetary rewards or additional benefits such as a flexible working environment (Bussin & Brigman, 2019).

Furthermore, this younger generation is more skilled because of easily accessible learning platforms on digital channels (Seegers, 2015). For this reason, rewards for seniority and experience have become less relevant in the financial sector. It is time for banks to rethink their reward strategies and reward employees for the value they bring to the organisations, not for the length of time they have been with the organisation or the level of seniority they hold (Seegers, 2015).

Despite the apparent need to revolutionise reward systems, organisations are falling behind on this front (Deloitte, 2019). Reward systems have not undergone any transformation and most organisations do not even know what their employees want or value (Deloitte, 2019). This poses a significant challenge to organisations in attaining and retaining the right talent and keeping up with new trends in order to attain a competitive edge. Very few organisations have taken the necessary steps to find improved and innovative ways of rewarding people (Deloitte, 2018). According to Deloitte's research (2018), organisations even rate their reward programmes with a net promoter score of -15, and only 21% would recommend them to others. The banking industry in Lesotho is no different on the above aspects. Banks in Lesotho still practice the conventional way of compensating their people - which is having standard rewards offered to all employees joining the bank and using performance reviews as a way to determine how to reward an employee; despite the employee's preference or desire.

This study will focus on Standard Lesotho Bank (SLB) – a subsidiary of the Standard Bank group based in Lesotho. It will unpack the perceptions of the employees based in the Corporate and Investment Banking (CIB) department of the bank towards rewards they receive. For more than a decade, the corporate division of Standard Lesotho Bank has not reviewed its reward system or aligned with the current demands of today's workforce. The division is regarded as the most prestigious within Standard Lesotho Bank in terms of levels of pay offered to its employees. However, the division has barely been meeting the financial

targets set for the past 5 years. It has also experienced loss of key personnel including changing the Head of Corporate and Investment Banking 3 times in the past 5 years.

Furthermore, being the corporate banking division, it houses key client relationships which contribute significant revenue to the bank. It is imperative to the bank that it ensures corporate customer satisfaction. Customer relationship management is recognised as a strategy to ensure attraction and retention of corporate customers; thereby increasing their profitability and consequently the bank's overall profit (Daniel *et al.*, 2018). According to Daniel *et al.* (2018), relationship managers are critical to the bank since banks deal in service and depend on the person delivering the service to create a lasting impression on the customer.

Therefore, it is imperative for leadership of the corporate department at Standard Lesotho Bank and the bank as a whole to be aware of how employees in this business unit feel about their rewards. This study will be especially significant to Standard Lesotho Bank in bringing to the attention of the organisation what the employees in one of its key business units are saying about their rewards. It will determine whether the reward system in place is meeting the employees' preferences for rewards and whether it is effective in retaining and motivating them.

1.3 Problem Statement

The problem at Standard Lesotho Bank Corporate and Investment Banking (SLB CIB) Maseru is that the rewards system used is outdated. The bank still uses a traditional way of rewarding people and it is not aligned with the demands of today's workforce. The absence of an up-to-date reward system can result in the bank's inability to attract and retain the right talent according to the current trends in the banking industry. It will fall behind the ever-rising competition. This will adversely impact the established customer relationships and ultimately affect revenue to the bank negatively.

1.3.1 Research questions

- What reward systems generally exist in organisations?
- What effects do reward systems have on employee performance?
- Which forms of rewards are more effective in motivating employees to do more?
- Does the reward system at Standard Lesotho Bank meet the preferences of its employees in Corporate and Investment Banking?

- Will the existing reward system at Standard Lesotho Bank Corporate and Investment Banking sector still be effective in the fourth industrial revolution?

1.4 Primary and Secondary Objectives

1.4.1 Primary objective

The aim of this study is to evaluate the reward system in the corporate banking sector of Standard Lesotho Bank in the Maseru region.

1.4.2 Secondary objectives

The secondary objectives of this study are:

- To provide a discussion of employee rewards.
- To determine the perception of SLB CIB employees towards the current reward system and the effect thereof on the performance of CIB employees.
- To determine which forms of rewards are more effective in motivating CIB employees of Standard Lesotho Bank to perform.
- To investigate the preferences of SLB CIB employees for rewards.
- To establish if the reward system at SLB CIB will still be effective in the fourth industrial revolution.
- To provide SLB management with new reward strategies that can be implemented in SLB, Lesotho.

1.5 Preliminary Literature Review

Rewards are the centrepiece of the employment relationship (Bratton & Gold, 2012). An employee does work-related physical or psychological activities that benefit the employer in return for some benefit or reward (Bratton & Gold, 2012). This means that for an organisation to achieve its goals, it needs the employees who in turn need to be rewarded in order for them to deliver on those goals. The interrelated processes, practices and policies that the employer puts in place to provide employees with rewards are termed the reward system (Armstrong, 2014). The overall objective of the reward system is to reward people in a way that is consistent, fair, equitable and benefitting to them according to the value they bring to the organisation (Armstrong, 2014). The reward system is informed by the reward strategy of the organisation. The reward strategy states what reward practices should be in place

and how the organisation intends to implement them (Armstrong, 2014). The reward strategy is driven by the business strategy (Armstrong, 2014).

A reward system is broken down into two major categories, namely extrinsic and intrinsic rewards (Milkovich *et al.*, 2014). Extrinsic rewards are comprised of financial or tangible rewards which may be direct or indirect. Direct forms include base pay (salary), bonuses, incentives, commissions and allowances, while indirect forms include employee benefits such as pension plans, medical aid and employee wellness centres (Milkovich *et al.*, 2014). In contrast, intrinsic rewards are derived from the content of the work itself and include challenging and interesting work, career growth opportunities, and learning and development (Hatrice, 2012). Other examples include job security, recognition and appreciation (Milkovich *et al.*, 2014).

Armstrong (2014) emphasises that organisations need to consider all the aspects of rewards that are of value to employees, not just aspects like basic salary and employee benefits. A total rewards approach is recommended in order for an organisation to fully attract, motivate and retain its workforce. A total reward system is a blend of the extrinsic and intrinsic reward mechanisms which an employer offers to their employees (Kwon & Hein, 2013). An employer can give employees monetary pay, benefits, training and a good working environment as a total reward package. When properly designed and communicated, a total rewards package is said to drive talented personnel to perform at their best levels and produce the desired business outcomes (Kwon & Hein, 2013).

In terms of rewards that motivate employees, Chandler (2016) argues that although extrinsic rewards are traditionally assumed to be the best way to get employees to work harder and better, people are more motivated by intrinsic rewards and they work harder and better when they do things they personally find rewarding. According to Fisher (2015), there is no specific magic item that would deliver higher performance. It all depends on the options being offered, the budget and profile of the employee (Fisher, 2015). Marciano (2010) adds that even those rewards that might appear to be most lucrative do not necessarily work for everybody. Due to the diversity in today's organisations, a one-size-fits-all approach cannot work. An organisation must understand its workforce and its preferences (Bussin & Toerien, 2015).

Employees may have different perceptions towards the rewards offered by their employer. Employees may perceive the reward system as unfair and ambiguous (Taba, 2016). Most organisations exercise pay secrecy; they disclose very little information about compensation

(Colella, Paetzold, Zardkoohi & Wesson, 2007). Pay secrecy appears to be one of the reasons that cause employees to perceive the reward system as unfair. Being transparent about pay levels and how people are rewarded can assist in building a perception of fairness by employees and thereby increase employee engagement (Bamberger & Belogolovsky, 2010; quoted in Marasi & Bennett, 2015).

Employees may also perceive their rewards as low compared to the effort they apply on the job. This is termed effort-reward imbalance (Siegrist & Wahrendorf, 2016). Employees experience effort-reward imbalance in the workplace in two ways: when there is high effort and low reward or low effort and high reward (Siegrist & Wahrendorf, 2016). These may be viewed as an unfair exchange in the employer-employee relationship. Employees who feel they give out a lot more than they gain from the organisation may feel unjustly treated by the organisation. Also, where employees perceive other employees as being highly rewarded, yet they do less, there can be mistrust between the employer and such employees (Siegrist & Wahrendorf, 2016). Effort-reward imbalance causes employees to be less committed to the organisation (Allisey, Rodwell & Noblet, 2016).

The banking industry is largely a service industry and therefore relies heavily on employee-customer relationships (Daniel *et al.*, 2018). Employees in the banking industry are therefore a critical success factor for the banks to achieve customer satisfaction and retention. According to Ngcobo and Naidoo (2015), the financial institutions adopt a total reward strategy. That means they reward employees using packages that include both extrinsic and intrinsic rewards. Taba (2016) states that, in banking, the desire to serve customers is very high if employees earn appropriate salaries, are trained extensively and get recognised for service orientation.

Rewards in the various industries, including the banking industry, are largely impacted by the diverse needs of employees (Bussin & Toerien, 2015). Today's workforce consists of multiple generations working together and each generation has its own preferences for rewards. The generations that are currently found in the workplace are mainly Baby Boomers (or Boomers) (those born 1946–1964), Generation Xers (those born 1965–1979) and Generation Y's (those born 1980–1994) (Berkup, 2014). There is also Generation Z (those born in 1995) that is coming up and graduating from college (Berkup, 2014). This generation is said to be born in the late 1990s and raised in the 2000s (Tulgan, 2013). There are inconsistencies in terms of when Generation Z starts and ends; however, the majority of researchers agree on the timeframe from mid-90s to 2004 (Mueller, 2015; quoted in

Sidorcuka & Chesnovicka, 2017). The various generations are presenting challenges when it comes to rewards because they each have their own priorities and preferences (Bussin & Toerien, 2015).

Twenge and Campbell (2012) showed that Generation X is more interested in extrinsic rewards such as higher salaries than Baby Boomers. Generation X is followed by Generation Y in terms of preference for extrinsic rewards. However, Generation Y is said to also be more interested in intrinsic rewards, such as flexible working arrangements (e.g. flexible working hours), and learning and development (Close & Martins, 2015). Generation Y is technology driven. They therefore highly favour access to technology work tools and networking tools such as wi-fi for instant messaging at the workplace. Baby Boomers, on the other hand, are more hard-working and prefer intrinsic rewards such work that is challenging and job security.

Generation Z is just entering the workforce and not much has been observed about them thus far (Berkup, 2014). However, they are the most technologically advanced generation and most self-opinionated. They are expected to be similar to Generation Y in the workplace and will prefer home/work integration in terms of technology. They are self-reliant and innovative and want to be listened to (Berkup, 2014). It is important for employers to understand these generations and what they prefer.

Employee rewards in the banking industry are further impacted by the highly volatile and complex environment of today's world. New technologies are changing the circumstances of work and impacting people's jobs (BANKSETA, 2018). This technological transformation is denoted as the fourth industrial revolution (Dombrowski & Wagner, 2014). The fourth industrial revolution is coming up with a high level of complexity that brings a total network integration of products and production processes which, in turn, brings jobs that did not exist before into existence (Dombrowski & Wagner, 2014). It also brings a lot of collaboration between humans and machines, and results in the change of job profiles (Xu *et al.*, 2018). As jobs that did not exist before emerge and existing ones are replaced by machines, there will be a need for new skill sets (Xu *et al.*, 2018). Banks will therefore have to redesign their reward strategies in order to attract and reward the highly skilled personnel of the fourth industrial revolution.

1.6 Research Methodology

The following section will detail how the researcher intends to achieve the research objectives. Research methodology is basically “a general orientation to the conduct of the business research” (Bryman *et al.*, 2011:30).

1.6.1 Research design

Sekaran and Bougie (2013:95) define research design as “a blueprint for the collection, measurement, and analysis of data, based on the research questions of the study”. It is the way the research will be carried out.

For the purpose of this study, the researcher will adopt a qualitative research design. Qualitative research involves sampling, collecting and analysing data that is in the form of words (Sekaran & Bougie, 2013). The researcher focuses on collecting and analysing primarily non-numerical data (words, actions and pictures) (Saunders, Lewis & Thornhill, 2016). According to Bryman *et al.* (2011), qualitative researchers are more influenced by interpretivism; focusing on understanding of human behaviour and understanding the subjective nature of social action/human experience. This research will therefore take the interpretivist approach.

The aim of this research is to gather and interpret human behaviour (in terms of work performance). Vast amounts of data, mainly from interview transcripts, will be analysed and valid inferences made about work performance and employee perceptions of the rewards they get. For these reasons, Sekaran and Bougie (2013) regard the qualitative research with interpretivism as the most suitable because it will give the researcher in-depth insight into thoughts and beliefs of employees towards the rewards system in the chosen organisation. Qualitative research also involves an intensive, in-depth study of a small group or of individuals sharing certain characteristics (Bryman *et al.*, 2011). It will therefore be most appropriate for this study because of the small population involved in this study.

According to Saunders *et al.* (2016), the better choice between qualitative and quantitative methods depends on the research question(s) the researcher is seeking to answer. Qualitative research, however, is criticised for too much subjectivity and generalisation (Bryman *et al.*, 2011). The research findings rely heavily on the researcher’s unsystematic views and prior relationships the researcher may have with the people studied (Bryman *et al.*, 2011). Even so, the researcher will state clearly what her assumptions and presumptions

were while embarking on the study and why a particular set of data was chosen over another.

A quantitative research approach would not be appropriate because according to Bryman *et al.* (2011), it takes a structured approach which is inflexible, and the researcher would not easily be able to probe further during the study or change direction during the investigation.

1.6.2 Sampling design

The following section will detail what sampling design will be used for this research.

For this study, non-probability sampling design will be used. In non-probability sampling, the likelihood of each element being chosen from the total population is not known (Saunders *et al.*, 2016). Non-probability sampling is commonly used when time and other variables other than generalisability become important. In this research, the researcher is not so much concerned about representation of the population but on the opinions of those selected. Non-probability sampling is therefore the most appropriate type of sampling design to be adopted for this research.

The study is targeted at Corporate and Investment Banking (CIB) employees. Therefore, the non-probability form of sampling to be used is purposive sampling. Bryman *et al.* (2011) explain that purposive sampling is used where the researcher has clear characteristics of the research participants that make them relevant to the research questions. The researcher does not seek to select the sample on a random basis but uses certain criteria that will cause the inclusion or exclusion of an element in the population. The main criteria for this research are employees that are directly employed in Corporate and Investment Banking (CIB) within Standard Lesotho Bank (SLB).

The participants chosen are selected because they are believed to have the most relevant knowledge or information for the study (Willes, 2018). This means that the specific sample is selected deliberately for the purpose of gathering the data which the researcher is targeting (Willes, 2018). The critical factor in this research is to get the perspectives of CIB employees on SLB's reward system. The researcher is concerned with getting, as far as possible, the opinions of those employed in the corporate division. All 15 CIB employees were therefore chosen to participate in this study, because the employees have the relevant information the researcher is interested in.

Bryman *et al.* (2011) explain that the decision about the sample size depends on a number of considerations, including time and cost. In this study, the researcher is less constrained

by time and cost because the researcher is dealing with a small number of employees in the same department within which the researcher is also employed. The participants will be reached easily. The researcher therefore intends to include all the participants in the study. All the research subjects are invited to participate in the study.

1.6.2.1 Recruitment strategy

A recruitment strategy refers to the method the researcher will use to invite the participants to take part in a study (Bordens & Abbott, 2018). For this study, the researcher will use direct telephone calls and emails to recruit participants outside office hours. The researcher has work-related social ties with the participants and communicates with them on a regular basis by virtue of being in the same department and working as one team. The researcher therefore already has contact details and email addresses of the participants. The researcher will initially contact them via email to formally request the interview and then follow-up via telephone calls and face-to-face when the researcher meets the participants at the workplace to explain thoroughly what the study is about and clarify any concerns. When using these strategies, the researcher must make sure that participants are not coerced or pressured into participating (Bordens & Abbott, 2018). The researcher will therefore explain that participation in the study is voluntary and not pressurise participants into taking part in the study.

1.6.2.2 Population and sample size

Employees working in Standard Lesotho Bank Corporate and Investment Banking will be used for this research. The current staff complement is 15 employees, and this represents the population of this study. Bryman *et al.* (2011) explain that the decision about the sample size depends on a number of considerations including time and cost. In this study, the researcher will be less constrained by time and cost because the researcher will be dealing with employees in the department within which the researcher is employed and therefore can be reached easily. The researcher intends to interview all the employees in the department.

1.6.3 Data collection method

This is the method which the researcher will use to gather data needed for this research. Data collection can be from primary sources or secondary sources of data. Primary data is obtained first-hand from the sample of the study group, while the secondary data has already

been collected for some other purpose (Saunders *et al.*, 2016). To gather primary data, the researcher will collect the data using one-on-one semi-structured interviews. The semi-structured interviews involve the researcher asking a list of questions on specific research questions and allowing interviewees to respond freely. The interviewer is also free to ask follow-up questions outside the prepared list of questions on responses given by the interviewees (Bryman *et al.*, 2011).

The primary benefit of semi-structured interviews is that they allow the interviewer the ability to evaluate responses and probe further where the researcher wants interviewees to justify their responses or expand on them (Saunders *et al.*, 2016). Therefore, semi-structured interviews ensure that the researcher understands the respondent correctly by repeating or rephrasing the questions (Sekaran & Bougie, 2013). In qualitative interviewing, there is greater interest in the interviewees' point of view; hence Bryman *et al.* (2011) also argue that semi-structured interviews method is very helpful to fully understand the world as the interviewees see it. The researcher therefore gets richly detailed answers from the interviewees' point of view when using one-on-one semi-structured interviews.

The interviews will be conducted outside working hours – over lunch or immediately after work, and each will take an average of 40 minutes per participant. The interviews will be carried out across the entire CIB department and include all genders (8 females and 7 males) and job grades.

1.6.4 Data analysis

The researcher will use content analysis to analyse the interview recordings. Content analysis is used when the researcher wants to analyse written or spoken communication in order to form specific categories or themes (Bordens & Abbott, 2018). According to Kolbe and Burnet (1991; quoted in Sekaran & Bougie, 2013), content analysis is a method used to determine the symbolic content of all modes of recorded communication systematically. In this study, the researcher will be analysing mainly recordings of interviews. Bryman *et al.* (2011) maintain that content analysis helps the researcher to establish emerging themes by, for instance, picking out the frequency of certain words. Sekaran and Bougie (2013) further add that this type of method allows the researcher to analyse large quantities of data and classify its properties systematically (themes, meanings, concepts, etc.).

To carry out content analysis, the researcher will use coding to analyse data from interview scripts. Coding is about transforming the raw data from interview transcripts into codes or

category labels that summarise the key themes that emerged. It involves interpretation and re-presentation of data by the researcher from its original format in the interview transcripts into fragments to create a story together (Bryman *et al.*, 2011). The main criticism of this method is that the researcher might pluck chunks of text out of the whole and end up losing the context of the original text (Bryman *et al.*, 2011).

1.7 Ethical Considerations

This section deals with the ethical issues that the researcher will consider while conducting this research.

The following ethical issues will be considered:

- Permission obtained
- Informed consent
- Invasion of privacy
- Confidentiality
- Conflict of interest

1.7.1 Permission obtained

A researcher must be given allowance to physically access the organisation's premises and the data of the organisation (Saunders *et al.*, 2016). For the purpose of this study, permission will be obtained from the Head of Corporate and Investment Banking department at Standard Lesotho Bank.

1.7.2 Informed consent

Bordens and Abbott (2018) explain that researchers should get participants' informed consent before conducting the study. The procedure involves briefing the participants about what the study entails and obtaining their permission to participate in it (Bordens & Abbott, 2018). Saunders *et al.* (2016) argue that participants must freely give their consent and it must be informed by full details about the use of data collected and participation rights. The researcher will obtain informed consent of CIB employees to conduct this study. The researcher will disclose in full the intention of the study, the process to be used in analysing the results of the interview, and declare confidentiality of all that the respondents have shared. These will be detailed in the formal request sent out to the interviewees to request for the interview.

1.7.3 Invasion of privacy

According to Bryman *et al.* (2011), the researcher is not allowed to intrude on participants even if informed consent has been obtained. Participants have a right to withhold certain information if they feel their privacy is invaded. This research topic is highly controversial in the workplace and should be undertaken with caution towards approaching various employees in different levels. The researcher will ensure that questions asked are not personal to the interviewees such as personal information about their salaries and any other sensitive information.

1.7.4 Confidentiality

“Confidentiality means that you guarantee the security of their responses” (Bordens & Abbott, 2018:210). The researcher needs to fully protect the information that has been given to them. Information from respondents will therefore be treated with utmost confidentiality in this study. The researcher will maintain integrity and objectivity during the course of the study. A confidentiality clause will be included in the informed consent form.

1.7.5 Conflict of interest

“Conflict of interest occurs when professional judgement regarding an interest, e.g. financial gain or gain in personal status, is unduly influenced by another interest” (Bryman *et al.*, 2011:130). The researcher does not have any financial nor personal interest in this research. The researcher is not in a power position in relation to the participants. The researcher will be interviewing peers and managers senior to the researcher. Conflict of interest is therefore avoided.

1.8 Risks Identified

1.8.1 Physical risk

Physical risk is a risk brought about by methods and procedures the researcher used to conduct the research (University of Chicago Social and Behavioural Sciences, 2020; quoted in EMS - Complete Research Ethics Guide, 2020).

The researcher is aware of the risk of illness brought about by COVID-19 when doing face-to-face interviews. The researcher and participants will wear a mask over mouth and nose at all times, including at the start and end of the interviews. The interviews will be one-on-

one sessions held at the Standard Lesotho Bank premises. A physical distance of at least 1.5 meters between the researcher and the interviewees will always be maintained. The researcher will avoid physical contact, for example, shaking of hands. Alternative ways will be used to greet, and these will involve use of foot tap, elbow bump, head nod, and wave. The interview guide and informed consent forms will be distributed and collected via email. Before the interview begins, the researcher will remind the interviewee to wear a mask and use the respiratory etiquette of coughing or sneezing into the bend of an elbow or into a tissue that they will put in the bin straight after use. The researcher will provide the tissues. The researcher will also apply the same respiratory hygiene for coughing and sneezing. Where preferable, the researcher will conduct the interviews telephonically or using digital communication channels such as Microsoft Teams, Skype for Business or WhatsApp calls. The above mitigating factors will be included in the informed consent form.

1.8.2 Psychological risk

This is the risk that the participant may experience psychologically during participation in the research and/or afterwards as a result of participating in the research (University of Chicago Social and Behavioural Sciences, 2020; quoted in EMS - Complete Research Ethics Guide, 2020). The researcher identifies a risk of embarrassment by participants if they happen to be asked personal information about their individual salaries. The researcher will therefore avoid such questions.

1.8.3 Economic risk

Economic risk refers to alterations in relationships with others that are to the disadvantage of the participant (University of Chicago Social and Behavioural Sciences, 2020; quoted in EMS - Complete Research Ethics Guide, 2020). Employees can be anxious about reputational damage if some of their views are known by senior management and end up jeopardising their job prospects (e.g. promotion). The researcher will avoid causing the reputational damage by protecting the anonymity of the respondents and maintaining confidentiality in the final report using pseudonyms to refer to the participants.

The researcher also understands that interview recordings raise concerns about confidentiality (Bryman *et al.*, 2011). Interview recordings pose a great concern due to the fact that they contain voices of the participants which can identify them. Unauthorised

release of the recordings to other people other than the researcher will be a breach of confidentiality on the side of the researcher.

To mitigate the risk of interview recordings, the researcher will inform the participants in the informed consent form that the interview will be recorded. The researcher will also inform the participants that the interview recording is done for the purpose of saving time and ensuring that the researcher can later transcribe the responses and is able to capture everything that was said. The recordings will be done using Microsoft Teams application. The researcher will further inform the participants that the recordings will be destroyed after being transcribed. Access to the recordings will be limited to the researcher only. The transcript will anonymise responses from participants by replacing names with pseudonyms i.e. Participant A, Participant B, and so forth to ensure no participant can be identified in any way.

1.9 Trustworthiness and Rigor

Qualitative research involves a high potential of subjectivity (Cypress, 2017). The researcher must therefore ensure that the inherent bias is minimised by applying strategies that ensure trustworthiness and rigor in the study methods used and the research results (Johnson, Adkins & Chauvin, 2020). Trustworthiness and rigor of qualitative research are about the authenticity, truthfulness and quality of the research and research findings (Kyngäs, Kääriäinen & Elo, 2020).

The four primary criteria defined by Guba and Lincoln (1994; quoted in Lincoln & Denzin, 2018) to establish trustworthiness and rigor are as follows: credibility, transferability, dependability and confirmability. Credibility is concerned with ensuring that the research findings are accurate and represent what was studied (Johnson *et al.*, 2020). To ensure credibility, the researcher will be recording the interviews, transcribing the interviews verbatim and keeping detailed notes at every stage of the study. The researcher will avoid asking leading questions during the interview to maintain objectivity. The researcher will also use member checking whereby the researcher will ask some of the interviewees to verify that the interview transcript reflects the meaning and contribution which that interviewee intended to give (Johnson *et al.*, 2020).

Dependability is about the consistency of the research process. The research process should be described in sufficient detail so that another researcher can repeat the study and be able to follow the decision trail of the initial researcher (Johnson *et al.*, 2020). The

researcher will ensure dependability by describing in detail the data analysis steps taken to reach the conclusions and include relevant tables and attachments in the final report. The research process will be documented thoroughly.

Confirmability requires that the research results truly reflect the information gathered from the participants, not the researcher's interpretations or bias (Johnson *et al.*, 2020). The researcher will safely keep written field notes and store the interview transcripts on a password protected computer so that the research results can be confirmed using the data collected and stored. Give the interpretivist approach and that the researcher works within the same department as the participants, the researcher may bring in their own pre-existing meaning into interpreting and understanding the data. To mitigate this challenge, the researcher will use direct citations from different participants under each theme during interpretation of the results such that the reader will clearly see the connection between the findings and the interpretation given. At least one relevant citation will be included under each theme to ensure confirmability as suggested by Kyngäs *et al.*, (2020).

Transferability is the extent to which the study results can be passed onto another context and be applicable there (Kyngäs *et al.*, 2020). The researcher will communicate transferability by fully describing the characteristics of the research subjects, the time the study was done, and the geographical location of the study as suggested by Johnson *et al.*, (2020). The research findings will be transferable to another context with similar characteristics described.

1.10 Demarcation of the Field of Study

The researcher intends to focus on the employees' perceptions of the reward system at Standard Lesotho Bank, Corporate and Investment Banking in Maseru, Lesotho. The study will fall under Human Resource Management.

1.11 Chapter Layout of Study

This section outlines the layout of the study as follows:

Chapter 1 is mainly the introduction and background of the research, including the research issue and research objectives.

Chapter 2 then deals with the literature review which demonstrates the groundwork that has been done by other researchers on the topic of this study.

Chapter 3 follows, describing the research methodology the study adopted.

Chapter 4 will focus on research findings, analysis and discussion thereof in terms of perceptions of CIB employees about the reward system at Standard Lesotho Bank.

Chapter 5 finally presents conclusions and recommendations.

1.12 Summary

The aim of this study is to provide context on employee rewards and the current situation at Standard Lesotho Bank, Corporate and Investment Banking section. The study aims to be highly significant to this organisation in that it will look at what the employees are saying about its reward system and based on the preliminary literature and data collected, conclude whether, according to the findings, the reward system is effective in improving performance of its employees in the identified section. It will finally give recommendations that will immensely benefit the organisation in building a robust and sustainable reward structure.

CHAPTER 2 - LITERATURE REVIEW

2.1 Introduction

The survival and success of any organisation is a product of the quality of the human resource it employs. It is for this reason that every organisation must focus on attracting and retaining the best quality personnel (Sidorcuka & Chesnovicka, 2017). Reward systems are central to attracting, motivating and retaining highly skilled and talented candidates that will better fit the organisation's strategy and drive its success (Franco-Santos & Gomez-Mejia, 2014). Organisations need to invest heavily in their reward systems in order to ensure employee satisfaction (Antoni, Baeten, Perkins, Shaw & Vartiainen, 2017).

In the banking industry, customer satisfaction is key to any bank's success (Daniel *et al.*, 2018). The bank's ability to deliver desired customer satisfaction is directly associated with how happy its workforce is (Chamberlain & Zhao, 2019). Nevertheless, banks and many other organisations still regard employee cost as an expense rather than an asset (Deloitte, 2019). Banks strive to keep employee costs down and thereby adversely impact employee morale (Taba, 2016). It is imperative for organisations to understand that an investment towards employee satisfaction is an intangible asset as their unique skills and knowledge can provide an enormous competitive advantage to the organisation (Sidorcuka & Chesnovicka, 2017). Jensen, McMullen and Stark (2007; quoted in Pregolato *et al.*, 2017:1) argue that:

“Business strategies, products and services can often be replicated, but it is nearly impossible to replicate a company's talent pool; a fundamental aspect by which a business distinguishes itself from its competitors.”

The above confirms that it is highly essential for an organisation to ensure that it is able to attract and retain its talent for it to remain competitive. A reward strategy plays a pivotal role in determining the value proposition an organisation gives to its employees (Bussin & Van Rooy, 2014). It is simply the deal-breaker as to whether an employee joins an organisation or leaves it for another one (Bussin *et al.*, 2017). Reward systems are a powerful tool for companies to use to get the most out of their employees' work (Dagliyan, 2018).

Organisations have sought wider initiatives to reward their people (Taba, 2016). For organisations to have better reward systems, (Bussin *et al.*, 2019) point out that it is necessary for them to understand and design appropriate reward strategies that will have the right influence on the attraction and retention of talented personnel. The reward systems

must be aligned with the organisational goals and drive employees to deliver those at exceptionally high levels (Armstrong, 2010).

The following sections will reveal the effect of reward systems in driving employee performance and business outcomes. The discussions will give insight into different reward strategies that are available to organisations, particularly the banking sector, to exploit in order to motivate employees to perform better. The literature will also include rewards in relation to the multigenerational workforce and the fourth industrial revolution.

2.2 Definitions of reward systems

The term reward is defined as “a particular monetary return, object, or event that an employee receives in exchange for his/her work or for having done something well” (Franco-Santos & Gomez-Mejia, 2014:1). Bratton and Gold (2012) define the notion of reward as a reciprocal exchange in which an employee engages in work-related behaviours that contribute towards the achievement of organisational goals in return for financial and non-financial payments, and other support by the employer. Armstrong (2014) refers to rewards as all the provisions that form part of the employer-employee ‘deal’.

The description of reward by Franco-Santos and Gomez-Mejia (2014) is somewhat a feeble definition. It reveals too little about what ‘doing a job well’ means. It does not reveal the notion that the employee’s contribution to the organisation should be towards the achievement of organisational goals. This study will therefore focus on the definition by Bratton and Gold (2012). The definition captures clearly that an employee’s work-related behaviours should contribute towards the achievement of organisational goals. It further reveals that the rewards given can be in the form of financial or non-financial means, suggesting that rewards comprise a blend of offerings. It thus offers a departure from a narrow focus of just viewing rewards as payments in exchange for employee work. Rewards are therefore strategic (Armstrong, 2014).

Armstrong (2014) reveals that a reward system encompasses all strategies and policies through which the contribution of the workforce towards attainment of organisational goals is recognised. Armstrong (2014) further explains that the reward system begins with defining the business strategy of an organisation; thus, setting out the goals that need to be achieved. Upon defining the business goals, an organisation then formulates the reward strategy that will support the achievement of the business goals. The reward strategy states what reward practices should be in place and how the organisation intends to implement them

(Armstrong, 2014). The reward system is then informed by the reward strategy of the organisation.

It is important that an organisation clearly links its reward strategy with the business objectives. In a study of Total Rewards, Hewitt (2012) found that high-performing companies (those that achieve the best business outcomes) understand the value of a reward strategy and articulate it as an area of focus towards achieving highest levels of employee engagement and competitive advantage. These companies have targeted and innovative reward programmes that are properly aligned with their business objectives and are also differentiating factors of their business (Aon Hewitt, 2012).

2.3 What Reward Systems Generally Exist in Organisations

Over the years, rewards evolved from being merely basic pay to include other types of rewards. Rewards generally consist of two types: extrinsic and intrinsic rewards. Extrinsic rewards are tangible financial rewards which include mainly compensation and employee benefits while intrinsic rewards comprise of the intangible non-financial rewards related to the work itself and include work-life effectiveness, recognition, career growth opportunities, and learning and development (Armstrong, 2014; Hatice, 2012). The combination of all the extrinsic and intrinsic rewards is called the Total Rewards System (WorldatWork, 2015).

The Total Rewards System comprises a pool of all reward instruments that an employer can tap into in an attempt to attract, motivate and retain employees (Franco-Santos & Gomez-Mejia, 2014). As opposed to compensating employees exclusively through monetary benefits, organisations now adopt the concept of total rewards which provides a holistic approach to employer-employee exchange of benefits for time, talents, efforts and results delivered by employees (Nazir, Shah & Zaman, 2012). Total reward model was introduced by WorldatWork in 2000, and provides six elements of total rewards as follows (WorldatWork, 2020):

- Compensation
- Benefits
- Work-Life Effectiveness
- Recognition
- Performance management
- Talent Development

The above six elements are further explained below.

2.3.1 Compensation

“Compensation refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship” (Milkovich *et al.*, 2014:13). This refers to the employees’ base pay, which is mainly the payment an employee gets for the output they have delivered to the company (Holston & Kleiner, 2017). Compensation can be financial and non-financial. Financial compensation is the actual cash payment which employees directly receive for the work they have done and the indirect benefits such as pensions, medical insurance and allowances. Non-financial compensation is all the psychological returns such as status, learning opportunities, recognition, job security and challenging work (Milkovich *et al.*, 2014).

“Compensation is arguably one of the most critical influences (if not the most critical influence) on the quality and effectiveness of human capital” (Gupta & Shaw, 2013:1). Compensation plays a significant part in attracting a potential candidate to apply for a job and accept it, and in retaining and motivating those with the company to increase their performance level (Gupta & Shaw, 2013). Everyday phrases that are used that emphasise the significance of compensation include phrases such as “money talks”, “follow the money”, and “pay the piper” (Gupta & Shaw, 2013:1). Organisations must ensure their compensation structures are properly and sufficiently designed.

2.3.2 Bonuses

As part of financial compensation, organisations also offer bonuses to employees. Bonuses are once-off payments (usually once a year) that employers pay to employees, subject to the achievement of certain performance levels, either as individuals, groups or the overall organisation (Franco-Santos & Gomez-Mejia, 2014). Normally, employees have little to no knowledge about how much bonus they will receive until end of year performance appraisals are done (Franco-Santos & Gomez-Mejia, 2014). Bonuses create transient motivation but not lasting commitment (Scott, McMullen & Royal, 2012). This is because it is uncertain whether the employee will achieve the required performance or not in order to earn the bonus (Scott *et al.*, 2012). The current bonus size is a result of past performance and cannot be used to calculate the next bonus.

2.3.3 Incentives

Organisations have an option to give employees incentives instead, in order for them to get increased performance out of employees. Incentives are usually based on predetermined performance metrics and are directly linked to the performance thereof (Franco-Santos & Gomez-Mejia, 2014). Like bonuses, they do not compound over time (Franco-Santos & Gomez-Mejia, 2014). One cannot be certain whether they will get the incentive or not.

The incentives can be individual, group or organisational (Heneman, 2007). Individual performance incentives relate to the individual's performance and they include commissions on sales made or piece rate pay. Most times, organisations offer incentives to individuals, in addition to their base pay, that are tied to a specific performance outcome (Holston & Kleiner, 2017). Individual incentives are regarded as having the greatest impact on productivity, resulting in an increase in productivity of about 30%. The main drawback however is that they discourage team collaboration (Heneman, 2007).

Group performance incentives are about rewarding a team for achieving a certain goal. To reward group performance, firms may implement a gain-sharing plan from which the whole team will benefit (Holston & Kleiner, 2017). On one hand, they encourage teamwork, but on the other hand, they yield lower productivity (13%) (Heneman, 2007). Finally, organisational incentives refer to incentives given to an organisation (available to all employees or key management) for achieving organisational goals and these include profit-sharing or employee-stock ownership plans (Holston & Kleiner, 2017). The advantage of these kind of incentives is that they provide motivation to employees to achieve company profits which thereby increases shareholder returns. The drawback, however, is that they yield an even lower impact on productivity – just 6% (Heneman, 2007).

2.3.4 Benefits

Benefits are additional non-cash payments an employer offers to supplement the cash compensation (WorldatWork, 2015). Benefits programmes normally form part of the initial contact agreement that seals the employment relationship (Franco-Santos & Gomez-Mejia, 2014). The aim is to provide employees with the holistic wellbeing and security related to their health, retirement and income protection for their families (WorldatWork, 2020). Benefits that organisations give to employees mainly include medical aid schemes, pension plans, death benefit and time-off in the form of leaves of absence (Milkovich *et al.*, 2014).

Some of the benefits are mandatory, in that they are required by law that companies have them in place, although they vary according to jurisdictions (Franco-Santos & Gomez-Mejia, 2014). These include social security insurance, unemployment insurance and disability insurance (Franco-Santos & Gomez-Mejia, 2014). Other benefits are voluntary and vary from company to company, depending on what a company wants to offer (Society for Human Resource Management, 2019; hereafter referred to as SHRM). Voluntary benefits include retirement plans, paid time-off and medical aid schemes (SHRM, 2019).

Benefits make-up a significant component of the total rewards programme. Thinking about benefits as differentiators within total rewards framework enhances an organisation's status as the preferred employer (Holston & Kleiner, 2017).

2.3.5 Work-life effectiveness

Work-life effectiveness is about the degree to which an organisation strikes a work-life balance (balance between work and non-work activities) (Armstrong, 2014). Work-life balance programmes are there to assist employees to better balance their time between work commitments and family and/or other responsibilities (Franco-Santos & Gomez-Mejia, 2014).

In responding to work-life issues, some employers have implemented work-life plans that give employees more control over when, where and how they do their work (Bratton & Gold, 2012). These plans bring a bit of flexibility in the workplace and they include the following:

Annualised hours – whereby working time is organised on the basis of the number of hours to be worked over a year rather than a week;

Compressed hours – which allow individuals to work their total number of agreed hours over a shorter period, for example, work their full weekly hours over 4 rather than 5 days;

Flexi-time – where employees have a choice about their actual working hours, usually outside certain agreed core times;

Working from home – where employees divide their time between home and office;

Job-sharing – where two people are employed on a part-time basis, but working together to cover a full-time post;

Shift-working – allowing employees to come into office during different times, thus giving the employers the scope to have their business open for longer periods than an 8-hour day, and lastly,

Term-time working – where employees can take unpaid leaves of absence during the school holidays to have time for children (Bratton & Gold, 2012:187-188).

Work-life effectiveness can be very rewarding to the employees and thereby improve the company's retention capacity (Holston & Kleiner, 2017).

2.3.6 Recognition

Employee recognition is about formal or non-formal programmes that “thank, validate, recognise and celebrate workforce contributions” (WorldatWork, 2020:1). Recognition programmes aim to acknowledge or give special attention to employees who have done exceptionally well and went above and beyond their call of duty (Franco-Santos & Gomez-Mejia, 2014). Employees can also be recognised for their length of service to the company (Franco-Santos & Gomez-Mejia, 2014).

Recognition schemes can be formal or informal. Formal recognition is organisation-wide and typically includes formal awards-giving, gifts or public applause. Informal recognition is day-to-day acknowledgement of good performance by managers who may simply say “thank you”, “well done” or “congratulations”, either face-to-face or in written word note of appreciation (Armstrong, 2014). The main purpose of these programmes is to challenge employees to do even better next time, improve their morale, and recognise their commitment to the organisation (Franco-Santos & Gomez-Mejia, 2014).

The formal recognition reward ought to be public, either through an award ceremony or a tangible award that the recipient can show, as such that the recipient's value is increased across the entire organisation and their overall career (Holston & Kleiner, 2017). The nomination of those who qualify should be perceived as fair and deserved by the recipients. If questioned by other colleagues, the recognition programme loses its credibility. The recipient's rewarded conduct should be one that others want to emulate (Holston & Kleiner, 2017). In general, recognition programmes provide a powerful inducement on employees to repeat the behaviour next time (Fisher, 2015).

2.3.7 Performance management

Performance management refers to “the set of interconnected practices designed to ensure that a person’s overall capabilities and potential are appraised, so that relevant goals can be set for work and development, and through assessment, data on work behaviour and performance can be collected and reviewed” (Bratton & Gold, 2012:249). It includes performance evaluation, feedback and continuous improvement (WorldatWork, 2015).

Performance management provides a basis for providing employees with certain rewards such as increased pay, bonuses or recognition for their accomplishments (Armstrong, 2014). Performance management also assists employers to support employees’ performance by providing them with positive feedback and diagnosing development needs and providing required guidance and support towards an employee’s self-development (Bratton & Gold, 2012).

2.3.8 Talent development

Talent development encompasses “the rewards and opportunities that employers offer their workers to advance their skills, competencies, responsibilities and contributions – in both their short- and long-term career” (WorldatWork, 2020:1). The opportunities offered aim to help employees to acquire and develop their skills and knowledge required for them to perform exceptionally well and enhance their careers; thus, benefitting the designated employees and the organisation itself (Armstrong, 2014). These rewards usually form part of non-financial compensation offered to employees (Armstrong, 2014).

Organisations execute talent development programmes in ways such as offering full sponsorships for higher education degrees, career-growth opportunities such as assigning employees to other countries in the same organisation for challenging assignments, and formal training (Franco-Santos & Gomez-Mejia, 2014). In addition, organisations may offer coaching, mentoring and networking sessions for those selected to the talent pool (Bratton & Gold, 2012). Selection for such programmes makes employees feel valued and motivated (Nyaribo & Nyakundi, 2016). Employees can see a future with an organisation and thereby increase their commitment to the organisation.

The above total reward components represent a toolkit for an organisation to choose from when designing its employee value proposition (WorldatWork, 2015). Total rewards programmes result in productive and engaged employees who are able to deliver desired business outcomes. Many organisations are re-thinking their current reward techniques to

ensure they are compelling and effective in recruiting and retaining the best talent (Dunderdale, 2018). Many companies are, however, struggling to find the right combination to make up their total rewards programmes (Hewitt, 2012). In a survey by Aon Hewitt (2012), a third of respondents expressed their need to see their total rewards as a differentiator, but only 10% stated that they had already reached this point.

2.4 Effects of Reward Systems on Employee Performance

There is empirical evidence that a direct and indirect correlation exists between rewards and employee performance (Martono, Khoiruddin & Wulansari, 2018). Employee performance is defined as an accomplishment of tasks assigned to employees, the quality and quantity of their output and their overall attitude and work ethic (Poernomo & Wulansari, 2015). Gulzar and Advani (2019) assert that effective rewards boost employee performance. Total rewards are generally used as a positive inducement for employees to perform at the levels the employer is seeking (Aon Hewitt, 2012).

However, there are factors that influence the degree to which employees are devoted to delivering their best performance to the organisation. One such influence is the expectation that the more employees achieve in terms of performance, the greater rewards they will get (Taba, 2016). Taba (2016) maintains that, with an enticing reward, an employee will endeavour to achieve the best output when they believe that the rewards they receive will increase. Only when employees feel that the rewards they get are rewarded in accordance with their effort and performance, do they show greater satisfaction and commitment (Siegrist & Wahrendorf, 2016).

Siegrist and Wahrendorf (2016) explain that there can be effort-reward imbalance at the workplace. The model of effort-reward imbalance advocates that there is lack of mutuality where there is a high cost spent and low gain received or vice versa (Siegrist & Wahrendorf, 2016). In the context of the workplace, it implies that an employee can exert high effort in terms of performance and receive low reward in return or apply low effort and get high reward in return. Both of these cases cause job strain on the employees (Siegrist & Wahrendorf, 2016).

Effort-reward imbalance is viewed as an unfair exchange in the employer-employee relationship (Allisey *et al.*, 2016). Employees who feel they give out a lot more than they gain from the organisation may feel unjustly treated by the organisation. Also, where employees perceive other employees as being highly rewarded, yet they do less, lack of

motivation and mistrust between the employees and the employer may result (Allisey *et al.*, 2016). However, there can be instances where an employee may endure high-effort-low-reward, and these are when an employee has no other choice in the labour market or there is a heavy job competition in the industry, or an employee is simply overcommitted to his or her work.

Another influence on employee performance is the extent to which employees perceive the reward system as unambiguous, fair and in line with their expectations (Taba, 2016). Martono *et al.*, (2018) share the sentiment that the more positively employees perceive the remuneration system, the more they are motivated to work. It implies, therefore, that how employees perceive their rewards – whether large or small – is critical in ensuring their satisfaction.

Many organisations approach pay with a lot of secrecy and this seems to be the main factor that causes employees to perceive the reward system as unfair (Marasi & Bennett, 2015). Pay secrecy is defined by Colella *et al.* (2007) as simply the restriction of information that is available to employees about pay levels in an organisation. Pay secrecy has an impact on the extent to which employees trust their organisations, which in turn affects their engagement levels and ultimately their productivity (Victor & Hoole, 2017). Victor and Hoole's (2017) study revealed that there is a correlation of 0.69 between rewards and workplace trust. If employees cannot trust the reward system the organisation uses, they cannot be committed to the organisational goals.

The problem with pay secrecy is that employees tend to make judgements about procedural fairness of the reward system, and this causes them to suggest that the decisions about their pay are made without accurate information and are discriminatory (Marasi & Bennett, 2015). Colella *et al.* (2007) study showed that some of the costs of withholding compensation information from employees are that employees tend to overestimate the levels of pay received by their colleagues and thereby decreasing their motivation, and the labour market becomes inefficient because of lack of information. Benefits of pay secrecy are, however, that it minimises workplace conflict regarding pay, employees have more privacy, and it reduces employee turnover in the labour market (Colella *et al.*, 2007).

Heneman (2007) advises that even though it is not easy for organisations to disclose information about employees' salaries due to the eminent conflict, a middle ground can still be reached to bring employees to trust that the system is fair. That middle ground is that certain information such as minimums, mid-points, and maximums in salary grades can be

disclosed and information about how one employee is on a certain grade also be disclosed while keeping individual salaries private. A trusted, fair and equitable rewards system is regarded as a signal of how much value an organisation places on its employees (Datta, 2012).

2.5 Forms of Rewards that are More Effective in Motivating Employees

It important to understand how different rewards influence employees' motivation to stay and work for an organisation. Motivation was defined in the early years by various authors. Robbins (2001; quoted in Olusegun, 2012:4) defined motivation as "the willingness to exert high levels of effort towards organisational goals, conditioned by the effort's ability to satisfy some individual need." This definition identifies important factors as effort, organisational goals and the individual's need that will be met thereafter. Kian, Yusoff and Idris (2013) highlight that different definitions of motivation have common meanings, such as "drive, energise and action". Motivation helps employees to be more energised, productive and creative (Franco-Santos & Gomez-Mejia, 2014).

Generally, rewards are considered to drive employee motivation (Bussin *et al.*, 2019). For a long time, organisations mainly depended on financial rewards as their primary mechanism to influence employee performance (Franco-Santos & Gomez-Mejia, 2014). Fisher (2015) argued that there is nothing magical that can be used to influence higher employee performance. It all depends on the reward package, the profile and aspirations of the employee. Marciano (2010) adds on to say that even those rewards that may seem to be most alluring do not necessarily appeal to everyone.

Rewards have been at the centre of motivation theories as researchers try to explain employee motivation through rewards. These theories are explained as follows:

Taylorism

Taylor (1911; quoted in Olusegun, 2012) first introduced how productivity is driven by incentive systems. During Taylor's study, it was revealed that when workers were rewarded more for exceeding their normal output, productivity improved significantly (Olusegun, 2012). Taylor stated that people will be motivated to work if rewards they get directly correlate with the work they do (Armstrong, 2014). Taylor (1911:121; quoted in Armstrong, 2014:171) affirmed this by saying:

“It is impossible, through any long period of time, to get workmen to work much harder than the average men around them unless they are assured a large and a permanent increase in their pay.”

This theory provides a basis for increasing employees’ motivation using financial incentives such as performance-related pay (Armstrong, 2014).

Maslow’s hierarchy of needs

During the 1950s, Abraham Maslow presented his theorem about how individuals satisfy different needs within the work context (Hewitt, 2012). Maslow proposes that people have motivational needs that follow a pecking order; from the survival need to the self-actualisation need (Fisher, 2015). Maslow’s theory presents five needs in a pyramid, from bottom of the hierarchy upwards, being “physiological needs, safety needs, belonging and love needs, esteem needs and self-actualisation” (McLeod, 2018:n.p.). The hierarchy of needs and the elements under each category are shown in Figure 2.1, to follow:

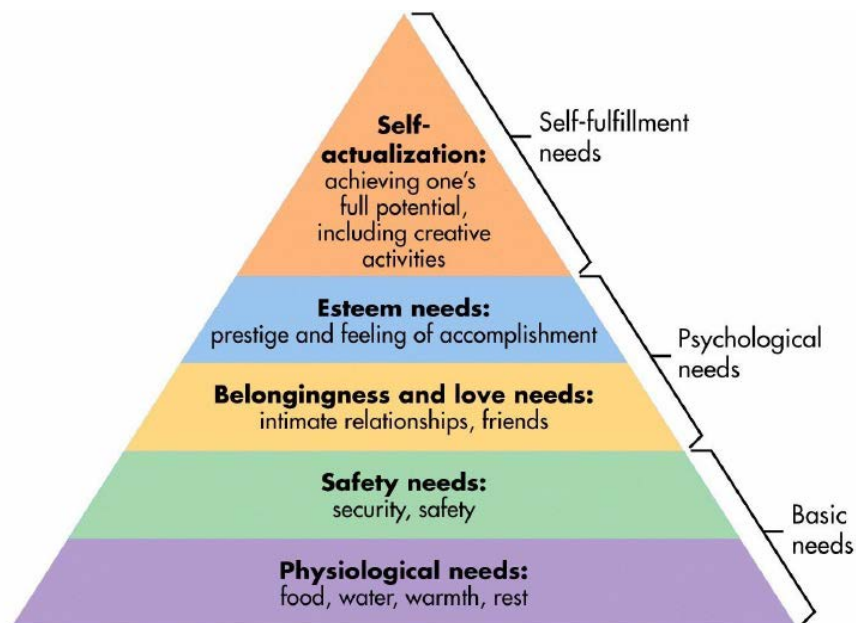


Figure 2.1: Maslow’s hierarchy of needs (Source: McLeod, 2018)

Maslow’s theory states that a person cannot pursue a higher need up the pyramid until their current need, below that one, is satisfied (Fisher, 2015). Maslow’s hierarchy of needs mirrors how rewards are structured (Fisher, 2015). Hewitt (2012) depicts the hierarchy of needs (expanded version) along with main components of total rewards connected to them as illustrated in Figure 2.2. The expanded version is the latter version of the five-stage model of Maslow’s hierarchy of needs developed in the 1970s to include two more stages: cognitive

and aesthetic needs (McLeod, 2018). Cognitive needs are needs for “knowledge and understanding, curiosity, exploration, need for meaning and predictability” while aesthetic needs are needs for “appreciation and search for beauty, balance, form, etc.” (McLeod, 2018:n.p).

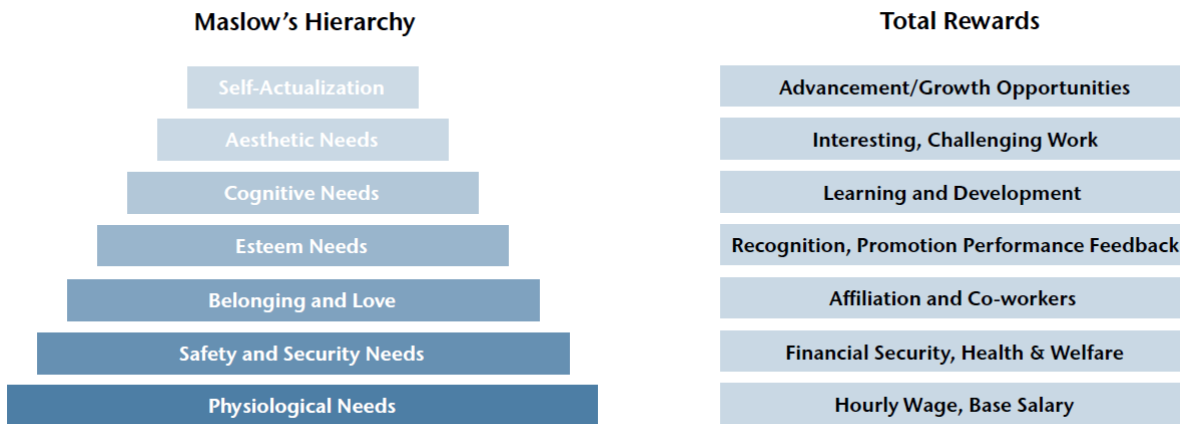


Figure 2.2: Maslow’s hierarchy of needs and Total rewards (Source: Aon Hewitt, 2012)

The above illustration is simply to show that individuals will want to satisfy the immediate need for survival, being money to cater for psychological needs (basic needs for food, shelter, etc.). Once the need is met, a person will then move up the ladder to needs for safety and security, and rewards for job security, health and well-being will kick-in. The order will be followed continually up to the top of the pyramid to self-actualisation needs (Aon Hewitt, 2012).

Frederick Herzberg’s Two-Factor Theory

Frederick Herzberg’s Two-Factor Theory was developed in 1959 and deals with motivation and hygiene factors. Motivation factors are referred to as “intrinsic factors that will increase employees’ job satisfaction”; while hygiene factors are “extrinsic factors to prevent any employees’ dissatisfaction” (Herzberg, 1959; quoted in Kian, Yusoff & Idris, 2013:19). Herzberg argued that to elevate employee performance, motivation factors must be attended to (Fisher, 2015). Herzberg’s theory asserts that satisfying employees’ lower-level needs (hygiene or extrinsic factors) would not drive them to exert more effort but rather just keep them from being dissatisfied. To fuel performance, higher-level needs (motivation or intrinsic factors) must be provided for (Robbins, 2009; quoted in Kian *et al.*, 2013).

Herzberg classified factors such as company policy, working conditions, supervision, security, interpersonal relations and salary as “hygiene factors” rather than motivators –

meaning only leading to job satisfaction but not motivation. Factors such as a fulfilling job, responsibility, achievement and recognition were classified as “motivation factors” (Sanjeev & Surya, 2016). Herzberg’s Two-Factor Theory basically outlined an early total rewards framework (Aon Hewitt, 2012). A graphic depicting Herzberg’s Two-Factor Theory elements is illustrated in Figure 2.3 to follow:

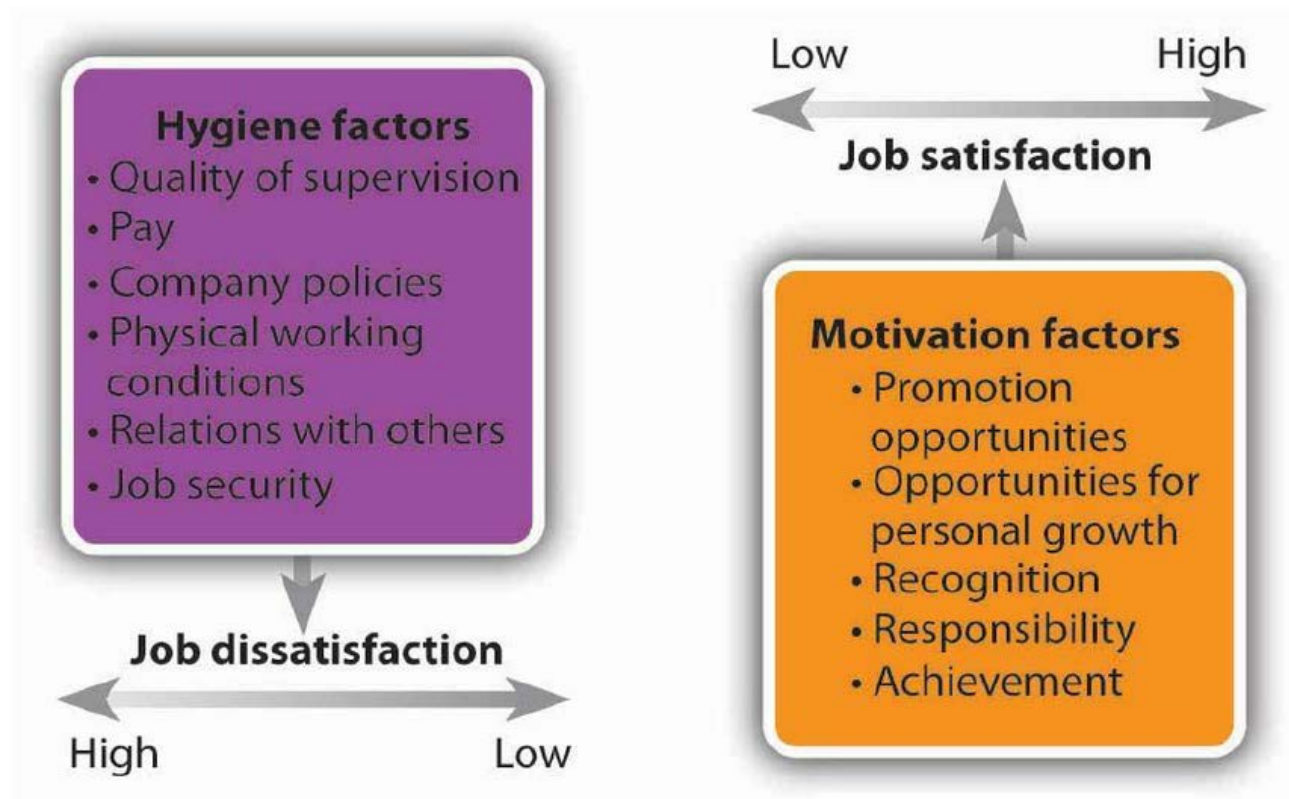


Figure 2.3: Herzberg’s Two Factor Theory (Source: Balogh, 2015)

Herzberg showed that hygiene factors do not make employees work harder but low hygiene factors lead to high job dissatisfaction (Balogh, 2015). Motivation factors encourage employees to exert greater effort in their job and their presence increase job satisfaction (Balogh, 2015).

The Two-Factor Theory can be related to Maslow’s hierarchy of needs paradigm in that the hygiene factors represent the lower-level needs for physiological needs and safety needs, while motivation factors are high level needs for belonging, esteem and self-actualisation (Sanjeev & Surya, 2016). These imply that employers should give a lot more focus to job enrichment, performance-based incentives and recognition in order to motivate employees (Fisher, 2015). “Pay is probably not *the only* important motivator, nor always *the most important* motivator, nor indeed *equally important* in all situations; it is, however,

overwhelmingly evident that it is an important motivator for most people” (Beardwell & Thompson, 2017:478).

Vroom’s (1964) Expectancy Theory

Vroom’s (1964; quoted in Lunenburg, 2011:1) Expectancy Theory is explained as;

“A cognitive process theory of motivation that is based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, and the rewards they receive from their effort and performance.”

Employees are motivated when their greater effort will lead to greater performance and thereby yield them desired rewards. Employees are driven to deliver higher performance when they genuinely expect that it will result in a positive outcome such as a promotion, increased salary or greater bonus (Fisher, 2015).

The Expectancy Theory offers a departure from thinking of rewards as the decision of the employer to understanding that for employees to be motivated, it takes assumptions and a set of decisions by the employee about the reward. For employees to be motivated, the reward has to be something that they value (holds “valence”) and are in no doubt that they will get if they engage in certain behaviours (instrumentality) (Beardwell & Thompson, 2017). Employers should give more time and effort to those rewards that employees’ value, rather than just promise higher pay (Fisher, 2015).

Adams’ Equity Theory

Finally, Adams’ Equity Theory (Adams, 1965; quoted in Armstrong, 2014) places emphasis on employees’ perception about fairness of the reward system. Adams states that employees will weigh the rewards they get (outputs) against the effort they put in, their skills and qualifications (inputs) (Armstrong, 2014). Employees’ motivation will rise when they perceive ‘distributive justice’ and drop when they perceive inequity (Beardwell & Thompson, 2017). In other words, employees may seek to reduce their performance when they perceive that an unfair exchange is taking place, to try and balance the exchange. Adams’ Equity Theory can be illustrated as depicted in Figure 2.4, as follows:

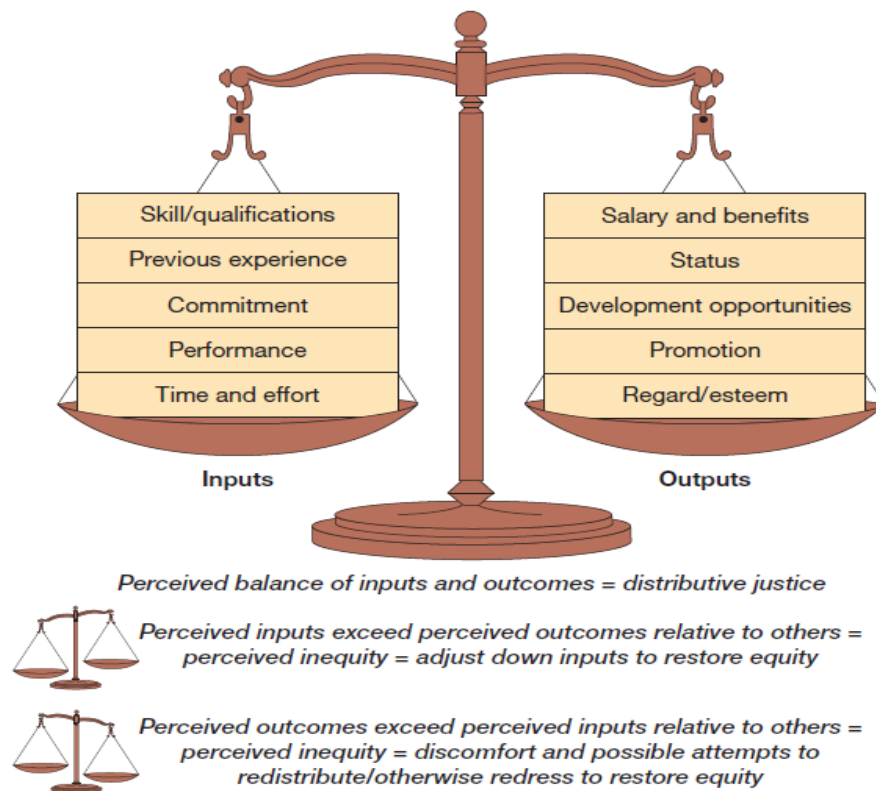


Figure 2.4: Perceived balance of inputs and outputs – Adams’ Equity Theory (Source: Beardwell & Thompson, 2017)

People are better motivated when perceived outcomes are fair compared to perceived inputs (Beardwell & Thompson, 2017). People also want to be treated fairly in comparison with fellow colleagues (Armstrong, 2014). Adams’ Equity Theory affirms that organisations should strive to consistently apply rewards and ensure fairness and equity (Beardwell & Thompson, 2017). Identified outputs in Adams’ Equity Theory are clearly related to Maslow, Herzberg and the total reward system.

2.6 Rewards in the Banking Sector

Competition in the banking sector is becoming increasingly stronger than it has been in the last decade (Daniel *et al.*, 2018). Technological trends, like financial technology, have enabled various new entrants such as telecom companies and insurance companies into the industry (European Investment Bank, 2018). As competition intensifies, banks must find ways to maintain their competitive edge. Customer satisfaction and loyalty are fundamental to the survival of banks today (Daniel *et al.*, 2018). To achieve unbeatable customer satisfaction levels, the banking industry needs highly motivated and self-driven employees who are willing to give the best service to the customers they serve (Daniel *et al.*, 2018).

The relationships entrenched between bankers and customers are the major thrust that drives customer satisfaction (Aktar, Sachu & Ali, 2012). For banks, customer satisfaction and employee satisfaction are two sides of the same coin (Chamberlain & Zhao, 2019). In other words, employee satisfaction is as important as customer satisfaction. A study performed at Scotiabank (Canada) showed that employees' interaction with customers was the main reason why Scotiabank customers were loyal to the bank (Fisher, 2015). The bank then began to recognise and reward relationship-building behaviours and exceptional customer service at the point of customer interaction (Fisher, 2015).

Rewards are central to ensuring that employee satisfaction is achieved (WorldatWork, 2015). It is critical that banks offer their employees rewards that fuel them to provide exceptional service to banking customers. Taba (2016) confirmed that the right approach to rewards plays a critical role in creating hunger to deliver the best service to customers in the financial services sector. Banks use a total rewards approach to reward their employees (Ngcobo & Naidoo, 2015). While employees in the banking sector are rewarded appropriately, financially, they are also provided with intrinsic rewards that are believed to drive their performance (Aktar *et al.*, 2012).

Financial rewards offered to banking employees are mainly competitive salaries and yearly bonuses (Taba, 2016). The banking industry is one of the industries that are considered to pay its employees very well. Bonuses given are subject to individual and organisational achievement of key performance metrics. Financial incentives also form part of the financial rewards banks offer (Taba, 2016). These financial incentives are tied to some specific performance metric, such as new sales or financing deals of a certain magnitude (Holston & Kleiner, 2017).

A study of commercial banks of Bangladesh established that banks use intrinsic factors to drive employee performance and retention (Aktar *et al.*, 2012). The four intrinsic factors that the study identified are recognition, career advancement opportunities, learning and development opportunities, and constant feedback will be discussed in the next sections.

2.6.1 Recognition

In a study by Ngcobo and Naidoo (2015), 77% of banking employees concurred that recognition and praise by their employers is a common practice and it motivates them to perform better on their jobs. Recognition for service excellence is usually provided to employees who go above and beyond their call of duty and provide exceptional service or close a huge commercial deal (Fisher, 2015). Banks do this in public (organisation-wide)

through award ceremonies or through cash payments (Taba, 2016). Informal forms of recognition such as thank you notes, paid vacation and long-service awards are offered by banks (Taba, 2016; Fisher, 2015).

2.6.2 Career development

Career development opportunities are concerned with employees enriching their careers through gathering more experience by taking on greater responsibilities and progressing to higher positions (Armstrong, 2014). Participants in a study by Ngcobo and Naidoo (2015) highly affirmed that career growth opportunities existed with their employer who is a large multinational bank. Multinational banks have many departments and divisions across multiple countries that provide employees with promotion opportunities and other career development opportunities (Ngcobo & Naidoo, 2015).

2.6.3 Learning and development

Banks need the best quality people with appropriate levels of skills and knowledge (World Economic Forum, 2017). Therefore, they offer their people a lot of training and development opportunities (Taba, 2016). Participants in a big commercial bank in South Africa indicated that learning opportunities exist within the bank (Ngcobo & Naidoo, 2015). Banks have various roles within multiple departments. Employees are offered opportunities to learn from other jobs through experience, learn through learning programmes at the banks' designated training centres, and learn through coaching and mentorship from senior leaders (Ngcobo & Naidoo, 2015; Armstrong, 2014).

2.6.4 Performance management - Constant feedback

Banks also provide a lot of feedback to employees, mainly coming from customer satisfaction surveys (Taba, 2016). Appraisal systems that enable feedback on performance to be given are used to improve the performance and commitment of banking employees (Ngcobo & Naidoo, 2015). The majority of participants in Ngcobo and Naidoo's (2015) study affirmed that they do receive constant performance feedback from their superiors.

The above financial and non-financial rewards are believed to drive the desire in bank employees to better serve customers (Taba, 2016). Nevertheless, the focus for most banks today, as a result of the tough economic environment, is to reduce their cost to income ratios, and do more with fewer employees (Ngcobo & Naidoo, 2015). They are placing moratoriums on headcounts, salary increases and other benefits to deal with the financial

pressure and pressure from shareholders. It has consequently become harder for the banks to motivate and retain talented personnel.

It is pertinent that the banking industry devises strategies that will enable banks to still be employers of choice against other industries. Effective reward systems should be incorporated by the management of a leading bank who has a focus on employee retention (Gulzar & Advani, 2019). This makes research on effective reward systems within the banking industry more vital than ever.

2.7 Rewards and the Multigenerational Workforce

The workplace is changing. Meister and Willyerd's (2010) study revealed that by 2020, all four generations will be in the workplace at the same time for the first time. Employers are faced with a challenge where they will be managing employees of different interests, preferences and backgrounds, and recruiting, motivating and retaining employees in that type of diversity will be more challenging. A 'one-size-fits-all' approach to rewards will no longer work (Bussin & Toerien, 2015). "The best employees will demand innovative, imaginative contracts. Employers who are unable or unwilling to supply such new paradigm agreements will come up short – and suffer accordingly – as they try to recruit top talent" (Meister & Willyerd, 2010:2). Therefore, it means that more is needed from organisations to attract the future generations (Bussin & Toerin, 2015).

The word generation is defined as a cohort or group of people who belong to the same age group and have experienced similar life events that have shaped their interests and their lives in general (Berkup, 2014). It appears from generational research that different generations have different preferences for rewards and are motivated by different factors as discussed below:

2.7.1 Baby Boomers

Baby boomers are one gigantic generation born between 1946 and 1964, comprising of about 1 billion babies who were born soon after World War II (Berkup, 2014). This generation was raised by a generation of traditionalists who had suffered wars and economic hardships. Traditionalists taught Baby Boomers that they have to work hard, and that work comes before pleasure. For this reason, Baby Boomers have been highly committed to their jobs and, to them, commitment is measured by the long hours of work. They are all about making it to the top. The Baby Boomers' essential life rule is "live to work" and they go by the slogan, "Thank God it's Monday" (Berkup, 2014).

The generation of Baby Boomers have less preference for work-life balance. In a study of U.S. workers, Beutell and Wittig-Berman (2008; quoted in Lyons & Kuron, 2013) found that both “work interfering with family” (WIF) and “family interfering with work” (FIW) were higher for Baby Boomers than for the preceding and following generations. Furthermore, because Baby Boomers believe that becoming successful means going up to higher positions, they value rewards inclined to enhancing their career and self-development (Berkup, 2014). They want to be rewarded financially, get prestige and status symbols such as a title and a parking spot (Berkup, 2014).

Nonetheless, most members of this generation are retired or close to retirement. Those still in the workplace are happy with a job that is secure and offers rewards that help them prepare for retirement, such as pension funds and medical benefits (Pregmolato *et al.*, 2017).

2.7.2 Generation X

Generation X are people born between 1965 and 1979 – after the generation of Baby Boomers (Berkup, 2014). Being raised by Baby Boomers, members of Generation X are called “Latchkey Child”, which means, “child whose parents work” and they have traits of the Baby Boomers’ generation (Berkup, 2014:221). They also care about career growth, learning and development, and being successful in their jobs (Bussin *et al.*, 2019).

However, unlike their parents who associated working hard with working long hours, Generation Xers prefer working wisely and striking a balance between time for work and time for themselves and/or family. The motto of ‘live to work’ changed to ‘work to live’ for this generation. Since Generation Xers were mostly raised by workaholic parents who did not have time for family, Generation Xers place a lot of importance on work-life balance (Berkup, 2014). They have preference for flexible working hours and a fun and free working environment (Bussin *et al.*, 2017). They like a working environment that offers less of the rules and more of the freedom to ‘do it yourself’ (Berkup, 2014). Other rewards that motivate Generation X are performance management that helps them get sufficient feedback and performance recognition (Bussin *et al.*, 2019), work that is challenging and career growth opportunities (Bussin *et al.*, 2017).

2.7.3 Generation Y

Generation Y is the cohort born between 1980 and 1984 (Berkup, 2014), also known as Millennials (Birgit, Podio, Alonso, Radovica, Avotina, Peiseniece, Sendon, Lozano & Solé-Pla, 2017). Generation Y is considered to make up at least 50% of the total workforce (Birgit

et al., 2017). The most distinctive trait of this generation is their association with technology. Unlike other generations, they were born into technology (Berkup, 2014). They use technology in their daily lives and therefore want to work for technology-integrated companies (Birgit *et al.*, 2017).

Generation Y's define themselves as "free souls" (Berkup, 2014). They value work-life effectiveness more than all the preceding generations (Birgit *et al.*, 2017). Their motto is 'First live, then work', implying their preference to 'working to live' rather than 'living to work' (Berkup, 2014). This generation is more focused on required output than how much time one spends in the office (Birgit *et al.*, 2017). Venter (2013) expressed that the younger generation do not understand why they have to be at work to work. Most of them think that regular office attendance is unnecessary (Birgit *et al.*, 2017). A flexible and fun working environment is very important to Generation Y. Meister and Willyerd (2010) indicate that flexible hours and ability to work remotely (at places that suit them) are even more important to the younger generation than pay.

In addition to work-life effectiveness, Generation Y employees value guidance and support from those in leadership (Berkup, 2014). Adigüzel, Batur and Eksili's research (2014; quoted in Berkup, 2014) revealed that 75% of Generation Y's want to have a mentor who believes in them and supports them. Generation Y's believe in lifelong learning and regard the workplace as a place to learn (Bussin *et al.*, 2019). They are a highly educated generation and a study leave benefit is very appealing to them (Bussin *et al.*, 2019).

If a member of Generation Y was asked a question that says, "Is this job satisfactory and interesting?" or "Is it meaningful and important to work in this job?" and the answer was not positive, there is a high probability that such a member will leave that company sooner than later (Berkup, 2014). Generation Y cannot simply be motivated by money (Berkup, 2014). They are set to make rapid career movements and leave a company if they are not satisfied (Close & Martins, 2015).

Accordingly, Baby Boomers who are currently generally in senior management will need to adjust their attitudes to work to accommodate their youthful subordinates, help them stay motivated and reward them adequately (Close & Martins, 2015). This requires disregarding obsolete notions of keeping to fixed working time and office attendance and progressing towards performance-based metrics as ways of tracking performance and rewarding people (Close & Martins, 2015).

2.7.4 Generation Z

The workplace is confronted with the arrival of the new breed of workers – Generation Z – called the children of the internet (Digital natives) (Sidorcuka & Chesnovicka, 2017). This is the generation born since 1995 (Berkup, 2014). They are the most technological and connected generation the world has ever seen, driven by social media, brands and music (Berkup, 2014). Generation Z is further described as the most educated and clever generation that ever existed (Sidorcuka & Chesnovicka, 2017). They are expected to bring up the new “youth bubble” in the workplace (Tulgan, 2013).

More like Generation Y, Generation Z have little to no preference for standard and routine work (Berkup, 2014). They are motivated by a job that is exciting, varied, interactive and uses advanced technology (Sidorcuka & Chesnovicka, 2017). They also want to be associated with a company that has a growing, dynamic and famous corporate image (Sidorcuka & Chesnovicka, 2017). However, Generation Z are unlikely to be with one employer for more than a few years (Sidorcuka & Chesnovicka, 2017). They are more likely to move on to another exciting assignment in another company.

Generation Z's also have a high preference for flexible working arrangements (Berkup, 2014). They are deviating altogether from the 9 to 5 physical office schedules. Work-life balance will be important to this generation too (Sidorcuka & Chesnovicka, 2017). Biro (2015) affirms that Generation Z will have the ability to balance work and personal time. The generation does comprehend that they have to earn their living and work hard (Harris, 2016). In addition to work-life effectiveness, Generation Z wants a workplace that offers career and education opportunities (Sidorcuka & Chesnovicka, 2017). Relative to the previous generations, Generation Z starts education as their earliest age and expects to continue studying even when they are employed (Berkup, 2014). Most of them are still studying today and only a few of them have started working because of their age (Berkup, 2014).

Generation Z's are not particularly enticed by remuneration but demand other benefits as well (Sidorcuka & Chesnovicka, 2017). They highly regard benefits that include gym access/facilities as they resonate with the healthy lifestyle trend, health insurance, paid vacation, a paid day off on a birthday, free cinema tickets and language courses, for example (Sidorcuka & Chesnovicka, 2017). The key for employers to recruiting and retaining the talented “young rising stars” will lie in their ability to provide dream jobs for these “superstars” (Tulgan, 2013). Benefits such as those mentioned above, and other strategies will bring out the best in this new generation of the workforce (Tulgan, 2013). Organisations that will move

first to address the preferences of Generation Z will benefit significantly from attracting a highly engaged, smart and creative workforce (Sidorcuka & Chesnovicka, 2017).

For organisations to have better reward strategies, it is necessary for them to understand the preferences of their employees and design appropriate strategies that will have the right influence on attraction and retention of talented personnel (Bussin *et al.*, 2019).

2.8 Rewards and the Fourth Industrial Revolution

The fourth industrial revolution, a term invented by the founder and executive chairman of the World Economic Forum, Klaus Schwab, constitutes a massive technological, economic and social systems transformation that will lead the world into a time when people will use connected technology in their everyday lives (Xu *et al.*, 2018). The fourth industrial revolution brings a huge change to life, work and economic conditions of the world (Dombrowski & Wagner, 2014). New technological trends are coming up and these include robotisation, internet of things, data analysis, augmented reality and machine learning (Schwab, 2016).

The technology trends that have emerged through the fourth industrial revolution will significantly affect the nature of work in the labour market (Birgit *et al.*, 2017). These changes will be accountable for the automation of a lot of tasks, especially routine tasks that were previously performed by humans, and replace certain human workforces, especially unskilled labour in some industries (Birgit *et al.*, 2017). The study, “The future of employment: how susceptible are jobs to computerisation?” has shown that by the year 2033, 47% of occupations in first world countries will be in danger of being automated (Frey & Osborne, 2013; quoted in Birgit *et al.*, 2017).

Nevertheless, despite the threat of massive job replacements, new professions and job positions will be created that will require totally new skills (Schwab, 2016). This may cause human resource (HR) function to segment the workforce into low skill/low pay and high skill/high pay (Schwab, 2016). In doing so, HR will be forced to redefine what low skill and high skill mean and how they will reward these two segments.

In addition, talent will become a critical factor of production for companies, even more critical than capital (Schwab, 2016). Talent will be those people with the ability to create new innovations, people highly skilled in creative, critical thinking and problem-solving (Xu *et al.*, 2018). People with ideas, not workers, will be the scarcest resource (Xu *et al.*, 2018). Companies will need to adopt the concept of “talentism” (Schwab, 2016:59). Talent will become a dominant form of competitive advantage (Schwab, 2016). Therefore, this means

that the war for talent will rise even higher and demand that companies are able to design reward strategies that will attract the right quality of human capital (Xu *et al.*, 2018).

The banking industry is one of the industries that will face a huge skills disruption (World Economic Forum, 2016). The majority of banks are already in the wave of massive digitisation, doing away with brick and mortar branches and adopting new technologies that enable them to engage with the customer anywhere and anytime. Banking jobs that are at high risk of replacement include tellers, loan originators and financial advisors, whereas new jobs that will emerge include user experience designers, behavioural psychologists that will understand and predict customer behaviour, and telematic specialists (Frey & Osborne, 2013). Consequently, banks have to redefine their reward systems and strategies to accommodate the developments in the banking industry.

The internet of things, robotics and machine learning will greatly influence how people work. Most things will be adapted with smart technology and connected to the internet, enabling remote working, greater communication like teleconferencing and virtual meetings and collaboration (Birgit *et al.*, 2017). Employers are thus better enabled to provide rewards in the form of flexible hours and work-life balance to thereby meet the demands of the new generations in the workplace. Nevertheless, employees will no longer benefit from job security as jobs are expected to be inherently transient (the so-called on-demand economy) (Schwab, 2016). Jobs will become 'superjobs' (Deloitte, 2019) and almost every worker will essentially become a contractor (Meister & Willyerd, 2010).

In a nutshell, the fourth industrial revolution will cause a significant disruption to skills development, the nature of work and how people work. The banking sector needs to rethink and redefine business models and also prepare the workforce for the future (Schwab, 2016). Banks are required to build robust talent pipelines to stay competitive in their industry. They need to be clear on how they will secure talent in the future and how work will be organised between humans and robots (Schwab, 2016). HR departments must be ready to adjust the HR policies and practices to facilitate the digital transition process required by fourth industrial revolution technologies on the labour force (World Economic Forum, 2017).

Conclusion

The changing workplace and dynamic environment have posed a lot of challenges for the financial services sector in terms of reward strategies to be adopted. The banking industry is particularly affected by the diversity of the workforce and the fourth industrial revolution.

These call for the industry to really adopt effective ways of rewarding people so as to remain relevant.

The total reward strategy discussion has highlighted the importance of both monetary and non-monetary rewards in the workplace. There is no one-size-fits-all way of designing the reward system. Therefore, organisations must find the right blend of rewards that best suits their organisational culture and strategy. If implemented correctly, the reward strategy leads to increased employee motivation, satisfaction and retention. Employee performance is thereby improved, and greater productivity is realised by organisations. A proper total rewards strategy helps to make an organisation become an “employer of choice”.

The next section will describe the research methodology to be used in this research.

CHAPTER 3 - RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter provided an overview of what research has been done so far on reward systems. It discussed what forms of rewards are available to banking institutions and what role they play in driving employee performance. It further looked at how various reward strategies motivate employees to improve performance and stay with their employer. The last section of the chapter ended with focusing on different generations in the workplace and their different preferences for rewards, and also looking at how the fourth industrial revolution has impacted the reward systems.

This chapter establishes the research methodology. Research methodology describes the approach the researcher took in order to carry out the study (Bryman, Bell, Hirschsohn, Dos Santos, Du Toit, Masenge, Van Aardt & Wagner, 2011). It entails the methods and techniques the researcher used in order to achieve the research objectives identified in chapter 1. It starts, firstly, by discussing the type of research that has been conducted and justifies why that particular approach was adopted. This includes looking at the philosophy that underlies this research. The chapter then discusses data collection method the researcher used to collect the data. In describing the data collection method, semi-structured interviews targeted at Corporate and Investment Banking (CIB) employees are further explored. The chapter concludes by looking at ethics that had to be considered and the trustworthiness and rigor of this study.

3.2 Research Design

The research design section outlines strategy and structure of the research done (Akhtar, 2016). It specifies which approach has been used in gathering and analysing the research data (Akhtar, 2016). The researcher selected a qualitative research design for the purposes of this research. According to Kumar (2011:104), “the main focus in qualitative research is to understand, explain, explore, discover and clarify situations, feelings, perceptions, attitudes, values, beliefs and experiences of a group of people”. Qualitative research is regarded as the most appropriate approach when the researcher is looking to get in depth insights into thoughts and beliefs of people towards the subject-matter (Sekaran & Bougie, 2013), as was the case in this study. Qualitative research is also most appropriate when looking at a small group of people who exhibit particular characteristics the researcher is interested in (Bryman *et al.*, 2011). It was therefore befitting to use qualitative methods in

this study since it involved a particular small team of employees in a division of the bank whose conditions of work are almost similar.

3.2.1 Epistemological considerations

Epistemology concerns what constitutes acceptable knowledge in a field of study (Saunders *et al.*, 2016). According to Sekaran and Bougie (2013:28), “following a scientific approach to research should help the researcher get to the truth about the subject of the research”.

The researcher adopted an interpretivist epistemological orientation. Interpretivism is about understanding and explaining human behaviour (Bryman *et al.*, 2011). According to Bryman *et al.* (2011), qualitative researchers are more influenced by interpretivism. Qualitative research centres around understanding human behaviour and the subjective nature of social action/human experience. Saunders *et al.* (2016) point out that interpretivism emphasises that research among people is different from research on objects such as cars and computers. The researcher takes an empathetic stance and attempts to be in the research subjects’ social world and comprehend how they see it (Saunders *et al.*, 2016). The researcher took this stance and objectively attempted to interpret the view of the world of CIB employees regarding their reward system. The researcher’s interpretations were further deciphered in terms of literature on the reward system’s discipline as emphasised by Bryman *et al.*, (2011).

The researcher adopted an inductive reasoning approach which is in line with qualitative research and interpretivist epistemology. Sekaran and Bougie (2013:26) describe inductive reasoning as “the process where we observe specific phenomena and, on this basis, arrive at general conclusions”. It is through inductive reasoning that the researcher gathered CIB employees’ experiences and perspectives of the CIB reward system and came to conclusions based on common themes that came up. Induction helped the researcher to understand and explain SLB CIB employee perception towards CIB rewards.

3.3 Sampling Strategy

The sampling strategy section is about who the participants were and how they were selected for the study (Taherdoost, 2016). The population for the study was 15 employees, being the total staff complement in the Corporate and Investment Banking division at Standard Lesotho Bank. The study was particularly focused on the reward system for CIB employees mainly because the business unit houses the bank’s biggest clients in terms of

revenue contribution per client. The segment contributes 42% to the bank's overall profitability.

The key success factor in this department is its people through long-term relationships they establish with clients. Customer relationship management is a strategy which banks use to get closer to the customers that hold the best profit potential so as to understand them better and deliver better service and value to them (Daniel *et al.*, 2018; Godson, 2009;). Research by Chamberlain and Zhao (2019) revealed that being a customer-centric company but allowing employee satisfaction to suffer is a short-sighted strategy. Employee satisfaction is a necessary precondition to delivering better customer satisfaction (Chamberlain & Zhao, 2019). It is therefore of great importance that Standard Lesotho Bank management understands how satisfied relationship managers and other CIB personnel are with their rewards.

There are various sampling techniques that are available to researchers, and they can be summarised as shown in Figure 3.1 below:

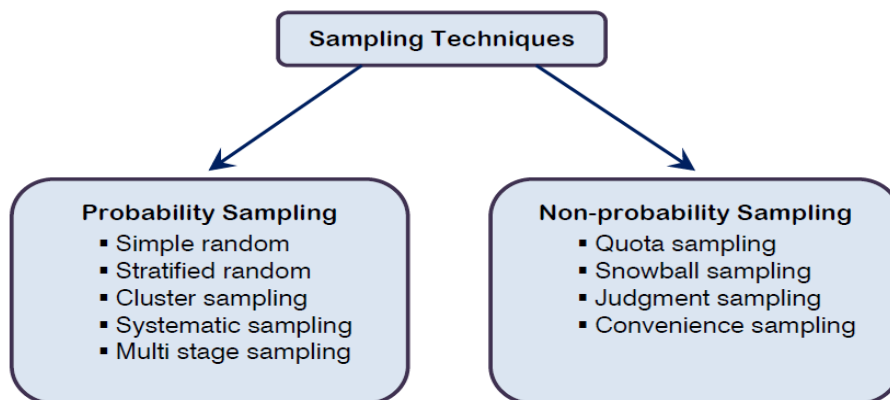


Figure 3.1: Sampling techniques (Source: Taherdoost, 2016)

The strengths and weaknesses of each sampling technique are summarised in Table 3.1, as follows:

Table 3.1: Strengths and Weaknesses of Sampling Techniques

Technique	Description	Strengths	Weaknesses
Probability Sampling techniques			
Simple random	Every case of the population has an equal probability of inclusion in sample	Easily understood, results projectable	Difficult to construct sampling frame, expensive, lower precision, no assurance of representativeness
Stratified random	The population is divided into strata (or subgroups) and a random sample is taken from each subgroup	Includes all important sub-population, precision	Difficult to select relevant stratification variables, not feasible to stratify on many variables, expensive
Cluster sampling	The whole population is divided into clusters or groups. Subsequently, a random sample is taken from these clusters, all of which are used in the final sample	Where subjects are fragmented over large geographical areas, it saves time and money	Imprecise, difficult to compute and interpret results
Systematic sampling	Every nth case after a random start is selected	Easy to implement, sampling frame is not always necessary	Creates a fractional chance of selection, which is not the same as an equal chance
Multi-stage sampling	A process of moving from a broad to a narrow sample, using a step by step process	Enables selection of samples which are concentrated in a few geographical regions, saves time and money	Can decrease representativeness
Non-probability sampling			
Quota sampling	Participants are chosen on the basis of predetermined characteristics so that the total sample will have the same distribution of characteristics as the wider population	Sample can be controlled for certain characteristics.	Sample bias, no assurance
Snowball sampling	Non random sampling method that uses a few cases to help encourage other cases to take part in the study, thereby increasing sample size.	Can estimate rare characteristics	Time-consuming
Judgement sampling	Particular settings, persons or events are selected deliberately in order to provide important information that cannot be obtained from other choices	Low cost, convenient, not time-consuming, ideal for exploratory research design	Does not allow generalisation, subjective
Convenience sampling	Selecting participants because they are often readily and easily available	Least expensive, least time-consuming, most convenient	Selection bias, sample not representative, not recommended by descriptive or casual research

(Adapted from: Taherdoost, H. (2016). Sampling Methods in Research Methodology; How to Choose a Sampling Technique for Research)

For conducting this research, the researcher used non-probability sampling. Non-probability sampling is associated with qualitative research (Taherdoost, 2016). Under non-probability sampling, samples are not selected randomly (Willes, 2018). Instead, samples are chosen based on certain criteria or based on availability or representation of a sub-population of interest (Willes, 2018). In non-probability sampling, the possibility of each element being chosen from the total population is unknown and therefore generalisability is not key (Saunders *et al.*, 2016).

The type of non-probability sampling used is purposive (judgmental) sampling whereby participants for the proposed research are deliberately chosen to participate in the study because they possess valuable information that cannot be acquired elsewhere (Maxwell, 1996, quoted in Taherdoost, 2016). Participants are selected because they are believed to have the most relevant knowledge or information for the study (Willes, 2018). This means that the specific sample is selected deliberately for the purpose of gathering the data which the researcher is targeting (Willes, 2018). The critical factor in this research has been to get the perspectives of CIB employees on the SLB reward system. The researcher was concerned with getting, as far as possible, all the opinions of those employed in the corporate division. All 15 CIB employees were chosen to participate in this study. They possessed the relevant information the researcher was interested in.

Bryman *et al.* (2011) explain that choosing a sample size is reliant on factors such as time and study costs that must be considered. In this study, time and cost were not constraints since the researcher was looking to interview a small number of employees in the same department within which the researcher is also employed. The participants could be reached easily. The researcher intended to include all the participants in the study. No inclusion criteria were used to select who participates in this study. All the research subjects were invited to participate in the study.

The researcher carried out the interviews until data saturation was reached. Data saturation refers to “a point when information from participants becomes repetitive and the researcher will not gain any new information from further data collection” (Kyngäs, 2020:8). When the researcher no longer receives new insights from interviewees, the researcher reaches the point of data saturation (Saunders *et al.*, 2016). The researcher carefully analysed the data as the data collection process continued and was aware when information related to the research topic had become repetitive.

3.3.1 Recruitment strategy

A recruitment strategy refers to the method the researcher used to invite the participants to take part in this study (Bordens & Abbott, 2018). For this study, the researcher used direct telephone calls and emails to recruit participants. The researcher has work-related social ties with the participants and communicates with them on a regular basis by virtue of being in the same department and working as one team. It was therefore easier for the researcher to communicate with the participants using telephone calls and email.

The researcher initially contacted the participants via email to formally request the interview and then followed-up via telephone calls and face-to-face when the researcher met some of the participants at the workplace to explain thoroughly what the study was about and to clarify any concerns. The researcher explained that participation in the study was voluntary and no one was pressurised to participate.

3.4 Data Collection Method

Data collection method is the method used by the researcher to gather relevant data for the study (Saunders *et al.*, 2016). There are various methods of collecting data in qualitative research, which include interviews (group or individual interviews), observations and textual or visual analysis (e.g. from books or videos) (Gill, Stewart, Treasure & Chadwick, 2008). Due to the researcher gathering data in the form of human insights, the researcher used semi-structured interviews. Semi-structured interviews involve asking the participants several open-ended questions regarding the area of the study that enable the researcher to probe further and seek more detail (Bryman *et al.*, 2011). The purpose of this research was to gather the views, experiences and perceptions of CIB employees. Open-ended questions were key in that they allowed respondents to freely respond. Likewise, the interviewer was able to freely follow-up with more questions that were outside the interview guide (Bryman *et al.*, 2011).

Another advantage of semi-structured interviews is that the flexibility thereof allows the researcher to unpack issues that may be important to the participant, but the researcher may not have previously deemed them as pertinent (Gill *et al.*, 2008). Seeing as they provide the researcher with the opportunity to 'probe' answers, they ensure that the responses are properly understood by the researcher since they can repeat or rephrase the questions as and when the need arises (Sekaran & Bougie, 2013). According to Bryman *et al.* (2011), this method is useful to assist the researcher to see the world through interviewees' eyes. Therefore, the researcher obtains detailed and rich answers from the interviewees' perspective.

The types of data collection instruments used in qualitative research vary according to whether the interview is structured, semi-structured or unstructured (Saunders *et al.*, 2016). In semi-structured interviews, Bryman *et al.* (2011) recommend using an interview guide. The interview guide refers to the brief list of memory prompts of areas to be covered in the interview (Bryman *et al.*, 2011). The list is an organised version of issues to be discussed, which has been formulated according to some order and structure around the research

questions (Bryman *et al.*, 2011). The researcher used this interview guide to guide them and the participants during the interview.

The interview guide (Appendix A) was based on the following basic elements adapted from Bryman *et al.* (2011):

The interviewer asked orderly questions that allowed the interview to flow smoothly and allow for alterations where necessary. The questions were open and addressed all the research questions. Questions were asked in plain English, in a way that was understood by all the participants. The interviews were conducted virtually outside working hours – over lunch and immediately after work – on Microsoft Teams and took an average of 40 minutes per participant. The researcher used their own notes and Microsoft Teams Application on the researcher's password protected computer to record the interviews.

The interviews were carried out across the entire CIB department and included all genders (8 females and 7 males) and job grades.

3.5 Data Analysis

The researcher used content analysis to analyse the interview recordings. Content analysis is used when the researcher wants to analyse written or spoken communication in order to form specific categories or themes (Bordens & Abbott, 2018). Categories are defined as descriptors of themes while themes are defined as groups of repeated ideas that are put together and answer the research question (Vaismoradi, Jones, Turunen & Snelgrove, 2016). According to Bryman *et al.* (2011), content analysis helps the researcher to build emerging themes by identifying, for instance, common ideas or frequent words or ideas. Sekaran and Bougie (2013) further add that this type of method enables the researcher to dissect a lot of data and systematically identify properties.

The recorded interviews were transcribed verbatim. The researcher then interpreted the data from the interview transcripts into fragments that created a theme, and finally, summarised the key themes that emerged into category labels that addressed the research questions.

3.6 Ethical Considerations

“Any study that includes humans as research participants must strictly follow a specific code of ethics that define the standards for participant protection. A researcher must ensure that

the study-subjects are protected throughout the entire research process” (Pietilä, Nurmi, Halkoaho & Kyngäs, 2020:50).

The researcher therefore considered the following ethical issues while conducting this study:

- Permission obtained
- Informed consent
- Invasion of privacy
- Confidentiality
- Conflict of interest

3.6.1 Permission obtained

According to Saunders *et al.* (2016), the researcher must be given allowance to physically access the organisation’s premises, the people and the data of the organisation. Permission was obtained from the Head of Corporate and Investment Banking department for the researcher to have access to the employees in CIB (Permission letter attached as Appendix B).

3.6.2 Informed consent

Pietilä, *et al.* (2020) explain that informed consent means respecting that an individual is entitled to choose whether to participate in the study or not, depending on whether the study will be compatible with his or her beliefs, values and interests. Participants must freely give their consent and they must fully be informed about what the research is about (Bordens & Abbott, 2018). The researcher fully disclosed the aim of this study, how the data was analysed and how it would be used. The researcher also explained the confidentiality of the data and the rights of the participants. This information was detailed in the information sheet sent out to the participants upon invitation to participate in the study.

3.6.3 Invasion of privacy

“The privacy and confidentiality of personal data are critical aspects of current research practice that must be considered when planning and implementing research” (Pietilä *et al.*, 2020:52). According to Bryman *et al.* (2011), the researcher is not allowed to intrude on participants’ privacy even if informed consent has been obtained. The researcher therefore withheld from enquiring on participants’ personal information, such as information about

their salaries. The participants were made aware that they have the right to withhold certain information if they feel their privacy is invaded.

3.6.4 Confidentiality

Bryman *et al.* (2011:128) pointed out that “the collection and storing of digital data, and the practices of data-sharing raise concerns about confidentiality and other ethical issues.” Researchers are therefore required to guarantee the security of the participants’ responses (Bordens & Abbot, 2018). The researcher took measures to safeguard the recordings and any other data obtained from the participants. The recordings and written field notes were stored on a password protected computer only accessible to the researcher during the transcription period. Afterwards, participants’ responses were stored on the researcher’s password protected computer as transcripts identifiable with pseudonyms only. A confidentiality clause was included in the informed consent form.

3.6.5 Conflict of interest

Conflict of interest occurs where the researcher’s professional judgement is unduly influenced by other interests such as financial gain or personal status (Bryman *et al.*, 2011:130). The researcher did not have any financial nor personal interest in this research. The researcher was not in a power position in relation to the participants. Participants were peers and managers senior to the researcher. Conflict of interest was therefore minimal.

The researcher obtained ethical clearance (Appendix C) from the EMS ethical committee and GHREC committee.

3.7 Risks Identified

Physical risk

Physical risk is a risk brought about by methods and procedures the researcher used to conduct the research (University of Chicago Social and Behavioural Sciences, 2020; quoted in EMS - Complete Research Ethics Guide, 2020).

The researcher is aware of the risk of illness brought about by COVID-19 when doing face-to-face interviews. The researcher therefore distributed and collected the interview guide and informed consent forms via email. The researcher then conducted the interviews virtually using Microsoft teams

The above mitigating factors were included in the informed consent form.

Psychological risk

This is the risk that the participant may experience psychologically during participation in the research and/or afterwards as a result of participating in the research (University of Chicago Social and Behavioural Sciences, 2020; quoted in EMS - Complete Research Ethics Guide, 2020). The researcher was aware of the risk of embarrassment by participants if they happened to be asked personal information about their individual salaries. The researcher therefore avoided such questions.

Economic risk

Economic risk refers to alterations in relationships with others that are to the disadvantage of the participant (University of Chicago Social and Behavioural Sciences, 2020; quoted in EMS - Complete Research Ethics Guide, 2020). The researcher avoided causing any reputational damage by protecting the anonymity of the respondents and maintaining confidentiality. The researcher understood that interview recordings posed a great concern due to the fact they contain voices of the participants which can identify them. Unauthorised release of the recordings to other people other than the researcher was avoided. The recordings were made and stored on a password protected computer to which only the researcher had access.

The researcher informed the participants in the informed consent form that the interview was being recorded. The researcher also informed the participants that the interview recording was done for the purpose of saving time and ensuring that the researcher can later transcribe the responses and could capture everything that was said. The researcher further informed the participants that the recordings would be destroyed after being transcribed. The transcripts anonymised responses from participants by replacing names with pseudonyms i.e. Participant A, Participant B, etc.

3.8 Trustworthiness and Rigor of the Research

The researcher is expected to conduct the qualitative study with extreme trustworthiness and rigor because of the potential of subjectivity that is inherent in this type of research (Cypress, 2017). According to Sekaran and Bougie (2013:20), "rigor refers to the carefulness, scrupulousness, and the degree of exactitude in the research investigations". The researcher must ensure that the research findings and conclusions are valid, reliable

and free from bias (Johnson *et al.*, 2020). For reliability and validity to be effectively achieved, techniques for ensuring rigor must be built into the research process (Morse *et al.*, 2002, quoted in Cypress, 2017). Closely related to rigor is trustworthiness of the qualitative research. Trustworthiness is about the authenticity, truthfulness and quality of the findings (Kyngäs *et al.*, 2020).

In order to maintain rigor, the researcher ensured that the research design and methodology are systematic, consistent, and appropriate for this study, and they are clearly described in the final report. The data analysis was also transparent and well documented in an audit trail. Conclusions were explicit and public. The researcher put aside their own perceptions, opinions and prior knowledge, and avoided bias (guided by Johnson *et al.*, 2020).

The researcher further applied the four primary criteria defined by Guba and Lincoln (1994, quoted in Lincoln & Denzin, 2018), namely credibility, transferability, dependability and confirmability.

Credibility is guaranteeing that the research findings are true and accurate, and speak to what was studied (Johnson *et al.*, 2020). The researcher maintained credibility by recording the interviews and transcribing them verbatim and keeping detailed notes at every stage of the research. The researcher also avoided asking leading questions during the interview to maintain objectivity. The researcher used member checking where the researcher asked some of the interviewees to verify that the interview transcript reflected the meaning and contribution which that interviewee intended to give (Johnson *et al.*, 2020). The limitations of the research were discussed in the final report.

Dependability is about the consistency of the research process as such that another researcher is able to follow the decision trail of the initial researcher (Kyngäs *et al.*, 2020). The researcher properly documented and described the data analysis process in detail, step by step. The researcher explained in sufficient detail how the conclusions were reached. Relevant tables and attachments were included in the final report.

Confirmability requires that the research results truly reflect the participants' views and not the researcher's bias or interpretations (Johnson *et al.*, 2020). The researcher ensured that the research findings presented are directly connected to the data collected by including some of the direct citations from different participants in the presentation of the results. At least one relevant citation was included under each theme such that the reader clearly sees the connection between the findings and the interpretation given. The researcher also kept all the written field notes and interview recording transcripts to ensure there are proper audit

trials. The written field notes and interview transcripts have been stored on a password protected computer.

Transferability is the extent to which the research findings can be transferred and applied to another context (Kyngäs *et al.*, 2020). The researcher communicated transferability by fully describing the characteristics of the research subjects, the timeframe in which the study was done, and the geographical location of the study, as suggested by Johnson *et al.*, (2020). The research findings will thus be transferable to another context with similar characteristics described.

3.9 Conclusion

This chapter was about the research methodology that the researcher adopted to carry out this study. The aspect of collecting and analysing data is very important to any study. It was therefore important that the researcher clearly outline how the study was conducted to ensure valid and reliable research. The researcher was collecting data on the perceptions and views of CIB employees about the reward system at Standard Lesotho Bank. Non-probability sampling was used. A qualitative research approach that followed inductive reasoning and interpretivism epistemology was undertaken. The researcher used semi-structured interviews to collect the data using an interview guide. The researcher was further guided by ethical considerations that comprised obtaining permission, obtaining informed consent, respecting the privacy of participants and maintaining confidentiality. Measures to ensure trustworthiness and rigor of the research were also put in place.

The next section will deal with data collection and analysis.

CHAPTER 4: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter constitutes the results that have been obtained from the data collected through interviews conducted. The aim of the study was to evaluate the reward system applied within Standard Lesotho Bank (SLB) Corporate and Investment Banking (CIB) in Maseru region, Lesotho.

The results obtained revealed much of what the literature review had already iterated. The findings confirmed that a reward system does play a significant role towards employee satisfaction and motivation. The reward system is what differentiates one organisation from another when it comes to who employees choose to work for. The most significant finding is that Standard Lesotho Bank uses a conventional reward system which participants said is lagging behind in developmental change which organisations around the world are making when it comes to rewarding their employees. The bank's reward system was found to be unappealing to the young and coming talented workforce and not on par with the demands of the 4th industrial revolution on the workforce and the workplace. The participants do not see the SLB CIB reward system as amongst the best.

Data analysis revealed the following key themes that emerged from the data collected:

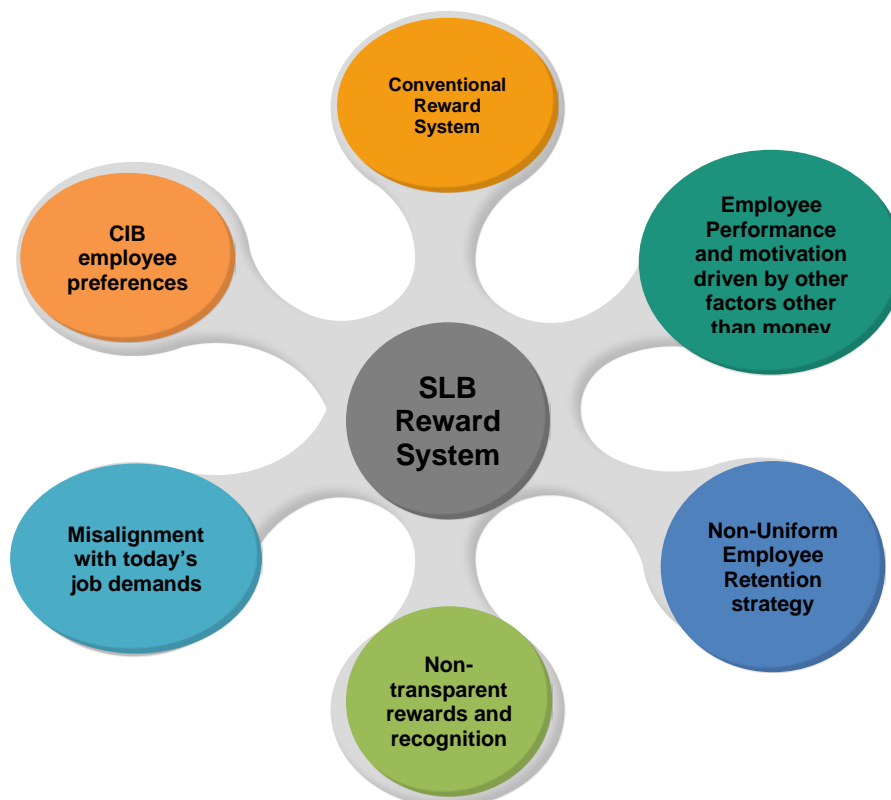


Figure 4.1: Key themes

The following sections will provide an in-depth discussion of the themes identified.

4.2 Analysis and Interpretation of Data Collected

4.2.1 Conventional reward system

The overarching theme amongst almost all the participants is that the SLB CIB reward system is falling behind the latest developments in reward systems. The bank still adopts a one-size-fits all approach to rewarding employees in this department. This finding is consistent with the already existing research by institutions such as Deloitte (2019), which revealed that very few organisations have undergone any transformation and taken necessary steps to innovate and improve their reward strategies. Standard Lesotho Bank appears to be one of the organisations that have not progressed towards revolutionised reward strategies.

Participants mentioned that the SLB CIB reward system is quite traditional in the sense that it offers a fairly standard structure, essentially made up of compensation and much standardised benefits. Participants D, F and K affirm this by saying:

Participant D: *“There is a wide array of benefits that by and large still fall under the traditional sort of your working. There is nothing really exotic. There isn't anything that's necessarily more creative”*.

Participant F: *“Our reward system is a bit old fashioned and rigid”*.

Participant K: *“The bank has robust policies and systems, but I think once in a while, its ok if it can deviate from the policy. We are inflexible in the way we reward our employees”*.

Consistent with the literature on types of rewards that are generally offered in the banking sector, Standard Lesotho Bank offers rewards that fall within five of the six categories prescribed by WorldatWork in 2000 (WorldatWork, 2020) as follows:

i. Compensation

CIB employees get a monthly basic salary, determined by their job grades. Depending on the year-end performance review rating, CIB employees also get a performance bonus and salary increase for the following year. With regard to base pay, the general feeling was that the bank is not paying its people satisfactorily; it can do better. Some of the participants mentioned that the salaries are not above market, hence not competitive enough. Participant D commented on pay, as follows:

“It's even more disheartening because we're the only bank in the group that essentially creates more value given the amount of value that was invested. The return on equity of Standard Lesotho Bank before the pandemic was always in the mid-20s while the total group return was somewhere around 15 to 16%. Post pandemic was still in the high teens whereas the rest of the group still very much gone even lower”.

ii. Benefits

In terms of benefits, participants cited medical aid, pension contribution, housing allowance, car allowance, gym allowance and death benefit. Like most organisations where employees benefit from the products the organisation offers, SLB employees are offered loans at cheaper rates. Participants also mentioned that they get interest-free study loans and are paid back 50% of their tuition upon completion of their studies.

A bit disappointing though was that Participant D felt that the pension benefit they get is given to them because it is a mandatory benefit, while medical aid is given because it is a mutual benefit – that is, it benefits the organisation as well as the employee. This shows that the two benefits are not really appealing to the employee. Regarding non-financial rewards, a small portion explained that they are not aware of non-financial benefits available.

Participant B said, *“Under normal circumstances. I haven't really seen much non-financial benefits, but I guess they are there”.*

However, the participant then went on to explain that, during the COVID-19 pandemic, there seems to be more that is being done. There is a bigger drive towards other non-financial benefits, such as staff wellness programmes, virtual comedy night and talks with Standard Bank CIB group leadership.

Interestingly though, the same participants cited certain non-financial rewards (explained below) upon follow-up questions being asked. This shows that the existing non-financial rewards are not at the top of the minds of these employees. There is therefore further room for improvement by the bank to provide non-financial rewards that resonate with the employees.

iii. Recognition

There is a recognition reward called ‘Beyond Excellence’ that is given to employees who have been nominated for going above and beyond their call of duty. The reward is normally in the form of cash, shopping vouchers, fully paid vacation, or a thank you token – email or

gift card or lunch/dinner voucher. The reward is meant to show appreciation and encourage other employees to emulate the behaviour. A participant also mentioned free braai and drinks in the CIB bar that were provided before COVID-19 as token of appreciation to CIB staff for good work done or great financial results achieved. Some of the responses were as follows:

Participant A: *“There is Beyond Excellence where there are four different categories based on things such as client centricity, teamwork excellence, innovation excellence. We have a holiday package that is popular which biggest winner gets”.*

Participant L: *“There is BE recognition where one can get a Thank you token – email or gift card or lunch/dinner”.*

Participant B: *“Then the other events, I guess that if it wasn't coz of COVID time would be happening are things like Braai sort of thing. Little things once in a while to show appreciation and to sort of team build”.*

iv. Performance management

Performance management was not identified as one of the rewards. However, it was implied in how the bank deals with basic salaries and bonuses. Participants stated that annual performance reviews are conducted, the outcome of which forms the basis of whether or not an individual employee gets a salary increase and a performance bonus.

Participant E responded, *“Ok, I think Standard Lesotho bank’s system is a performance-based reward system. This can be in the form of salary adjustment and performance bonuses that one is given depending on the performance of that particular employee”.*

Participant A said, *“Then there are also salary adjustments annually based on your previous performance”.*

v. Talent development

Participants attested to the fact that the bank does invest in developing its people. The bank has talent development programmes available to certain individuals identified as talent for the bank. Other general talent offerings cited by interviewees include learning opportunities, where the bank has made available a wide range of learning resources, like CIB learning hub, Degreed, Harvard mentor and knowledge centre, and training and development. The majority of participants put a lot more emphasis on learning and career development opportunities available in the bank.

Participant B stated, *“Then there is also access to learning resources which, especially if you're in the beginning of your career or someone who generally likes to upskill yourself, could be very useful. Even if you don't necessarily get a lot of money, it is a good place to start your learning, especially if you're passionate about financial services and banking”*.

vi. Work-life effectiveness

Work-life effectiveness was not mentioned by participants as one of the rewards provided by Standard Lesotho Bank. This particularly came out in what the employees said they prefer in terms of flexibility on how and when they work and the ability to work from home, and it is further discussed in the upcoming sections.

vii. Other rewards

Two participants particularly alluded to one more intrinsic reward that comes with just working for Standard Lesotho Bank, as stated below.

Participant C: *“Coming into the biggest bank in the country or the biggest bank on the continent, there's a sort of pride attached to that. So, I think just being affiliated with the brand, there's almost like an intangible reward that can be sort of attached to the name. You sort of carry that with you; I suppose as you go to work, walk in the streets and interact with people”*.

Participant B: *“I think the biggest thing that works for Standard Bank, especially here at home in our market is the name. It's the brand - being the biggest bank, you know. And generally, any bank has the perception that banks pay well, you know. So, I think anyone coming to financial services would want to be attached to the bank”*.

Overall, Standard Lesotho Bank offers rewards confined within what several studies on reward management reveal. As indicated earlier, the rewards are not in any way innovative and modernised. They appear to be traditional rewards that are standard across multiple organisations, across multiple industries. The worrying factor is that most participants do not seem to be satisfied with the base pay. Again, non-financial rewards are not strongly emphasised by respondents, which might mean that they are not having the intended effect on CIB employees, hence, most respondents are not keen about them. There is also a need for the organisation to work on work-life effectiveness.

4.2.2 Little effect on employee performance and motivation

Literature revealed that reward systems are a powerful tool for companies to use to get the most out of their employees' work, and that there is empirical evidence that a direct and indirect correlation exists between rewards and employee performance (Martono *et al.*, 2018). The findings regarding employee motivation and rewards within SLB CIB revealed that different rewards have different effects on employee motivation and that motivation can be driven by other factors in addition to financial rewards.

Most participants stated that their performance is driven by their own aspirations to grow. Employees strive to do better with the hope that those with the right power will recognise them and take them to higher positions. Others feel that their performance defines who they are within the bank and that it goes with being professional. It appears that CIB employees view the bank as having a lot of career opportunities which drive them to work harder so that they can advance their careers. Some participants talked to these sentiments by saying:

Participant D: *"So motivation for me comes from two places: it comes from where I am currently and potentially where I could be - my bonus, my next salary. Where I currently am, I get enough in order to do the things I need to do. I'm able to earn enough to live a comfortable enough life that I'm happy with. I am also interested in what the next position's pay cheque is going to be like. I'm more interested in the rewards I'm going to get after I've performed well"*.

Participant E: *"I believe at Standard Bank, there are opportunities and rewards for people that are committed and willing to go an extra mile so you will never know what could happen the next day, months or years to come because of the effort that you put forth. Someone might be watching somewhere else"*.

Participant H: *"It depends on an individual whether one would be demotivated by a once-off bonus or you would work hard hoping that someone other than your boss will recognise you"*.

Participant F: *"I am motivated to work hard so that I feel I earned my salary. I do not like freebies"*.

In addition, other participants who like progression and learning said that the learning opportunities fuel them to work harder so that they are better prepared for the next career step/opportunity. Participants B and F stated that training opportunities are a great incentive

for them because once one gets that qualification, it is theirs and they can even use it outside the bank.

The above findings are in line with Herzberg's Two-Factor Theory which states that financial rewards (salary) are part of the hygiene factors and only lead to job satisfaction but not motivation. Motivating factors are factors such as achievement and recognition which, for CIB employees, appeared to be very important in terms of career growth and earning their salary through hard work.

Participant F also said, *"It's exciting when you are new to earning it, but as you go up and realise what other people are earning, you start to feel somehow"*. Thus, confirming the transient nature of money as a reward. It also shows that money only influences performance for a short while.

Nonetheless, participants concurred that money is always a good start to motivate, as stated in Maslow's hierarchy of needs (for physiological needs). Participants highlighted that they are motivated to perform better when they expect that it will result in a bigger performance-based bonus. Participant G affirmed this by saying:

"It does drive one to push harder simply because if you know that your basic level needs are met, you can actually focus a lot more on your work. So, you work hard inherently".

The above finding also confirmed Maslow's hierarchy of needs which states that individuals want to satisfy their immediate need for survival and hence the lower level needs must be met first (Fisher, 2015).

The Beyond Excellence (BE) recognition reward is also seen to have an effect on motivation for people to perform better. This is because certain respondents stated that they usually try to exceed expectations in terms of their own performance to be recognised for Beyond Excellence. However, others felt that it no longer has any effect on their performance because they never get recognised, no matter how hard they try and surpass expectations.

Participant L confirmed this by saying, *"Even if I do my best, I never get even a lunch token. I get demotivated"*.

Participant K also said, *"I just feel like some people when they get the BE, we wonder what the metric is coz it feels like they were doing their job. We are just doing tick-a-box exercise"*.

The comments made by Participants L and K above are consistent with what authors like Holston and Kleiner (2017) found. The authors state that the nomination of those who qualify to be recognised for excellent performance should be perceived as fair and deserved by the

recipients. If questioned by other colleagues, the recognition programme loses its credibility. It appears from the findings that some participants no longer have faith in the recognition programme. The recognition programme must therefore be reviewed and improved so that it serves its purpose of challenging other employees to emulate the best performer in future and improve overall employee morale.

4.2.3 Partial employee retention strategy

The literature further showed that it is critical for an organisation to attract and retain the best talent in the labour market if it is to distinguish itself from its competitors (Bussin & Van Rooy, 2014). A reward system enables the bank to be able to drive its retention strategy. What came to the front in many of the responses was that the bank rewards the people it wants to retain. Participants indicated that the bank applies its retention strategies to a few people it regards as talent. A certain criterion is used to identify talent and such people are managed and trained through special programmes designed for them to become future leaders of the bank. In some instances, when a particular employee wants to leave the organisation, it is only then that the organisation gives him or her a counter-offer.

Regarding other employees who are not identified as talent, most of the participants stated that it may appear as if the bank is doing well, that it does not have a high employee turnover. However, respondents made it clear that people are not staying long within the bank because the bank is not doing anything special to retain them. Participants cited the unemployment rate in Lesotho as the main reason why people do not leave for other organisations at a high rate. Some of the comments were:

Participant C: *“We have a unique situation of a country where there aren't enough jobs for people who are skilled at the level that they are, so Standard Bank often does well on retention by default. If the country was structured somewhat better, I could go somewhere else. Standard Lesotho Bank would have to up their game”.*

Participant F: *“It's not even trying to retain. If you decide to go, they are like, oh great! Where is the next person? Unless if you were funded by the Bank to study and you have been bonded for the next so many years”.*

Participant K: *“From CIB, I think if a competitor were to come, 50% of us would apply for the new job. All of us want to advance career wise, hence we would move for better opportunities. So, it is about career advancement and better remuneration”.*

Adding onto what Participant K said, another participant affirmed that most employees who have left Standard Lesotho Bank CIB left for better career opportunities. Some left to further their studies abroad, while others left for better remuneration and executive positions. Participant G's response was as follows:

"I think if remuneration was slightly better, there may be certain names that would have stayed on the roster".

Participant I also said, *"The bank thinks it will have the luxury of people staying here and will only give them money when the time is right".*

The significance of the above findings is that the majority of the interviewees do not see Standard Lesotho Bank as an employer of choice. Most of them seem to be with the bank mainly because of the limited choices available in the market as a result of high unemployment. Given the right opportunity, most participants are likely to switch to another organisation. Nevertheless, it is reasonable for the bank to invest much in its talented employees, given cost implications. However, it is important that the bank increases its retention capacity and devises general employee retention strategies that will enable it to be the preferred employer. An effective reward system should be incorporated by the management of a leading bank who has a focus on employee retention (Gulzar & Advani, 2019).

4.2.4 Fairness of the reward system

4.2.4.1 Non-transparent rewards and recognition

Employee motivation and performance are increased when employees perceive the reward system as unambiguous, fair and in line with their expectations (Taba, 2016; Martono *et al.*, 2018). In other words, employees' satisfaction with rewards is said to be correlated with how they perceive the reward system. The findings of this study were in line with these assertions. A large portion of the participants do not perceive certain aspects of the reward system at SLB CIB as fair; thus, very demotivating.

Participants cited lack of transparency in how the performance-based bonus is decided as a big problem. It is not clear as to how the bonus is decided. The general feeling is that the bonus is not really aligned to performance. It appears to be totally at the discretion of the line manager and very little to do with one's performance. An example of why the interviewees said so is where it occurred that two participants changed job grades; one was

due to a completely new job still within CIB and the other one just a higher grade. The two were given bonuses as just a percentage increase based on what they received the previous year; despite the fact that the grades had changed, and the new job had new responsibilities. Participants expressed their views as follows:

Participant B: *“You're not too sure. You never know how much it's really gonna be, or if it's gonna be there after all”.*

Participant K: *“The bonus rewarding, you don't know how its decided. It's just an intuition. I hate bonus time. We end up doing just enough to meet our job requirements; not going above and beyond”.*

Participant I: *“Disappointing thing for me has been the bonus. Very subjective; depends on how my manager feels about me. It's not fair”.*

The above comments confirm the findings by Franco-Santos and Gomez-Mejia (2014) who state that, normally, employees have little to no knowledge about how much bonus they will receive until end of year performance appraisals are done. It became evident in the interviews that this is how the bank approaches bonus rewarding. However, it is clear that employees are not happy with how the bonus rewarding is done. Therefore, it affects their performance negatively. This finding is also in line with Vroom's Expectancy Theory (Beardwell & Thompson, 2017) which explains that employees work harder when they genuinely believe that their efforts will earn them better rewards, such as promotion, increased salary or greater bonus.

Furthermore, some participants felt that the case might be different with top managers. Top managers seem to be getting much higher bonuses and are trying to earn as much as they can in bonuses. Participant C stated that top managers almost think for themselves and only use people as a means to achieve their goals. This suggests mistrust between SLB CIB employees and management. Allisey *et al.* (2016) mention that where employees perceive other employees as being highly rewarded and others less rewarded, yet they feel they are all deserving, lack of motivation and mistrust between the employer and employees may result. Victor and Hoole (2017) revealed that if employees cannot trust the reward system their organisation uses, they cannot be committed to the organisational goals. The issue of bonus rewarding therefore appears to be a great concern which the bank must really investigate and find better and more satisfying ways to manage.

Participants also named lack of uniformity in the reward system as one of the reasons why they perceive it as unfair and not transparent. Examples given were that, in terms of

bonuses, it is never clear why someone gets a higher bonus than the other person. In terms of salaries, two people can start a certain job role at the same time, but one will be paid more than the other. Regarding recognition, two people can be nominated for the Beyond Excellence award and one would be given a greater reward than the other, yet they are both deserving. Other inconsistencies are witnessed with other departments where some participants revealed that people in other departments are being paid at much higher grades, yet they are still managers like CIB managers, and some employees have their degrees fully funded by the bank. Lastly, in comparison to other countries, other participants stated that the pay structure is not the same as the one used in Lesotho for similar roles. Here is how participants responded:

Participant D: *“There is no clear basis that someone can know based on my performance where my bonus will be at. I could perform well and someone could perform worse than me, but they could be given a bigger bonus than me. There is no fairness in that system”.*

Participant I: *“It is not clear at all as to what does it take for a role to be classified as 12 or 13. It seems it goes by which leader has got power to get it for his or her people. In other countries, the structure would be like this, for instance in treasury, but here we don’t give people that. It’s as if we think we would spoil them. Don’t look at age when you need to give them what they deserve or promote them”.*

Participant D: *“On fairly compensating people and developing people, Standard Lesotho Bank does not necessarily do that too well and they say they do, but they don’t. They are very good at saying the right things and making the right promises but they’re very bad at following through on those”.*

The above views raise concerns regarding communication or the level of information that is made available to CIB employees pertaining to why certain rewards are awarded the way they are. If such information is available, it is not sufficient or convincing enough to other staff members. These views confirm the importance of a transparent reward system. Marasi and Bennett (2015) show that pay secrecy seems to be one of the factors that cause employees to perceive the reward system as unfair. Employees tend to make judgements about procedural fairness of the reward system and suggest that decisions about their pay are made without accurate information and are discriminatory (Marasi & Bennett, 2015). Colella *et al.* (2007) also show that some of the costs of withholding compensation information from employees are that employees tend to overestimate the levels of pay received by their colleagues, thereby decreasing their motivation. Thus, the organisation

needs to address these concerns as such that employees can appreciate the fairness of the reward system. Otherwise, unwanted consequences such as low morale and employee engagement will result.

4.2.4.2 Effort-reward imbalance

Siegrist and Wahrendorf (2016) explain that effort-reward imbalance occurs when either the employee puts in high effort but gets a low reward or an employee puts low effort in return for high reward. Allisey *et al.* (2016) point out that, in some instances, an employee endures high effort low reward because an employee has no other choice in the labour market or there is heavy job competition in the industry.

The findings on the SLB CIB reward system were consistent with the literature on effort-reward balance, cited in the preceding paragraph. There are employees who said they have more responsibility, but they are not being rewarded for it. For most participants, the concern is in relation to the lead time it takes for CIB to fill posts. It takes long for vacant positions to be filled. CIB already keeps a low headcount, and when posts are not filled fast enough, it puts strain on the remaining employees. These employees consider this to be unfair. The affected participants highlighted that they are not rewarded for the extra effort they have to put in. Consequently, that affects their morale and commitment. Some of the comments were as follows:

Participant E: *“Effort-reward not balanced because you tend to do a lot of work and then you feel that maybe if I was even compensated for my own efforts, it will be better. No one is recognising whatever that I'm doing just because now we are at work. They've never even said thank you or recognised me anyhow, for what I have done”.*

Participant J: *“The challenge with our organisation is that they want to give you more responsibilities without giving you more money, that is why it causes an imbalance. You don't have to thank me; you have to pay me”.*

Participant I stated that they should be earning a bit more based on their output, what it contributes to the CIB budget, and the risk and stress they carry.

Research such as the study conducted by Allisey *et al.* (2016) has shown that effort-reward imbalance is viewed as an unfair exchange in the employer-employee relationship. This explains why these particular participants feel unfairly rewarded. Frederick Taylor also stated that people will be motivated to work if the rewards they get directly correlate with the work they do (Armstrong, 2014). The bank should therefore review its reward system and

incorporate some allowance for times when people have to assume more responsibility. This will increase motivation and morale with the CIB team.

4.2.5 Misalignment with today's job demands

4.2.5.1 Not appealing to Young Generation

When asked about the effectiveness of the SLB CIB reward system in attracting the young generation (Generations Y and Z), almost all the participants said the reward system is not effective. Again, participants cited unemployment as the biggest challenge that the youth are facing, which has seen the brightest of youngest minds sitting at home, doing nothing. According to one participant, the bank does not seem to really 'care' to have better frameworks to compete and attract this talent, mainly because it takes advantage of the fact that it is a big brand and has a perception that it pays well. Hence, anyone unemployed would jump at the opportunity to work for it. This suggests that the youth are highly likely to aspire to work at SLB mainly because of unemployment and then the positive perception about the brand.

Participant D said, *"Another case they find themselves doing well, but through no fault of their own. Unemployment in the youth is a real challenge"*.

Participant B also said, *"I think the biggest thing that works for Standard Bank, especially here at home in our market is the name. It's the brand – being the biggest bank"*.

In addition, participants highlighted certain rewards which the young generation prefers which the bank is not yet providing. These rewards include robust learning and development opportunities that can put an employee at a level where they can compete internationally, not just within the Standard bank group, job enrichment, ability to speak openly and be listened to, appreciation, work-life effectiveness, and a nice and fun working environment that includes gym facilities and day-care centres for young parents.

The literature in Chapter 2 discussed various preferences by multiple generations. Generation Y were said to prefer a flexible (remote), fun working environment, lifelong learning opportunities, and interesting and meaningful work (Berkup, 2014), while Generation Z are motivated by these factors and others such as gym facilities as they resonate with the healthy lifestyle trend, health insurance, paid vacation, a paid day off on a birthday, and so forth (Sidorcuka & Chesnovicka, 2017). The findings in the preceding paragraph fit the preferences described for Generation Y and Generation Z in the literature,

which participants stated are not being provided at Standard Lesotho Bank. This indicates that the bank has a long way to work toward its reward strategies to accommodate these generations.

Participant B responded as follows:

“We're in the computer age on a more global stage. Yes, I'm based in Lesotho, but there's a bigger story. I know what's happening around the world and I wanna compete in Dubai. So, if you're going to pay me R8,000.00 a month, but you tell me I'm gonna put you through data analytics or tell me you're gonna have access to this, then, I can confidently play in the markets anywhere in the world”.

Participant I also said, *“I don't think the bank is doing well. The bank made graduate trainees promises to become managers, but they didn't give them that. They take it for granted that they are young. We know how much they are worth; their value, but they don't care much. They will only do when a competitor comes, and we will lose the talent”.*

Participant A further added, *“I don't think we're there yet - talk about flexi hours. The young ones like a little bit of flexibility. So, this fixed working hour structure of 8 to 5 is boring for them”.*

The above comments imply that more is indeed required from SLB CIB to be able to attract the workforce of the future.

4.2.5.2 Not on par with 4IR

Standard Lesotho Bank CIB reward system has been identified as still being very far behind the 4th industrial revolution (4IR) transformation. Participants were asked if the bank has made any progress to adapt its reward system to the new job demands that are coming up as a result of the 4IR. Firstly, most of the respondents concurred that the 4IR is going to have an impact on the reward system. Few respondents said that they have not really thought about the 4IR in relation to the reward system, hence, they did not have a say as to what the impact is likely to be and whether the bank is ready.

Participants alluded to the fact that the bank is not moving fast enough in aligning its reward system. Deloitte (2019) indicated that the 4th industrial revolution presents a need for organisations to re-look at their reward systems more than ever before. Lack of transformation of the SLB CIB reward system poses a significant challenge to SLB's ability to attract and retain future talent, which will be quite critical to its competitive advantage.

Participant D put it as follows:

“Standard Lesotho Bank has a reputation of not evolving quick enough and the problem is that the thing about the 4th Industrial Revolution is that it's not going to be as forgiving with regards to pace as other revolutions have been”.

Participant E also said, *“The 4th industry revolution is here, and we need to act quicker, sooner rather than later. It is definitely going to affect remuneration”.*

Respondents cited the following as reasons why they regard the bank's reward system as lagging behind:

Respondents noted that the bank did not have a work-from-home policy until the COVID-19 pandemic, and yet such are ideas which have been spoken about for the last 10 to 20 years as new and alternative ways of working. The bank had the capacity, but it was just not willing to make that bold move because people are so used to doing things the way they have been doing them for years.

Participants were fully aware that the 4IR is going require specialised skills and people will be multi-skilled. This finding confirmed the research by Schwab (2016) which revealed that the 4th industrial revolution will have a huge impact on the workplace and require totally new skills. The reward system will then have to adapt and speak to the new skills in the labour market, especially those that are in demand.

Participants were of the view that the bank could already be rewarding talented and future-skilled personnel much more to show that it is investing in the required skills. Participants were further aware that the 4IR is expected to result in people being specialists and doing a lot of consulting rather than being permanent employees. Most of the bank's functions will be outsourced as the bank tries to move away from non-core functions and focus on what they are good at so as to stay competitive. Many of the interviewees do not think the bank is ready to deal with these modalities.

Participant I said, *“I think the bank never really thinks of this. I think the bank would already be paying people who do stuff like data analytics as a way of recognising the skills of the future; to show that we value these skills. We will wake up too late; now having to retain and attract them with a lot of money”.*

Participant D also said, *“It's going to make geography redundant. What that means is that the bank is going to need to start competing with a much more global audience, and that's*

to their detriment. They're not ready for that. Their reward system is nowhere close to being ready for that”.

The above comments concurred with Xu *et al.* (2018) and Schwab (2016) who stated that talent will become a very critical and scarce resource in the 4th industrial revolution. The comments also confirm research by Meister and Willyerd (2010) who revealed that almost every worker will essentially become a contractor in future. Therefore, this means that if the bank does not act now in terms of recognising future talent and enhancing its reward system to compete globally, it can lead to serious challenges in the future for the bank in attracting and retaining a talented workforce.

The participants explained that factors such as specialised skills, people working for various companies at the same time as contractors, and the global competition are going to force the bank to tailor packages for individuals. Such individuals will have their terms and the bank will be forced to negotiate. Participants were of the view that the bank is currently not ready to negotiate since it provides “take it or leave it” packages. As soon as people have an option to “leave it” for viable options out there, the bank is going to find itself in big trouble as its reward system is not yet there. This further confirms the significance of reviewing and aligning the SLB CIB reward system to the demands of the future for the reward system to adapt easily and allow the bank the flexibility to tailor-make packages.

Some positive findings were that there are a few participants who commended the bank on the progress it has made so far. These participants cited efforts the bank is making on enhancing the salesforce system which is seen as a strategic platform for an organisation of the future, the new learning platforms such as Degreed which the bank has made available to staff to learn about future skills, and the innovation hub (out of den ideas) that has been created as a platform for staff to bring up innovative ideas to the leadership of the bank. These remarks are encouraging and do show that the bank is aware and taking steps towards addressing the needs of a future bank.

4.2.6 List of CIB employee preferences

Participants had an opportunity to state how they prefer to be rewarded. At the top of the list is money. Almost all the participants said a good way to start is increasing their remuneration and paying them above market salaries. This is because money is the reason why they wake up every morning and go to work. An increase in basic salary increases the pension contribution, thus, guaranteeing them a secure future at retirement. The increase in basic

salary also increases how much they qualify for in terms of loans. Participants also mentioned fully paid medical aid and good bonuses that can afford them something meaningful which they cannot normally afford.

Next, most participants stated learning opportunities, like having their studies paid for in full – especially those that will make them experts in their field or grow them into leadership positions. Some of the responses were as follows:

Participant B: *“Yes, I want to be paid well but also I want to be given as much access and opportunity to knowledge as I possibly can, you know, because once I have that, that will definitely increase my earning capacity even the day I leave the bank”*.

Participant D: *“What I want is for them to pay for some sort of learning for me. I mean really significant like pay for me to do my CFA, you know, give me time off, give me a year off. I know now to study at the end of the day they pay me back half of that amount, but only if I've succeeded. That way they don't take a risk on me”*.

Additionally, other respondents articulated that, for Beyond Excellence recognition, they would like a day off or a holiday voucher instead of the normal awards given. Others said they want to be listened to, they want a meaningful job – where they are empowered to make their own decisions, good working environment with great culture, and flexible working arrangements (working from home).

The above responses illustrate Maslow's hierarchy of needs which shows that individuals want to satisfy the immediate need for survival, being money to cater for psychological needs (basic needs for food, shelter, etc.). Once the basic needs are met, a person moves up the ladder to needs for safety and security, and rewards for job security, then health and well-being will kick-in until they reach the top of the pyramid – self-actualisation needs. In this case, money came first, then learning and development for career growth and recognition for self-actualisation. These preferences align with 4IR as money will continue to be the main reason why people work and learning and development is at the highest demand today as people upskill themselves to be future ready.

It is therefore imperative for SLB CIB management to understand these needs and strategically re-design reward programmes to accommodate the varying employee preferences. This way, the bank will be better positioned to satisfy this part of its staff. For example, work-life effectiveness is regarded as very rewarding to employees, thereby improving the company's retention capacity (Holston & Kleiner, 2017). This suggests that if

the bank works on its reward policy to also include flexible working, it is highly likely to better retain its workforce.

4.3 Conclusion

This chapter focused on analysing the data collected from the study participants through interview sessions. Key findings revealed that Standard Lesotho Bank uses a total reward system that is standardised and conventional. Interviewees were not enthusiastic about the rewards they receive. Bonuses were the main factor of dissatisfaction with the reward system. Most participants felt that the remuneration is not attractive enough, and it does not fuel them to perform any better. Instead, promotion and career progression were cited as the main motivating factors that drive them to work and perform to their best ability.

The study further brought to light that CIB employees do not perceive the bank as having strong retention strategy. Participants indicated that the only reason the bank is doing well, as far as employee turnover is concerned, is because of the structural issues in the country, where unemployment has made it difficult for people to easily move to other organisations. Another key observation was that interviewees are of the view that the reward system within SLB CIB is unfair and lacks transparency and uniformity – particularly when it comes to bonus rewarding, salary grades, learning opportunities and when compared to other countries.

The most significant and overarching outcome of the study was that indeed the SLB reward system is falling behind in terms of revolutionising its reward strategy and aligning it with today's workforce demands and the 4th industrial revolution. The reward system was described as being ineffective in attracting the young generation to work for Standard Lesotho Bank. Participants said that Millennials and Generation Z have limited choices when it comes to employment and would rather choose Standard Lesotho Bank because of it being a big brand, reputable for paying good salaries. Participants also said the bank is not adapting fast enough to the demands of the 4th industrial revolution. These issues are likely to pose a significant challenge to the bank in attaining and retaining the right talent and a competitive edge in the future.

The chapter concluded by establishing how the employees within CIB division prefer to be rewarded. Participants mentioned financial rewards, learning opportunities (through study sponsorships), recognition and work-life effectiveness. This presents an opportunity to the bank's management to know what their people want and offer exactly what will appeal to

them. The bank needs to take serious and necessary measures to improve and find innovative and attractive ways to reward its workforce.

The next chapter will discuss the recommendations proposed to close the gaps that have been identified in the SLB CIB reward system. The initiatives proposed will address the issues highlighted in this chapter and other factors that are deemed important for the bank to adopt in order for it to position itself better in the labour market. Conclusions of the study relative to the study objectives will also be provided in the upcoming chapter.

CHAPTER 5: RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

This chapter will synthesise the overall findings of this study. The next sections will conclude on the study objectives in terms of what the researcher has established, followed by recommendations to the gaps identified and recommendations for further research.

The primary objective of the study was to evaluate the reward system in the Corporate Banking Sector of Standard Lesotho Bank in Maseru Region. The researcher conducted the study using a qualitative approach wherein semi-structured interviews were conducted with participants and the results analysed using content analysis, as presented in the previous chapter. The researcher was guided by five research objectives which were:

- To provide a discussion of employee rewards,
- To determine the perception of SLB CIB employees towards the current reward system and the effect thereof on the performance of CIB employees,
- To determine which forms of rewards are more effective in motivating CIB employees of Standard Lesotho Bank to perform,
- To investigate the preferences of SLB CIB employees for rewards.
- To establish if the reward system at SLB CIB will still be effective in the 4th industrial revolution and, lastly,
- To provide SLB management with new reward strategies that can be implemented in SLB, Lesotho.

The main findings of the study pointed out that the reward system at Standard Lesotho Bank CIB is largely conventional and offers traditional rewards such as fixed monthly salary, pension benefit, medical aid benefit, car allowance, house allowance, preferential interest loans, recognition, and learning and development. The non-financial rewards exclude elements such as work-life effectiveness, personalised recognition and other incentives that are more dynamic and creative. The process of awarding compensation and other rewards is considered non-transparent and unfair by CIB employees who participated in the study. The participants felt that the bank is not doing much to retain its overall workforce, unless one is identified as “talent”. The reward system is also perceived as unprofitable for young talent and not aligned with the 4IR job demands.

The following are the main conclusions which the researcher drew in accordance with the findings, discussed based on the research objectives.

5.2 Conclusions to the study objectives

- **To provide a discussion of employee rewards**

The study intended to consult literature on the type of rewards that currently exist in organisations and determine those that are being used in the banking sector. This objective was successfully achieved in chapter 2 of this research where a full spectrum of employees' rewards based on WorldatWork (2020) total rewards programme was discussed. Chapter 2 established that, generally, organisations offer financial and non-financial benefits that fall within categories of non-financial and financial compensation, benefits, recognition, performance management, work-life effectiveness and talent development programmes. These strategies are generally used by organisations to reward employees for their contribution to overall organisational goals, as well as to motivate and drive their performance further.

The study found that Standard Lesotho Bank offered rewards in line with the findings from chapter 2 under this objective. Interviewees mentioned that the bank generally offers standard rewards that fall into categories of financial and non-financial rewards. Financial rewards mentioned include monthly salary and employee benefits such as medical aid, pension contribution and preferential interest loans. Non-financial benefits included recognition, talent development, learning and training, and intrinsic fulfilment from working for a prestigious brand.

- **To determine the perception of SLB CIB employees towards the current reward system and the effect thereof on the performance of CIB employees**

CIB reward system is generally perceived to have minimal impact on employee performance, as discussed in chapter 4 of this research. The most significant finding was that the SLB CIB reward system lacks transparency and this is cited as a great cause for concern which has rendered most employees considering the reward system as arbitrary and unfair.

Participant C confirmed by saying: *“The key thing is ultimately in remaining transparent. I think transparency in simplifying things, for example when it comes to performance bonuses”*.

Participant B added: *“It's not generally as uniform as you'd expect it to be; so I think this is just from the little I have observed and from what I've heard, how the structures are, there could be more fairness in the remuneration at across the bank”*.

In addition, participants did not perceive the reward system as attractive enough to attract the younger generations to choose SLB as their preferred employer. The implication is that most employees who are not on talent development programme are likely to leave the organisation should there be new opportunities in the industry. The bank is also not in a good position to attract and acquire fresh talent in the industry.

- **To determine which forms of rewards are more effective in motivating CIB employees of Standard Lesotho Bank to perform**

The study revealed that, generally, CIB employees are motivated by career growth opportunities, learning and development, training opportunities and recognition. Participants did point out that financial rewards come first to all other key rewards; however, they have a transient motivating effect. These findings were covered in chapter 4 of the study. It is clear that giving focus to these rewards can lead to improved employee motivation, superior performance and improved loyalty and retention.

Participant D affirmed this by saying: *“I want to be put in a situation where I'm learning and growing enough, so that I know that in the future I'm going to be able to be quite a high earner”*.

Participant B concurred by saying: *“I want much use of the learning materials as possible because obviously it's something we can take even when outside the organisation”*.

- **To investigate the preferences of SLB CIB employees for rewards**

Differing reward preferences were the fourth point that came out during the study where participants articulated that they do want to be sufficiently remunerated, be provided learning opportunities; particularly opportunities to further their studies, be recognised, be listened to, and have flexibility in how they do their work. This implies that the organisation can benefit immensely by adopting a personalised reward approach that involves understanding individual employee needs and rewards in the market and work on aligning their reward system as such.

Participant D affirmed this by saying: *“The Bank just needs to care about people and be willing to tailor make packages based on people's needs because it's not impossible for them. It is something they are very capable of doing”*.

Participant J also said: *“It is also out of management responsibility to understand each and every one in terms of how you would like to be appreciated because for you to be fair you also need to understand what rewards I like”*.

- **To establish if the reward system at SLB CIB will still be effective in the 4th industrial revolution**

The results of the study in chapter 4 revealed that the reward system at SLB CIB will not be effective to address the demands of the 4th industrial revolution. The current reward programmes remain primarily focused on on-site permanent employees and are general and standardised across the organisation. Rewards such as flexibility, personalisation and incentives particularly for contract or off-site workers are excluded. The reward programmes lack creativity and innovation.

Participant I stated: *“They would already be recognising the skills of the future. But they're not. When it comes to competition for talent, I think we're going to be late and only start then”*.

Participant D also said: *“They're not ready for that. Their reward system is nowhere close to being ready for that”*.

- **To provide SLB management with new reward strategies that can be implemented in SLB, Lesotho**

Finally, the new reward strategies objective is being addressed in chapter 5 in the sections that follow. The recommendations have been drawn from gaps identified in chapter 4 and participants' recommendations provided during the interview sessions.

5.3 Recommendations

The findings of this study highlight several issues that must be addressed and therefore the researcher proposes the following recommendations:

5.3.1 Personalise rewards

To begin with, the SLB CIB reward programmes are clearly not aligned to CIB employee preferences and are following a conventional approach that is outdated. Days are gone when designing reward programmes was just a straightforward exercise of determining what mixture of rewards will be offered to the organisation's employees. The Deloitte report (2018) on global human capital trends stated that leading organisations are undertaking the hard work of designing customised rewards focused on understanding the needs of each individual. This new approach requires that rewards offered are agile and matched with employee needs. As and when a new employee joins the bank, a reward package that is tailor-made to the employee's needs must be negotiated and implemented accordingly.

Management of the bank must take responsibility to understand how their employees would like to be appreciated. For instance, one participant in the study highlighted that instead of being given comedy night show, she values family time and would appreciate a benefit geared towards giving her a unique opportunity to spend time with her family. This means that for some employees, a workplace-arranged comedy night was not such an exciting idea. The bank can therefore have a range of reward options in place which a new hire can choose from, for instance, choosing between a higher bonus or an extra week of vacation. At the end of the day, the benefits offered should be appealing to an individual.

An exercise by HR to establish what is really important to the employees is recommended. The exercise will yield great benefits for the bank. There must be open dialogue where staff can share with management how they each want to be rewarded and the organisation should gradually make changes to incorporate the differing preferences. Leading companies realised that a customised, agile and holistic reward system is imperative to attracting, inspiring and growing talent within an organisation (Deloitte, 2018). Such businesses recognise that effective reward programmes involve a personal relationship with an employee. Properly done, this modern reward technique can become an enormous competitive advantage for the bank.

The challenges to this approach are mainly time and resource constraints (Kandola, 2019). Gathering data on employee preferences to rewards requires a huge time commitment and depending on the reward and recognition choices the employees make, it may prove to be very heavy on Human Resource budget if most employees choose costly rewards (Kandola, 2019). Kandola (2019) therefore emphasises that the key is to at least offer a wide range of

options from which employees will have to choose from, for instance, an option that offers cash or a fully paid vacation for exceptional employee performance.

5.3.2 Improve on transparency and uniformity

CIB employees expressed great concern with how the bonus is rewarded and mainly cited lack of transparency and uniformity as the main challenges. It is therefore recommended that management of Standard Lesotho Bank tie the bonus figure to a particular metric as such that individuals are able to reliably estimate what the bonus is likely to be depending on the level of their performance. For instance, a certain level of performance should reward an employee with a certain percentage of revenue as bonus. The bonus should also be related to the job grade. This way, employees will have an idea well in advance that at least the bonus will not be less than this amount.

To enhance uniformity, management should clearly communicate the salary structure and how it is decided based on different job grades. Entry levels, midpoints and maximum points should be disclosed and explained, that is, what makes an employee fall within the midpoint while the other one falls within the maximum point for the same job grade. Additionally, it should be clear how certain employees are given special rewards such as being paid for their study costs in full. There has to be transparency where even for Beyond Excellence recognition, employees should be clear as to which behaviours are rewarded with which reward.

Communicating rewards sufficiently should also be applied when giving people extra responsibility outside the scope of their jobs. Management should be clear what the reward will be for the extra effort, even if it is not monetary. The bank should therefore review the reward system and incorporate some benefits for times when people have to assume more responsibility on top of their core jobs as suggested by some of the interviewees when asked about effort-reward balance.

5.3.3 Enhance existing reward programmes to accommodate employee needs

Other areas where CIB employees expressed dissatisfaction are compensation, Beyond Excellence recognition and the absence of work-life effectiveness. It is further recommended that Standard Lesotho Bank HR conducts a market survey of remuneration across the industry and across various markets and benchmark the SLB reward system with the best companies in this area. The bank must reward performance accordingly and uniformly.

Management should be intentional about recognising everyone's efforts, as such that the Beyond Excellence recognition is deemed fair and well-deserved by those who receive it. It is crucial to decide what behaviours and activities management regard as deserving recognition and reward, and then to follow through with consistently appreciating and rewarding such behaviours. Management should avoid rewarding specific performances sporadically so that they instil trust and confidence in the system and encourage others to emulate the behaviours knowing that they will surely be recognised.

Standard Lesotho Bank is further advised to implement work-life effectiveness where employees are given flexibility to work at their preferred time and location. Management should be flexible to allow employees to integrate work with their personal lives. The work from home policy should be formalised and put in place even after the COVID-19 pandemic. This way, the organisation will be pursuing an innovative approach to rewards that caters for the lives of employees both within and outside of work, thus becoming the preferred employer.

5.3.4 Implement young generation's desired rewards

The findings of the study revealed that SLB CIB reward system does not cater for the young generation. It is recommended that management should offer rewards beyond the historical mix of rewards to meet the diverse needs and desires of today's variegated workforce. Today's workforce needs a work-place that offers more than a "working place" but one that reflects how they live, interact and work. Participants highlighted certain rewards which the young generation wants.

Firstly, a nice and fun working environment that includes gym facilities and on-site day-care centres to support young parents is recommended. Many of today's employees are orientated towards healthy lifestyles. Gym facilities on the bank premises would come handy to allow the millennial workforce to still be able to take care of the health aspects of their lives. Again, most of the millennial workforce are young parents who appreciate being able to be there for their children while working; hence, with a day care centre, they would not mind working as long as they are able to check on their children every now and then. They need flexibility to attend to their children's special moments such as school events.

Another recommendation drawn from the study is that most young generations are passionate and excited about exploring various things in life. Standard Lesotho Bank is encouraged to have programmes and activities that allow younger workers to bring their

passion and talents to the workplace. For instance, the organisation can have an outlet that provides space for creativity such as artistry or photography if there are workers passionate about such endeavours. Overall, the bank is encouraged to be more innovative around rewards and the work environment to accommodate the new generation of the workforce. The bank must rejuvenate the brand to become exciting and attractive to the young workforce.

5.3.5 Align the reward system to the 4IR

The study revealed that the 4th industrial revolution presents a need for organisations to revive their reward strategies more than ever before. Standard Lesotho Bank must align the reward system to the 4th industrial revolution developments around rewards. The existing reward programmes should be able to attract and reward talent and special skills required in the 4IR. The reward system should also be open to cater for contractors and compete across the globe. The bank should revisit and re-align the reward programmes on a continuous basis to reflect the evolution of the workplace and the workforce. HR department should monitor changes around the reward structures and incorporate them early to generate a market advantage ahead of other organisations; for example, monitor employment laws around contract workers. Overall, the organisation must be open to change and new ideas for various ways to reward people.

5.4 Limitations of the study

This study was mainly limited by a small sample size which limits generalisation to other organisations. The research only sought the views of SLB CIB employees; hence, it was only limited to one department within Standard Lesotho Bank. However, as a starting point, the research is believed to have achieved concrete results for Standard Lesotho Bank to carry forward. The other limitation was the restrictions due to COVID-19. The benefit of human contact and body language was missed because all the interviews were conducted virtually via audio only.

5.5 Recommendations for future research

Future research can be expanded to incorporate other SLB departments and other banks in Lesotho banking industry. Understanding the views and needs of the entire organisation and overall Lesotho banking industry would contribute immensely to the industry at a national

level. Future research is also recommended to investigate the reward preferences for different categories of employees in terms of generational cohorts.

5.6 Conclusions to the study

The aim of the research was to evaluate the reward system at Standard Lesotho Bank Corporate and Investment Banking. The findings of the study revealed that an eminent need exists within Standard Lesotho Bank to revisit the reward system and work on enhancing it to be more relevant and to meet the needs of today's workforce. As reported, the employees who were part of the study raised that the SLB reward system is traditional and lacking variation. The problems identified were lack of transparency, inability of the reward system to drive desired performance, weakness in retaining the employees, unfair reward system, non-lucrative reward programmes for young workforce and not being on par with 4IR developments.

The study further highlighted the preferences of CIB employees, which included financial compensation, learning opportunities, recognition, good working environment and flexibility. If implemented accordingly, these rewards will lead to greater satisfaction of these employees and thereby improve morale, retention and quality of service given to the bank's corporate clients. Ultimately, SLB would become the "employer of choice" and enhance its prospects of attracting and retaining talented personnel in the labour market.

The study clearly indicated that indeed a reward system is key to an organisation's ability to attract, retain and motivate its workforce. Positive results are anticipated with organisations that revamp their reward programmes to accommodate the needs of their employees. This way, Standard Lesotho Bank will be able to not only increase employee motivation and performance, but also capture a distinct competitive advantage in the talent market.

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Standard Lesotho Bank
P.O. Box 1053
Maseru 100

20 May 2020

The Director
Business School
University of the Free State
Bloemfontein, South Africa

Dear: Prof Helena van Zyl

**RE: RE: PERMISSION LETTER TO CONDUCT REWARD SYSTEM RESEARCH AT
STANDARD LESOTHO BANK CIB**

This is to confirm that permission is granted to Tumelo Sebete to conduct research on reward system for Corporate and Investment Banking department at Standard Lesotho Bank. This is on condition that confidentiality will be observed on information sourced and outcomes of the study.

It is our pleasure to assist and support her to achieve the requirements of her study programme. We believe the outcomes of the study will assist and enable the bank management to put in place remedial actions and improve where necessary once the study is complete.

Wishing her all the best.

Regards,

A handwritten signature in black ink, appearing to read "Samuel Seboka", written over a horizontal dotted line.

Samuel Seboka (Mr.)

Head, Corporate and Investment Banking

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Appendix B

Interview Guide

Research Question 1: What reward systems generally exist in organisations?

This study is interested in your views about the existing reward systems that organisations currently have in place.

1. How would you describe your organization's reward system?

Research Question 2: What effect do reward systems have on employee performance?

2. Can you tell me your views about whether reward systems have an effect on employee performance? Do they fuel you to do better at your job?
3. How is your performance influenced by the rewards you get?
4. Companies are thinking of ways to contain costs and some of those ways include reducing salaries and keeping low headcounts. What are your views about those strategies?

Research Question 3: Which forms of rewards are more effective in motivating employees to do more?

5. How do rewards differ in terms of motivating employees; are certain rewards more effective than others in driving employee performance? Explain to me how.

Research Question 4: Does the reward system at Standard Lesotho Bank meet the preferences of its employees in Corporate and investment banking?

6. What is your perception about Standard Lesotho Bank reward system? Please also share with me your thoughts about its fairness and effort-reward balance.

7. What are your views about retention of employees?
8. How do you prefer to be rewarded?
9. To what extent, according to you, are the existing rewards effective in attracting the younger generation to come and work for this bank? Would you recommend other reward strategies for the younger generation? If so, which ones?

Research question 5: Will the existing reward system at Standard Lesotho Bank Corporate Banking sector still be effective in the 4th industrial revolution?

10. What is the impact of the fourth industrial revolution (4IR) on workplace reward systems?
11. Some of the changes that the 4IR is expected to bring are about new skillsets, changed job profiles and new roles altogether. Do you think Standard Lesotho Bank reward system will effectively meet the 4IR job demands? How so?
12. What new ways of rewarding people are you aware of? Would you recommend the Bank adopts those and why?
13. Are there any other issues that you've thought of during our interview that you think might be important to know about Standard Lesotho Bank and organizational rewards in general?

Appendix C



GENERAL/HUMAN RESEARCH ETHICS COMMITTEE (GHREC)

20-Jul-2020

Dear Mrs Tumelo Sebetle

Application Approved

Research Project Title:

**EMPLOYEE REWARD SYSTEM IN THE CORPORATE AND INVESTMENT BANKING
SECTOR OF STANDARD LESOTHO BANK IN MASERU REGION**

Ethical Clearance number:
UFS-HSD2020/0985/2007

We are pleased to inform you that your application for ethical clearance has been approved. Your ethical clearance is valid for twelve (12) months from the date of issue. We request that any changes that may take place during the course of your study/research project be submitted to the ethics office to ensure ethical transparency. Furthermore, you are requested to submit the final report of your study/research project to the ethics office. Should you require more time to complete this research, please apply for an extension. Thank you for submitting your proposal for ethical clearance; we wish you the best of luck and success with your research.

Yours sincerely

Dr Adri Du Plessis

Chairperson: General/Human Research Ethics Committee

Adri du Plessis

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