Total reward preferences: A quantitative empirical study of employee retention and attraction in SMMEs in South Africa

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Declaration

I, the undersigned, Masingita Mashele, hereby declare that this research is my own, unaided work. It is being submitted in fulfilment of the requirements for the degree of Master of Commerce in Business Sciences (Human Resource Management) at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

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- I am aware that plagiarism (the use of someone else's work without their permission and/or without acknowledging the original source) is wrong.
- I have followed the required conventions in referencing the thoughts and ideas of others.
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M. Mashele

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(Signature)

Abstract

Background: Compensation is a key factor in the attraction and retention of talent by the organisation. The reward or compensation that people receive in return for the work they perform within an organisation may consist of both monetary and non-monetary components. Understanding the rewards that specific employees prefer could help eliminate the costs associated with inappropriately designed rewards strategies.

Aim: To understand how Total Rewards programmes contribute towards attracting and retaining diverse types of employees; the research study aims to establish the differences in employees' reward preferences and inclination to prefer Total Rewards Systems. The research study focuses specifically on employees within the SMME (Small, Medium, and Micro Enterprises) sector.

Methodology: The research study uses quantitative methods of collecting and analysing data. Quantitative research presents data collected numerically and enables the research to identify trends in the phenomena being studied.

Contribution: The research study's intention is to add to the knowledge of successful reward practices and strategies that reflect the ways in which organisations attract and retain employees across the SMME sector. The research seeks to contribute towards the knowledge, capabilities, and effectiveness of the HR function to drive the knowledge that can inform better reward practices within the SMME sector.

Results: The results obtained indicate that a significant positive relationship exists between SMME employees' preferences for specific rewards and their perception of the attractiveness of Total Rewards Systems which are related to their intention to either stay or leave their employer within the SMME sector.

Key Words: Total Rewards Systems; Rewards; Reward Strategy; Compensation; SMME

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Table of Contents

List of Tables

List of Figures

List of Abbreviations

ANOVA	Analysis of Variance
CMV	Common Method Variance
EFA	Exploratory Factor Analysis
ERG	The Theory of Existence, Relatedness, and Growth
GDP	Gross Domestic Product
HPWP	High-Performance Work Practice
HR	Human Resources
HREC	Human Research Ethics Committee
HRM	Human Resource Management
PCA	Principal Component Analysis
SME	Small and Medium-sized Enterprises
SMME	Small, Medium, and Micro Enterprises
VIE	Valence, Instrumentality, and Expectancy

1. Chapter 1: Introduction

1.1. Introduction

Organisations want to attract and retain highly skilled employees who can add value, as well as drive the organisation's objectives forward (Pregnolato, Bussin, & Schlechter, 2017). However, to achieve a system that benefits the organisation and meets the employees' needs; the organisation needs to understand what continues to retain current employees and attract new job seekers to the organisation. People work for varying reasons, however, in the larger context, employees work to; receive compensation for the work they have done for the organisation, as well as to gain personal and professional fulfilment from the work that they do. According to Cao, Chen, and Song (2013), the benefits that an organisation affords its employees plays a unique part in attracting and retaining talent. Although several reasons exist for employees' desire to work, they may often move from one job to another for the two reasons stated above. That is, compensation, as well as personal and professional fulfilment from working form part of the rewards that employees intend to receive from their work, with fulfilment having an array of meanings for different employees. Because of this, employees engage with rewards differently and in a manner that best satisfies their perceived intrinsic and extrinsic needs.

Small, Medium, and Micro Enterprises (SMMEs) are recognised as key contributors to the South African economy and play an important role in the generation of income and the promotion of entrepreneurial activity (Chimucheka, 2013). According to Chimucheka (2013), the impact of SMMEs is largely demonstrated in the creation of job and employment opportunities, the alleviation of poverty, its role in closing the income gap between population groups, as well as the role it plays in promoting economic growth and development. Although the SMME sector is important for developing the South African economy and labour market, little is known about how this sector manages and rewards its employees in an effort to attract and retain talent. The research study intends to better understand Total Rewards in SMMEs and their role in the attraction and retention of employees in this sector.

Large corporations often have variations of existing compensation systems in place to reward existing employees for their contribution to the organisation, as well as to attract new employees and retain them. However, on the other hand, there is not much information on how small businesses manage their Human Resources (HR) processes and specifically their remuneration processes (Cole & Mehran, 2016). According to Michiels (2017), a challenge faced by SMMEs is managing their Human Resources and in particular their compensation strategies.

Within the discipline of Human Resource Management (HRM), employee attraction and retention has been widely studied. This shows that there is an elevated level of interest in this area. This research seeks to further expand on this knowledge by looking specifically at SMMEs in South Africa and how this sector can attract and retain employees from a Total Rewards perspective.

According to Coldwell, Billsberry, van Meurs, and Marsh (2008), individuals are attracted to, and stay with a given organisation partly because of the match between theirs and their organisation's values. Values are the principles that both the employer and employee's behaviours are guided by (Sullivan, Sullivan, & Buffton, 2002). Sullivan et al. (2002) state that aligning the individuals' and company's values can help create a 'win-win' situation. An organisation that is explicit about the values it holds, attracts candidates with similar values. This alignment enables the organisation to retain employees. For example, where both the organisation and the individual value flexibility, the organisation should be able to create an environment that encourages a balance between the employee's work and personal life. This can help increase organisational commitment, provided that the employees' other needs are also met.

According to Sullivan et al. (2002), previous generations of employees were loyal to their employers to retain their employment for a lifetime. However, due to the changing world of work, this is no longer the case. Employers are seeking new ways to remain competitive while employees seek more than just well-paying work.

In the South African context, SMMEs play a vital role in the creation of employment opportunities, alleviating poverty, as well as advancing innovation and technology (Asah, Fatok, & Rungani, 2015). Many South Africans are often propelled into the SMME sector either due to personal motivations or the high unemployment rate. Even though SMMEs play a significant role in the South African economy by helping create employment, their contribution is often short-lived due to the industry's high failure rate. For these reasons, the research finds it compelling to further study this industry and the rewards that drive individuals to enter this form of employment.

The following section identifies rewards within SMMEs as the research focus, motivates the purpose of the research study, as well as outlines what the study intends to achieve.

1.2. Overview

Pay plays a critical role in the retention of people within the organisation. The reward or compensation that people receive in return for the work they do within an organisation includes both cash and non-cash components. Nazir, Shah, and Zaman (2012) state that 'rewards' can be defined as the all-inclusive payment package that employees receive from their organisation in return for their contributions. This will in many organisations include variations of monetary, beneficial, and developmental rewards given to employees for their contribution to the organisation (Nazir et al., 2012). Therefore, getting Strategic Remuneration right can prove to be one way in which high performing organisations differentiate themselves and as part and parcel, offer opportunities for employees to develop both professionally and personally, as well as earn in cash and other non-cash rewards. Total Rewards is not the only way of thinking about rewards strategically, however, employees often do not have the option to choose what rewards form part of the package offered to them by the organisation as this is often managed through a pre-existing system used by the organisation for all employees. Employees may however have the option to structure the rewards offered based on their needs or preference. Based on their experience with different organisations and different compensation structuring systems, employees may develop a preference for rewards systems that best suit their needs, which they may in future cases use as a guide when considering employment with other organisations.

Cao et al. (2013) state that a good remuneration strategy can reduce employees' intention to look for other jobs. However, the constant change in the nature of work and organisations are likely to affect the previously understood relationship between the employee and the employer over time. According to Burke and Ng (2006), over the years, several factors have developed that now impact the role and the way in which Human Resource Management is practiced in the workplace. That is, it is noteworthy to consider that employees today have different values and expectations of the workplace than they did in the past. Employees' expectations of their organisations no longer only include just higher salaries but the availability of future opportunities in the organisation and the need to be treated with fairness and respect (Burke & Ng, 2006).

The research study is interested in exploring how SMME-employed employees understand rewards and make informed decisions about how they prefer for their rewards to be structured. The study notes that employees who work for large corporations may have different perceptions of rewards compared to those that work for SMMEs. Large corporations and their employees have been highly researched, however SMME-employed workers' preferences require further investigating. This is because the two 'groups' of employees have different values pertaining to the workplace and are likely to view rewards just as differently. According to Hope & Mackin (2007), employees working for large corporations tend to stay with their employers longer than employees who work for small businesses due to the benefits offered by large corporations that tend to improve employee retention. However, SMME-employed workers may often seek greater involvement in the running of the organisation, increased recognition, mentorship opportunities, and career progression as opposed to longer term financial and security-related benefits.

In South Africa, SMMEs contribute to the growth of the economy through employment creation. According to Chimucheka (2013), there has been increased attention paid to entrepreneurship as the formal employment sector in South Africa continues to become more saturated with job seekers. SMMEs in South Africa, although becoming a more attractive means of creating opportunities, also face many challenges. These include limited access to financial resources, lack of training and education, as well as lack of access to human resources, among other things (Chimucheka, 2013). The research study shows through the Literature Review how SMMEs in South Africa continue to play a key role in the labour market with more people joining this sector due to varying reasons including the increasing levels of unemployment in the country and the benefits of leadership and freedom from routine that this sector offers in comparison to larger or formalised organisations. Both the opportunities and challenges faced by this sector play a key role in why the study is looking to focus specifically on this sector.

Table 1.1. shows how the SMME sector is divided in South Africa:

Table 1. 1.

Description of SMME

Size and/or Class	Total Full-time Equivalent of Paid Employees	Total Annual Turnover	Total Gross Asset Value
Medium	200	R25.00 million	R8.00 million
Small	50	R10.00 million	R3.00 million
Very Small	10	R2.50 million	R700 thousand
Micro	5	R500 thousand	R100 thousand

Note. Reprinted from "An exploration of strategic competitiveness of SMMEs: a South African perspective", by E. Chiloane-Tsoka and K.S. Boya, 2014, *Problems and Perspectives in Management*, *12*(4) p. 348.

The following table provides definitions to some of the terms frequently referred to in this research study:

Table 1. 2.

Key Definitions

Key Definitions	
Reward	The compensation that employees receive from their employer for services performed (Bwowe & Marongwe, 2018). The reward may include both monetary and/or non-monetary forms of compensation.
Total Rewards	Total Rewards can be extended to make up all the aspects of work that are valued by an employee and may be made up of all or some of the following factors: a healthy work environment, developmental opportunities, and financial benefits (Nazir et al., 2012).
Reward Strategy	A reward strategy provides a structure to what the organisation proposes to give to employees for their contribution to the organisation (Bwowe & Marongwe, 2018).
Compensation	Compensation is similar to a salary or pay and is a monetary payment made for services rendered and may include some benefits (Jiang, Xiao, Qi, & Xiao, 2009).

1.3. Background of the Study

Modern reward strategies, such as Total Rewards Systems are developed to respond to the expectations of employees who often have the liberty to take their skills where their needs and personal preferences may be met (Jiang et al., 2009). Total Rewards strategies may also arise in the process of managing transformation and realigning the business retention strategy to respond to the current relationship between the employee and the employer (Jiang et al., 2009).

Total Rewards as a strategy consists of all the elements that some employees deem valuable in both monetary and non-monetary terms. Jiang et al. (2009) state that Total Rewards borrow from the company culture and aim to give all employees a voice in their relationship with the organisation. This in turn can allow the employer to receive engaged performance on the part of the employee. A reward strategy is intended to achieve performance, competitiveness, and fairness (Bwowe & Marongwe, 2018).

According to Pregnolato et al. (2017), it is necessary for organisations that want to attract talented employees to offer them an all-encompassing reward package that meets their personal preferences and needs. In doing so, these organisations can retain such employees, depending on what motivates said employees. Offering employees an all-inclusive remuneration package may also eliminate the cost of having to replace employees who would later want to leave the organisation because of their dissatisfaction with their package.

The purpose of the research study grew from an interest in the opportunity that employers have, to collaborate with their employees to reimagine, as well as redesign elements of their organisation’s Total Rewards experience to benefit both the employer and the employee. Rewards are an important aspect of why people work and contributing towards a body of knowledge that serves this aspect of HR can benefit various sectors of the labour market, including the SMME sector which the study identified as its area of focus.

1.4. Statement of the Problem

The main aim of this research study is to investigate employees who work for SMMEs in the South African industrial context to obtain a better understanding of the utility and effectiveness of the Total Rewards strategies used to attract and retain employees in this sector. SMMEs, in an ideal business environment, should be able to reward employees in accordance with industry best practice. Without adequate knowledge of the way various SMMEs reward their employees, the industry is likely to continue to operate without standardising key HR processes. There is a lack of literature highlighting Total Rewards practices within the SMME sector, which justifies the need for research on this subject in South Africa. Smit and Watkins (2012) indicate that one of the challenges faced by SMMEs from an enterprise-based perspective is high employee turnover and difficulties in recruiting quality staff. Understanding the rewards that attract and retain employees within the SMME sector can contribute towards mitigating this challenge.

According to Price (2015), reward programmes need to be designed to: (1) be fair across the organisation and pay people in line with the requirements and level of intensity of the relative job, (2) be market related, and (3) motivate employees to perform and to stay with the relative organisation. Therefore, the problem faced by reward programmes that do not align with the needs of employees is that they risk jeopardising the level of employee performance, the organisation's level of competitiveness, and its ability to fairly allocate rewards.

Through strategic remuneration practices, organisations can achieve and maintain a fair allocation of basic rewards according to the level or intensity of the role. According to Kaplan (2007), Total Rewards encompasses everything that employees find motivating and valuable in their relationship with the employer. This categorically includes compensation, company-relative benefits, personal and career development, and a healthy work environment. Total Rewards is an all-encompassing approach to managing pay and benefits that when aligned with the business and Human Resources strategy it allows employers to offer packages that enable them to compete for talented employees.

To understand how Total Rewards programmes contribute towards attracting and retaining different types of employees, the research study's intention is to establish the differences in employees' reward preferences and subsequent inclination to prefer Total Rewards strategies. The research study seeks to gain an understanding into the rewards that employees consider when making decisions in relation to the package proposal they prefer and eventually take up with the offering organisation.

1.5. Rationale

The research study is interested in looking at SMME sector-employed workers' preference for specific rewards in relation to Total Rewards strategies. The study is interested in looking specifically at SMMEs because of the limited information and knowledge there is around how these organisations fairly and appropriately manage compensation and other benefits for their employees.

The SMME sector is an important contributor to the South African economy and has room to be better understood (Hung, Cant, & Wiid, 2016). According to Hung et al. (2016), even though SMMEs are faced with a challenge of longevity, they play a crucial role in the development of the country as it faces significant unemployment and income distribution challenges.

The research study seeks to explore how important SMME sector employees deem specific rewards and their contribution towards making up a Total Rewards package. To accomplish this, the study seeks to investigate these employees' understanding of Total Rewards, as well as their preference for specific rewards over others.

1.6. Research Questions

1. What is the relationship between SMME sector employees' preference for specific rewards and their perceptions of the attractiveness of Total Rewards Systems?
2. Are Total Rewards Systems considered favourably by SMME employees?
3. What factors in Total Rewards Systems are most important in the retention of SMME employees?

1.7. Research Objective

By conducting this research, the study intends to build a better understanding of reward preferences within the SMME sector which would further contribute towards the body of knowledge in this area of study.

To do this, the research study intends to study reward preferences within the SMME sector by investigating whether Total Rewards Systems are perceived favourably by SMME employees. The research study further seeks to determine the variable aspects of rewards that are most important to SMME employees when considering employment within this sector.

1.8. Contribution

Although SMMEs are major contributors to the South African economy and play an important role in the alleviation of poverty, they tend to not last long in the labour market (Bruwer & Coetzee, 2016). To experience longevity, SMMEs require better structured internal practices that attract and retain employees. By expanding on the knowledge required to better understand the SMME sector and how it rewards its employees, the research study can contribute towards better conceptualising the reward practices that SMMEs can employ to attract and retain the right talent. The data collected can help define and standardise administrative and operational reward practices in order for the sector to experience a longer lasting impact in the labour market.

The research study's intention is to add to the knowledge of successful reward practices and strategies that reflect the ways in which organisations attract and retain employees across the SMME sector. That is, this research study seeks to contribute towards knowledge that aims to suggest ways through which organisations within the SMME sector can improve talent practices that contribute towards longstanding reward practices.

The research study seeks to better understand preferred rewards and reward practices within the SMME sector. Having a clear view professionals' perspectives on rewards can generate valuable information when examining current reward policies or implementing new reward strategies.

Through the research findings obtained by means of empirical quantitative data of employees' reward preferences and understanding of rewards, the research study's intention is to contribute towards the knowledge, capabilities, and effectiveness of the HR function to drive the knowledge that can inform better reward practices within the SMME sector.

1.9. Summary of Chapter

The purpose of this chapter is to introduce the research study and its area of focus. The chapter focuses on showing why rewards in the SMME sector are an important area of study in the South African context. The SMME sector plays a critical role in the creation of job opportunities in South Africa and contributes to the overall economy. SMMEs however struggle to maintain longevity. Understanding how this industry rewards and retains its talent could help build a body of knowledge that could allow it to improve both attraction and retention.

2. <u>Chapter 2: Literature Review</u>

2.1. Introduction

When organisations recruit new employees, they want to attract talented employees, as well as be able to retain those employees. Having a retention strategy in place helps them avoid losing critical skills or incurring the costs associated with having to replace key and critical employees.

According to Pregnolato et al. (2017), the direct costs that the organisation can expect to incur as a result of losing skilled staff members is associated with the recruitment and selection of new staff members. The indirect costs associated with losing skilled employees may include a loss in working hours, increased frustration among the remaining staff members, dissatisfaction among customers and clients, as well as a loss of knowledge when these employees leave (Pregnolato et al., 2017).

Total Rewards are the all-encompassing returns received by employees for helping the organisation achieve its business goals. Besides the monetary components, Total Rewards may also include other employment-related benefits and professional growth opportunities as defined by the relevant organisation (Lyons & Ben-Ora, 2002).

When it comes to rewards, employees do not want the same things from their employers. The type of organisation that employees choose to work for may also guide their understanding and preference for certain benefits over others. Some employees may not be concerned at all about the structure of their pay, or the system used by the organisation to determine their overall compensation. This may result from several reasons, including the stage of their career that they are in. According to Verbruggen and Baeten (2006), when it comes to satisfaction and preference for specific rewards, there is no ‘one size fits all’ as age, gender, and employee category all have impact.

With the Literature Review, the study intends to further define what Total Rewards are, as well as why employees may be more drawn towards this form of remuneration, considering what the company can offer based on its size and resources. The research study looks at rewards as an attraction and retention strategy due to the reward elements it provides over and above money as compensation. A Total Rewards strategy that has been appropriately designed will look at the organisation’s goals in relation to the employees’ needs such that both the organisation and the employees are able to benefit. Pregnolato et al. (2017) state that, the organisation has the responsibility to understand how various reward factors influence employees' decision to either leave or stay with the organisation. Employers are also having to consider Total Rewards as a reward strategy because salaries can be indistinguishable from one organisation to another (Vandenberghe, St-Onge, & Robineau, 2008).

2.2. SMMEs in South Africa

South Africa is characterised by a high level of poverty, inequality, and unemployment. The national unemployment rate in South Africa is currently recorded at 34.5% (Statistics South Africa, 2022). According to Mutyenyoka (2014), the employment challenge in South Africa reaches far beyond unemployment to include those that are employed but are paid exceptionally low wages, those with inadequate working hours, and those that work long hours for low wages. As a result, in South Africa, small businesses play an important role in the growth of the economy, as well as in alleviating the high unemployment rate. Most SMMEs in South Africa are businesses with a single owner or with 1 – 5 employees. This is because small businesses are often difficult to sustain due to a lack of resources. However, because of the high unemployment rate, specifically among the South African youth, more and more young people are finding ways to earn an income through self-employment.

Although the South African SMME sector plays a significant role in the creation of employment opportunities, it still falls short in comparison to other countries. According to Bhorat, Asmal, Lilenstein, and van der Zee (2018), the extent at which SMMEs in South Africa have been able to contribute towards creating employment and reducing inequality has been disappointing. This is in comparison to low-income countries where formal and informal SMMEs contribute over 70% to employment and at least 60% to Gross Domestic Product (GDP) (Bhorat et al., 2018). Furthermore, Bhorat et al. (2018) state that SMMEs in middle-income countries contribute to employment and GDP at 95% and 70% respectively. The South African SMME sector on the other hand employs 56% of the workforce and contributes between 45% and 50% to GDP (Bhorat et al., 2018).

According to Statistics South Africa (2020), in 2019, industries in the South African formal business sector generated R10,5 trillion in total turnover. Included in this amount is a total contribution of R2,3 trillion (22%) by small businesses while medium sized businesses contributed 10%. Large businesses contributed the highest amount at 68% of the total turnover.

Although the South African labour market is still highly reliant on larger businesses for the creation of job opportunities and growing the economy, small businesses have proven to be a necessary contributor to the employment and economic crisis faced by South Africa.

Small businesses are largely reliant on themselves with minimal resources distributed by the government to sustain many of them. This makes it increasingly hard for small business owners to employ more people. With the necessary resources and support, small businesses would have the potential to not only experience real growth but also attract more talented people that are either unemployed or those that work for larger organisations.

Bhorat et al. (2018) state that SMMEs have three times more female owners than large businesses, although men still own many of all businesses in all cases. Although men continue to own more businesses than women, the SMME sector provides a greater opportunity for women, who have been a marginalised group in business, to participate in the creation of opportunities and growing the economy. Bhorat et al. (2018) also state that the SMME sector is dominated by young people and Black Africans while many large firms are owned by white people. Furthermore, SMME owners have on average not completed secondary school (Bhorat et al., 2018). Therefore, most SMMEs in South Africa are found in the informal sector as opposed to the formalised employment sector.

2.3. Total Rewards

A Total Rewards strategy is a plan that is implemented by some organisations to provide their employees with more than the monetary element of their compensation. This strategy or plan allows the employer to include beneficial, developmental, and personal growth rewards which can often be structured according to the employees' needs. It is common for large organisations to have existing policies that show how they holistically compensate their employees. However, smaller organisations often do not have existing structures to accommodate the growing need by employees to be compensated in a way that reflects their professional and personal needs.

Examining rewards from a 'total' perspective allows one to look at rewards as a product of all its encompassing elements. As a result, understanding the different benefits as components of Total Rewards can help the organisation better design and manage employee programmes that can attract and retain talent (Kwon & Hein, 2013). Total Rewards Systems can be used to offer employees valuable work experiences. However, as a value proposition, Total Rewards will look different across different organisations. For example, both the employees and the organisation may benefit from a work-from-home strategy if the organisation provides services that can be offered by their employees from wherever they are. However, a production company would not be able to survive adhering to the same strategy for its production line employees.

Because employers are on the quest to remain both relevant and competitive in the market, Total Rewards can be an appropriate system to positively influence employee attraction, motivation, and retention (Schlechter, Thompson, & Bussin, 2015). According to Schlechter et al. (2015), the role of Total Rewards Systems is to expand the rewards offered by the organisation such that they include the rewards that employees value the most. Depending on the organisation's reward strategy, employees across various roles and levels within the organisation may be able to structure their reward package in accordance with their needs. Schlechter et al. (2015) state that rewards that are normally included as non-financial rewards are flexible working hours, career advancement, as well as training opportunities.

According to Khorrami, Aresteh, Navehebrahim, and Abdollahi (2019), organisations that have strategies in place that drive the compensation services that are offered by the organisation can optimise performance, reduce costs, and establish a competitive advantage in the market. This is especially important for SMMEs that may often struggle for talent in a market where bigger corporations are at an advantage when it comes to attracting talent. Small businesses could therefore benefit from Human Capital structures that look at how the business could strategically attract and retain talent from a Total Rewards perspective. Khorrami et al. (2019) state that Human Capital has an important role to play when it comes to advancing business goals. Because SMMEs can range from having 0 employees, where the owner is the sole contributor, to having up to 200 employees, as depicted in Table 1.1., it is not always feasible to have a Human Resources department, depending on the size of the organisation. However, there is always an opportunity to have a structure in place that is responsible for ensuring that employees experience a structured benefit system throughout their employee lifecycle.

Having the appropriate structures in place for an organisation to take care of its employees is beneficial not only for the employee but the employer as well. That is, employees are more likely to immerse themselves in their work according to their perceptions of the rewards associated with completing their work optimally. Gaatha and Sharma (2018) state that, appropriate employee rewards are necessary to enhance employees' engagement levels at work. Employees that are satisfied with the return they receive from their contribution to the organisation are more likely to want to take part in reaching their work-related targets and helping the organisation meet its goals. This is because employees are motivated both intrinsically and extrinsically through the satisfaction that they get from the work they do, as well as through the tangible benefits that can be offered by their employer.

Table 2.1. below outlines the different categories of benefits that employees seek from their employers in varying degrees.

Table 2. 1.

Types of Rewards

Compensation	Benefits	Learning and Development	Work Environment
• Basic salary • Commission and incentives • Company shares • Long-service awards • Bonuses	• Medical aid • Life insurance • Disability cover • Retirement and pension fund • Gym and fitness centres • Child-care resources	• Career pathway planning • Succession planning • Formal and on-the-job training • Coaching and mentoring • Workshops and conferences • Career breaks and sabbaticals	• Flexible working hours • Travel incentives • Job rotations • Workplace tools and resources • Performance recognition • Comfortable dress code policy • Workplace meals

Note. Modified from "Business strategy, people strategy and total rewards", by S. L. Kaplan, 2007, *Benefits and Compensation Digest*, *44*(9), p.16.

Employers have a duty to employees to understand what benefits their employees value most. According to Rai, Ghosh, and Dutta (2019), Total Rewards Systems can be an effective way to support employees and increase the organisation's competitiveness by retaining the desired talent within the organisation. The research study shows through the literature how Total

Rewards not only benefit employees but also the organisation. This is because when employees are listened to and valued by their organisation, they in turn are motivated to support the organisation in achieving its goals.

- **Compensation**

Compensation, as shown in Table 2.1., combines all the components of pay that are related mostly to the financial aspect of remuneration but may include other non-financial components. For an organisation to attract and retain talent, compensation must be competitive and market related (Kaplan, 2007). Organisations must continuously review their reward policies in line with market trends, as well as context-specific economic dynamics. According to Rai et al. (2019), as a high-performance work practice (HPWP), compensation reduces turnover in an organisation. A lower employee turnover allows the organisation to not only save on recruitment costs but also focus on the strategic aspects of its service offering.

- **Benefits**

According to Markova and Ford (2011), organisations can boost employee willingness to work by incorporating a diverse range of benefits into their reward system. This is because rewards given tend to increase intrinsic motivation and creativity (Markova & Ford, 2011). As shown in Table 2.1., benefits that may be incorporated into an employee's overall compensation may include medical aid benefits, retirement and pension fund benefits, life insurance, disability cover, as well as other human-specific benefits that are aimed at taking care of the individual within the organisation and outside of it. When the organisation includes these benefits into the employee's compensation, employees no longer have to pay for these benefits independently. These added benefits may reduce the risk of losing employees to new employers who could potentially offer them these benefits, should they be deemed desirable.

- **Learning and Development**

According to Al-Emadi and Marquardt (2007), training employees on-the-job and formally can help with increasing efficiency and effectiveness in the workplace. Employee training includes the organisation's planned activities to upskill its employees relative to their role. Training could also help modify the attitudes and behaviours of employees in alignment with the goals of the organisation and the job requirements. Learning and development within an organisation contributes to the empowerment and growth of employees both professionally and on an individual and personal level. Investing in Learning and Development helps grow the skills and capabilities in the organisation which in turn can drive performance. Employees can feel taken care of when their employer invests in their growth.

- **Work Environment**

The work environment is an important contributory factor when considering the level of satisfaction that employees get to experience because of their work setting. The benefits that accompany the physical and cultural setting of the workplace may include the necessary resources that the office space offers, flexible work schedules, and the social or team activities that are organised by the employer, among other things. A work environment that can be fun and offers flexibility, allows the organisation to differentiate itself from its competitors and may lead to greater employee commitment (Kaplan, 2007).

2.4. Strategic Human Resource Management

While it is almost always implied that an offer of employment will be accompanied by a monetary offer, employees often want more than just a salary. There will however be exceptions, for example, in cases where some internships are unpaid and offer mostly experience for new graduates. Human Resources Practitioners used to approach employee benefits from a single point of view that assumes that all employees desire the same outcome because of their contribution to the workplace. O'Neal (1998) suggests that Human Resources demands interdisciplinary solutions to new problems. Human Resources has several value chains including Learning and Development, Talent Management, and Total Rewards, among others. Therefore, for an organisation to adequately address employee benefits it needs to be able to structurally have the capability to do so within the organisation.

Furthermore, organisations today operate in an industry where they are influenced by various unavoidable factors such as globalisation, competition from other organisations, and continuous changes in the markets and to technology (Chen & Hsieh, 2006). Because of competitive global markets, Human Resources has a responsibility to adopt strategic roles that are responsive to the changing nature of the way employees relate to work. Strategic Human Resource Management focuses on the management of employees across the business that contribute towards creating and sustaining the organisation’s competitive edge (Chen & Hsieh, 2006).

Strategic HRM is the field of Human Resource Management that focuses on the overall HR strategies that the organisation adopts to measure the performance of the organisation

(Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009). This field of HR may consider the design and execution of reward strategies that focus on responding to the needs of employees for attraction and retention purposes.

Organisations are always changing in response to a range of factors including the changing nature of the market industry. As the business strategy and its operations undergo this generational shift, the organisation's reward strategy and its management of pay differences across roles and job levels must also change to attract new talent and retain top performers (Chen & Hsieh, 2006).

An appropriately designed reward strategy works in two ways – it must meet the needs of employees but also enable them to perform and contribute towards the organisation's successful execution of its business objectives. According to Chen and Hsieh (2006), the relevant department within the organisation that is responsible for designing and implementing the company's reward strategy must understand the current reward trends in order to adequately implement them to suit the needs of the employees of that organisation, as well as meet the intended goals of the organisation. A reward strategy that is poorly suited to the organisation may not meet the objective of attracting and retaining the desired talent and may have long lasting negative organisational effects.

2.5. Human Resources in SMMEs

According to Worku (2013), most small businesses in South Africa (60%) fail within their first year of operation. Although this is the case, businesses operating in this industry can increase their longevity in the market by adopting appropriate HR practices (Hung et al., 2016). This is especially important because SMMEs in South Africa continue to play a critical role towards the creation of jobs, as well as contributing towards the national GDP. As such, the SMME sector is an interesting area of research, especially because outside of their economic impact, not much is documented about the way in which they manage their human resources.

The ways in which small and large organisations manage their human resources on a daily basis and the ways in which they compensate their employees will differ significantly. Regardless of the size of the business, organisations have a responsibility to manage and meet their employees' needs as initially agreed. That is, the aspects of the business and the benefits offered to employees need to be maintained if not improved to retain employees but also attract new ones on the same basis. Small businesses therefore have a responsibility to stay abreast of Total Rewards strategies that attract and retain employees within their sector of employment.

According to Hung et al. (2016), the adoption of some kind of HRM strategy, together with the design of an appropriate compensation and benefits plan in Small and Medium-sized Enterprises (SMEs) improves their competitiveness by developing and encouraging employees to pursue the organisation's best interests.

2.6. Objectives of a Rewards System

In Human Resource Management, rewards are a key factor – this is the reason people work (Terera & Ngirande, 2014). Implementing a Total Rewards strategy allows the organisation to act proactively as opposed to reacting to the varied needs of employees on an ad hoc basis. To administer a successful reward strategy, all the components of pay need to complement each other and the Total Rewards strategy should be able to support the overall business goals (Lyons & Ben-Ora, 2002). Furthermore, for a Total Rewards strategy to be successfully delivered it needs to be communicated across the business as part of the organisation's retention strategy.

According to Pregnolato et al. (2017), a Total Rewards model that attracts and retains talent is possible given that it incorporates the following components: remuneration, benefits, work-life balance, performance and recognition, as well as development and career opportunities. Pay is a key component in any retention strategy; however, it is not the only important component that the organisation needs to consider. The organisation therefore needs to look at developing an inclusive reward strategy that can fulfil the needs of its employees by developing a process aimed at understanding its current employees and the kind of employees it is looking to attract. Pregnolato et al. (2017) state that some of the key rewards that talented employees look for from their organisation include financial rewards, recognition, and developmental opportunities.

2.7. Generations in the Workplace

The changing nature of work over the years has not only redefined the workplace but has changed the needs of employees and how they engage with their organisations regarding these needs. According to Nazir et al. (2012), Total Rewards can be viewed as an improved strategy to address new corporate conditions that have been brought about by the influence of globalisation. Furthermore, Nazir et al. (2012) state that organisations are now using rewards on a global basis as a business strategy to maintain consistency. Workplace employee variables such as ethnicity, gender, and economic context, among others are significant when examining the employee experience (Jones, Chauhan, & Torabian, 2019). As such, the research finds it necessary to look at the different generations that currently make up the workplace. Bussin and van Rooyen (2014) state that the different generations in the workplace may view and value employee rewards differently from one another.

According to Bussin and van Rooyen (2014), different generations in the workplace differ in personal values, work methods, and ethics. This suggests that the workplace must be able to adapt to different generations and how they each work. The generational mix in the workplace requires employers to adapt their retention and compensation programmes such that they account for the differences in work ethics, preferences and needs between the different generations (Bussin & van Rooyen, 2014). The five generations that the Literature Review looks at include Baby Boomers, Generation X, Generation Y or Millennials, Generation Z, and the Veterans who have in the past few years reached retirement and left the workforce.

2.7.1. Veterans

The oldest generation in the workplace used to be the Veterans. According to (Salahuddin, 2010), Veterans were born between 1922 and 1943. Veterans experienced the Great Depression, World War II, and the rise of labour unions. They survived the Great Depression, turned the economy around and won a World War. Brought about possibly by the Great Depression, Veterans were inclined to value dedication and sacrifice and were loyal to their employers. They valued delayed reward, duty before pleasure, honour, patience, and hard work.

Although this generation no longer makes up part of the current workforce, its values and ways of work have influenced the way a lot of individuals continue to work and experience the workplace.

2.7.2. Baby Boomers

Baby boomers grew up at a time before the internet disrupted the way people engage with each other and the way information was obtained and shared. According to Jones et al. (2019), Baby Boomers are more concerned about job security, getting promoted and value formal education. Furthermore, the Baby Boomers tend to accept the workplace for what it is including its traditional approach to benefit and reward plans (Reynolds, 2005).

2.7.3. Generation X

Generation Xers were born between 1960 and 1980. This generation has a work ethic that is characterised by adaptability, independence, lack of intimidation by authority and creativity

(Salahuddin, 2010). Because of their independence at work, Generation Xers can often be impatient and have poor people skills which can lead to poor leadership skills. This generation is self-sufficient and independent which helps drive efficiency and productivity in the workplace.

2.7.4. Generation Y/Millennials

Generation Y or Millennials make up the largest generation in the current workforce and grew up during a time where the internet revolutionised society. This generation also thrives on new innovations and a start-up mentality. Unlike the Baby Boomers who are more traditional and thus tend to prefer the traditional approach to navigating the workplace, Generation Y tends to prefer career development and a work-life balance. As a result, Generation Y is more likely to want to pursue entrepreneurship to manage their time in alignment with their priorities.

2.7.5. Generation Z

Generation Z is the youngest generation in the workplace. This generation is new to the workplace and has had little experience in leadership positions (Salahuddin, 2010).

In their study, Bussin and van Rooyen (2014) showed that in comparison to Baby Boomers, Generation Y prefers bonuses while both Generation Y and X preferred more health-related benefits such as fitness and wellness. Generation X also had a high inclination towards flexible working hours and having a positive work environment. Baby Boomers preferred long service awards which is consistent with how they tend to value loyalty towards their employer as shown above. With regards to development and career progression opportunities, Generation Y showed to be focused on growing themselves and their careers. This may result from this generation's value for entrepreneurship and flexibility.

Understanding different generations in the workplace does not only help with understanding the changing nature of the workplace but can also help organisations make the right adjustments to accommodate every employee. Because Total Rewards Systems often allow employees to structure their benefits to suit their personal needs, the different generations in the workplace would still be able to receive from their employers their desired benefits regardless of the dominant group or generation in the organisation.

Lawler (2011) suggests that even though there are real differences between the generations there are also significant differences between employees falling within the same generation. That is, people, regardless of age will not want the same things from their employer. However, depending on the size of the organisation, employers may not always be able to understand what each employee needs or prefers. Total Rewards helps with allowing the employee to structure their benefits such that they meet their preferences.

2.8. Attraction and Retention

According to Terera and Ngirande (2014), attracting employees that are a compatible fit with the organisation can be difficult. As a result, more and more organisations may have to consider changing the way they view and pay their employees. Therefore, the role of a suitably designed reward strategy should be to attract the employees whom the organisation views as effective contributors to its objectives. Employees who feel that the rewards offered by their organisation are inadequate in relation to the work they do may tend to feel dissatisfied with their jobs (Locke & Latham, 1990). This may put the organisation at risk of losing critical employees.

Table 2.2. provides some of the key drivers of attraction, retention, and engagement within various organisations.

Table 2. 2.

Attraction, Retention, and Engagement Drivers

Attraction Drivers	Retention Drivers	Engagement Drivers
• Competitive salary • Competitive health care benefits • Financial stability of the company • Flexible working hours • Retirement and pension fund benefits • Time-off and leave • The organisation's reputation • Career advancement opportunities • Challenging work • Company culture	• Leaders who make the right decisions for the future of the organisation • Necessary workplace tools and resources • Competitive health care benefits • Reliable co-workers • Career development and career planning • Open and honest relationship with line managers • Positive workplace culture • Manageable workplace pressures	• Career development and career planning • Involvement in decision making • Necessary workplace tools and resources • Effective two-way relationship with co-workers • Open and honest relationship with line managers • Clear line of authority • Understanding of how the benefits are structured

Note. Modified from "Employee benefits in a total rewards framework", by J. Kwon and P. Hein, 2013, *Benefits Quarterly, 29*(1), p. 34.

By having an attraction and retention strategy, the organisation is also able to develop, redefine, and reinforce the organisation's position in relation to the way it allocates rewards. For an organisation to compete for the best talent in today's market, it needs to be deliberate in its offering such that it can motivate and reinforce the desired employee behaviours (Chen & Hsieh, 2006). According to Rumpel and Medcof (2006), organisations that can implement reward programmes that address their employees' needs will be able to differentiate themselves, as well as enhance their ability to attract, retain, and motivate employees.

2.9. Employee Performance

Chen and Hsieh (2006) state that Total Rewards programmes can be structured to provide a direct incentive based on employees' performance. For example, depending on how the reward programme is structured, employees may qualify for certain benefits such as bonus packages when they meet certain performance standards.

Performance refers to the employee's productivity and accomplishment in their role (Chen & Hsieh, 2006). According to Kuvaas (2006), there is an existing positive relationship between rewards and performance identified in the theories of motivation. Rewarding employees based on how they perform helps with holding them accountable for the objectives they have committed to (Chen & Hsieh, 2006). Expectancy Theory explains motivation in relation to performance in three ways. Robbins, Judge, Odendaal, and Roodt (2009) state that the theory proposes the following three ideas:

1. **"Effort-performance relationship"** alludes to an individual's perception that a certain level of effort will yield performance.
2. **"Performance-reward relationship"** suggests that individuals will be influenced by the level at which they believe their performance will yield the anticipated results.
3. **"Rewards-personal goals relationship"** refers to the extent at which the rewards offered by the organisation fulfil the individual's needs and the level at which those rewards are deemed attractive by the employee.

Ultimately, Expectancy Theory suggests that people will take part in behaviours that are likely to lead to valued outcomes when they believe that they can successfully execute such behaviours (Kuvaas, 2006). That is, if monetary rewards or developmental rewards are seen as valuable and it is believed that increased performance may lead to the attainment of such rewards, people may perform better due to increased motivation and effort to achieve the valued rewards. The research study provides a more in-depth explanation in Section 2.13.4.

2.10. Controlled Expenses

Besides employee retention and increased employee performance, the long-term benefits of implementing a Total Rewards strategy include better controlled and centralised expenses by the organisation. With a reward programme, the organisation can offer employees rewards based on the job role and level in a more standardised and structured way and with a better view of overall costs over the years.

2.11. Designing and Communicating the Total Rewards Strategy

A Total Rewards strategy does not serve its purpose unless it responds to the needs of the relevant employees and they in turn engage with the organisation in a way that drives its goals and objectives. According to Kwon and Hein (2013), the organisation's communication of its reward strategy is key to driving attraction, retention, and engagement. Lyons and Ben-Ora (2002) have suggested that when designing such a strategy, it should include the following: base salary, variable pay, perquisites, benefits, and performance management. Kwon and Hein (2013) provide five strategies that may help with effectively designing, implementing, and communicating the reward strategy across the business. These strategies include: (1) the organisation defining to its employees how its reward strategy offers a different employee experience in terms of benefits, (2) the organisation learning what motivates its employees in order to develop a comprehensive and targeted strategy, (3) developing a Total Rewards strategy that explicitly states what is expected of employees, as well as what they are to receive in return, (4) providing employees with greater access to information relating to the organisation's Total Rewards strategy, and lastly, (5) using a variety of platforms to communicate the strategy in order to better reach employees.

2.12. Conclusion

Reward systems in an organisation should be considered in light of the long-term benefits that they offer. Properly designed and executed reward strategies can help with attracting skilled employees, retaining talented employees and save the organisation on costs that could be incurred from having to replace critical employees. The Literature Review was interested in showing the mutual benefit that both the organisation and the employee may experience has a result of an appropriate reward strategy in place. A Total Rewards System may lie within the organisation’s strategic HRM function. Because strategic HRM is concerned with the overall performance of the organisation, it will be able to monitor whether the reward system in place is in fact able to deliver on its proposed benefits.

2.13. Theoretical Overview

The theoretical overview is used to demonstrate the research's understanding of theories and concepts that are applicable to the topic and research questions posed by the research study. According to Grant and Osanloo (2014), the theoretical framework is the foundation in a research study that supports the rationale for the study, the problem statement, the significance of the study and the research questions. The theoretical framework helps ground the research in theories and concepts that can help substantiate the study's assertions. It is therefore important for a research study to have a theoretical framework as a basis for its structure and vision.

Jiang et al. (2009) propose a number of theories that can be applied to better understand, as well as implement Total Rewards strategies. These include Maslow's Hierarchy of Needs, Alderfer's Theory of Existence, Relatedness, and Growth (ERG), Herzberg's Two-Factor Theory, Expectancy Theory and Adam's Equity Theory. The following section discusses these theories, as well as considers in detail the theory that is used to guide the current research's area of focus.

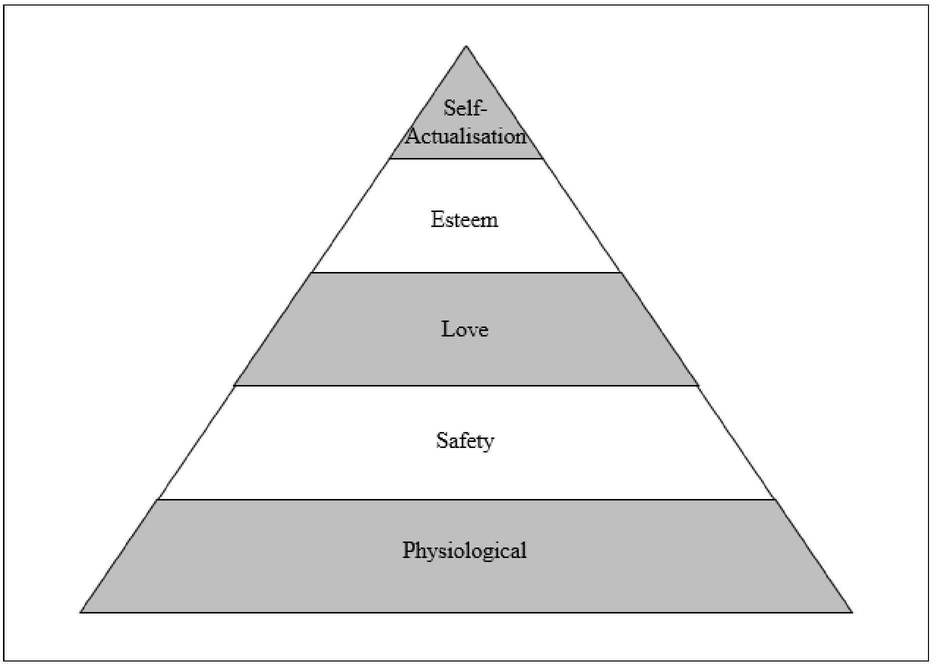
2.13.1. Maslow's Hierarchy of Needs

Abraham Maslow's Hierarchy of Needs has been used to better understand human behaviour across various disciplines. According to Benson and Dundis (2003) Maslow's model can be used to better understand motivation, the needs of individuals, as well as what is important to individuals.

Figure 2.1. provides a representation of Maslow's Hierarchy of Needs.

Figure 2. 1.

Maslow's Hierarchy of Needs



Note. Reprinted from "Total reward strategy: A human resources management strategy going with the trend of the times", by Z. Jiang, Q. Xiao, H. Qi, and L. Xiao, 2009, *International Journal of Business and Management, 4*(11), p. 183.

Maslow's Hierarchy of Needs is a five-stage model that consists of basic needs (physiological, safety, love, and esteem) and growth needs (self-actualisation) (Jiang et al., 2009). The needs that are found lower down in the hierarchy represent those needs that ought to be taken care of first before individuals can attend to the needs higher up in the pyramid. Maslow's Hierarchy of Needs is a useful tool for understanding individual human behaviour and can be used in the context of the workplace to understand and influence employee motivation. According to Benson and Dundis (2003), in the workplace, Maslow's Hierarchy of Needs presents the same five stages shown in Figure 2.1. However, in the workplace, the first and most important need that must be fulfilled is that of wages (Benson & Dundis, 2003). That is, if individuals are paid fairly, they will not spend their time overthinking their salary whereas those that believe that they are underpaid may spend much of their time thinking about this perceived inequity and ultimately refocusing their attention from their work-related duties. When individuals are paid adequately, they are able to fulfil their basic survival needs for shelter, food, and clothing. Individuals also seek both physical and mental safety in their places of employment. A secure working environment relieves employees of anxiety by providing benefits, training, and opportunities for career advancement such that employees feel that they can grow professionally and are taken care of by their employers. The third level of Maslow’s model applied to the workplace suggests that belongingness in the workplace is important for people to feel socially comfortable around their colleagues and the people forming part of the organisation. Esteem in the workplace relates to the employees’ performance and their experience with being appreciated through rewards and appraisal by their employer. In the workplace, the employees’ need for security, social belongingness, self-esteem, and self-actualisation can often be fulfilled by training. According to Benson and Dundis (2003), training allows individuals to learn new things, as well as develop their potential and confidence in their capabilities. This in turn provides opportunities for them to be recognised and rewarded in the workplace for their positive contribution.

By considering Maslow’s theory, organisations can design a reward strategy that is able to meet the expectations of employees based on the needs that encourage them the most in the workplace.

2.13.2. Alderfer’s Theory of Existence, Relatedness, and Growth

The second theory that the research study considered to inform the foundation of its conceptualisation of ideas and concepts was Alderfer’s Theory of Existence, Relatedness, and Growth. ERG is similar to Maslow’s Hierarchy of Needs theory as it looks at the factors that contribute to individual human behaviour (Caulton, 2012). According to Caulton (2012), ERG is a motivational construct that is based on the intrinsic factors that cause a person to take specific actions.

ERG theory considers three categories of human needs: existence, relatedness, and growth (Schneider & Clayton, 1973). Existence is used to refer to all the physiological and material needs that individuals require to survive. The physiological needs are food and water while the material needs are work-related, such as pay and benefits. Existence needs are dependent on the material needs being fulfilled first for the physiological needs to be taken care of (Schneider & Clayton, 1973). Relatedness refers to the need that people have for relationship with others and for these relationships to be characterised by a mutuality between the parties involved. Growth needs are characterised by the need that individuals have, to be creative and productive in their given environment. This need is satisfied when the individual can address challenges satisfactorily and develop new capabilities.

In comparison to Maslow's theory, existence can be understood to be equivalent to the physiological and safety needs with safety being correlated to the material needs. Relatedness can be understood to equal the needs for safety, belonging, and esteem while growth can be understood to equal the needs for esteem and self-actualisation.

ERG can be used to reveal the motivations that drive employees in the workplace. For example, employees who are motivated by the need to satisfy their existential needs may desire satisfactory monetary compensation more, employees motivated by their desire to satisfy their need for relatedness may desire to build relationships with their co-workers and peers, while employees motivated by the need to fulfil their growth needs may desire a challenging work environment where they can be creative and are able to advance professionally (Schneider & Clayton, 1973).

Caulton (2012) suggests that depending on the organisation's goals and strategies, components of ERG can be used in the workplace to explain, as well as predict various workplace issues, including those related to the distribution of Total Rewards. When the organisation understands its employees' motivations across various roles and personal circumstances, it may be able to develop reward policies that cater to each of the needs described above.

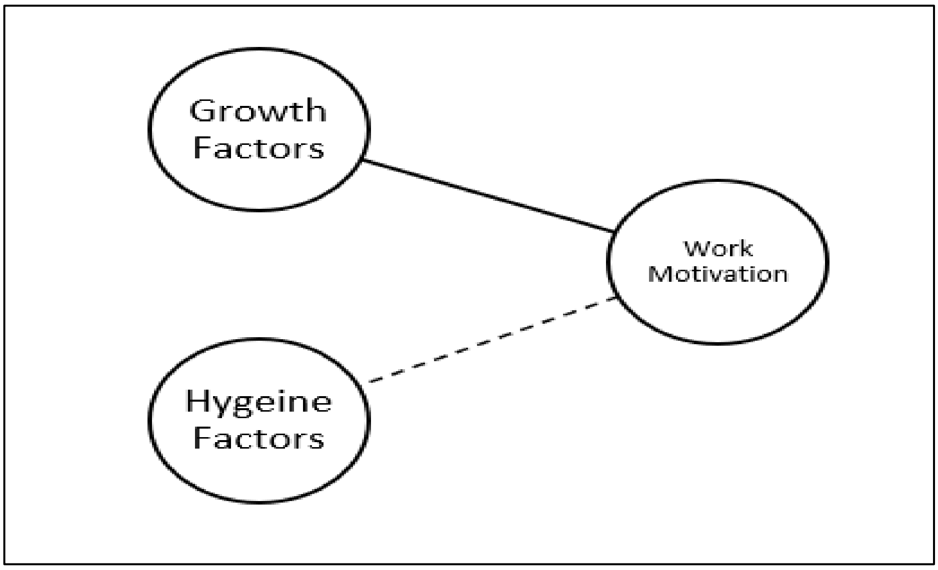
2.13.3. Herzberg's Two-Factor Theory

The third theory that the research study considered is Herzberg's Motivation-Hygiene Theory which is also called the Two-Factor Theory. The Two-Factor Theory is a motivation theory and attempts to explain why people behave the way that they do (Dartey-Baah & Amoako, 2011). Herzberg's theory is based on the idea that there are characteristics of a job that are consistently related to job satisfaction while specific characteristics are associated with job dissatisfaction.

Figure 2.2. provides a representation of Herzberg's Two-Factor Theory.

Figure 2. 2.

Herzberg's Two-Factor Theory



Note. Reprinted from "Herzberg's Two-Factor Theory of work motivation tested empirically on seasonal workers in hospitality and tourism", by C. Lundberg, A. Gudmundson, T. D. Andersson, 2009, *Tourism Management*, *30*(6), p. 893.

Within the context of work, the Two-Factor Theory sees people as having two different sets of needs – hygiene factors and motivators (Lundberg, Gudmundson, & Andersson, 2009). Motivator factors include the nature of the work or tasks, and can produce job satisfaction (Schultz & Schultz, 2014). Motivator factors are intrinsic to the job and relate to individuals' need for growth and recognition (Dartey-Baah & Amoako, 2011). Hygiene factors on the other hand refer to the conditions of the work environment which may include salary and benefits and they can produce job dissatisfaction if the employee does not find them reasonable in the context of their work environment (Schultz & Schultz, 2014). Hygiene factors are maintenance factors and include all the physiological, safety, and love needs presented in Maslow's Hierarchy of Needs (Dartey-Baah & Amoako, 2011).

According to Darty-Baah and Amoako (2011), the outcome of combining the hygiene and motivator factors can result in the following outcomes:

- **"High hygiene and high motivation"** – this is the most ideal situation where employees are both motivated and have little to no complaints about the work environment.

- **“High hygiene and low motivation”** – in this scenario employees have few complaints but are not motivated. That is, employees may be satisfied with the pay and benefits that the job has to offer but are not motivated by the content of their work.
- **“Low hygiene and high motivation”** – in this scenario employees are motivated but have a lot of complaints. That is, the job may be challenging and enjoyable, but the salary and benefits are perceived to be inadequate.
- **“Low hygiene and low motivation”** – this is the least ideal scenario where employees are both unmotivated and have lots of complaints.

According to Dartey-Baah and Amoako (2011), the motivational-hygiene theory suggests that employees are motivated when they are faced with challenging work that allows them to grow and advance in their careers. The salary and benefits that the job has to offer also contributes to the level of satisfaction that employees enjoy as a result of their work and these elements form part of the hygiene factors.

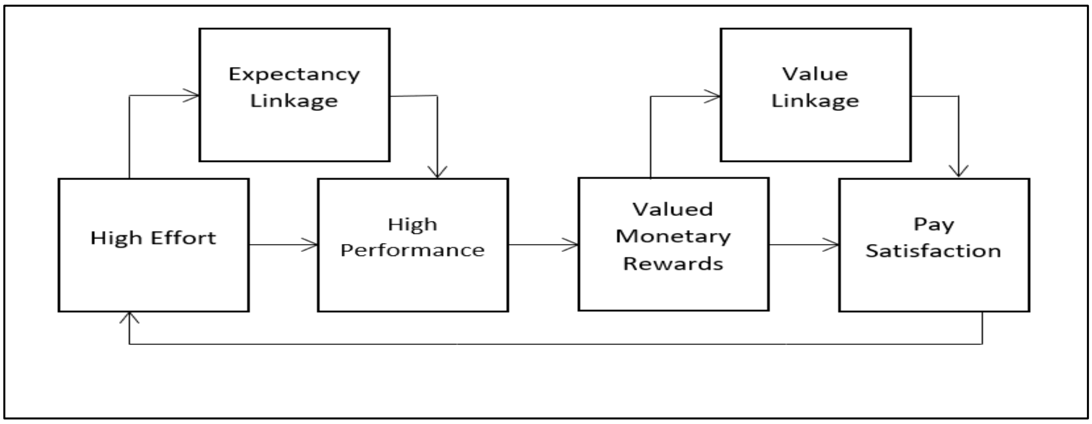
2.13.4. Expectancy Theory

The research study also considered Expectancy Theory, developed by V.H. Vroom, to better understand and explain outcomes of the research. Expectancy Theory suggests that individuals acting through self-interest adopt actions and behaviours that they perceive to increase their likelihood of achieving desirable outcomes for themselves (Isaac, Zerbe, & Pitt, 2001). Expectancy Theory mainly relies on external rewards as motivators to explain why people behave the way they do.

Figure 2.3. provides a representation of the relationship between Pay-for-Performance and Expectancy Theory.

Figure 2. 3.

Pay-for-Performance and Expectancy Theory



Note. Reprinted from "Total reward strategy: A human resources management strategy going with the trend of the times", by Z. Jiang, Q. Xiao, H. Qi, and L. Xiao, 2009, *International Journal of Business and Management, 4*(11), p. 183.

Much like the Two-Factor Theory, Expectancy Theory stresses the need to identify the unique needs that motivate behaviour. Expectancy Theory looks at the various ways in which employees decide on the behaviours they choose to perform with intensity. According to Jiang et al. (2009), Expectancy Theory proposes that one's motivation in the workplace is associated with how attractive the rewards that are sought are and the probability of obtaining those rewards. Expectancy Theory can help indicate employees' motivation to perform in the workplace because of the associated rewards involved.

Expectancy theory can be used to indicate the rewards that are highly valued by employees and in turn yield specific behaviours in the workplace. According to Isaac et al. (2001), L.W. Porter and E.E. Lawler expanded on Vroom's original concepts of Expectancy Theory to develop a model that is often referred to as VIE (valence, instrumentality, and expectancy). This model suggests that an individual will feel motivated in the presence of the following three conditions explained below:

- **Expectancy** – people will exert effort when they believe that certain levels of performance are possible.
- **Instrumentality** – people will perform in relation to the rewards that they believe will be achieved as a result of the identified level of performance that yields such rewards.

- **Valence** – the extent to which people value the rewards they receive differs from one person to the next.

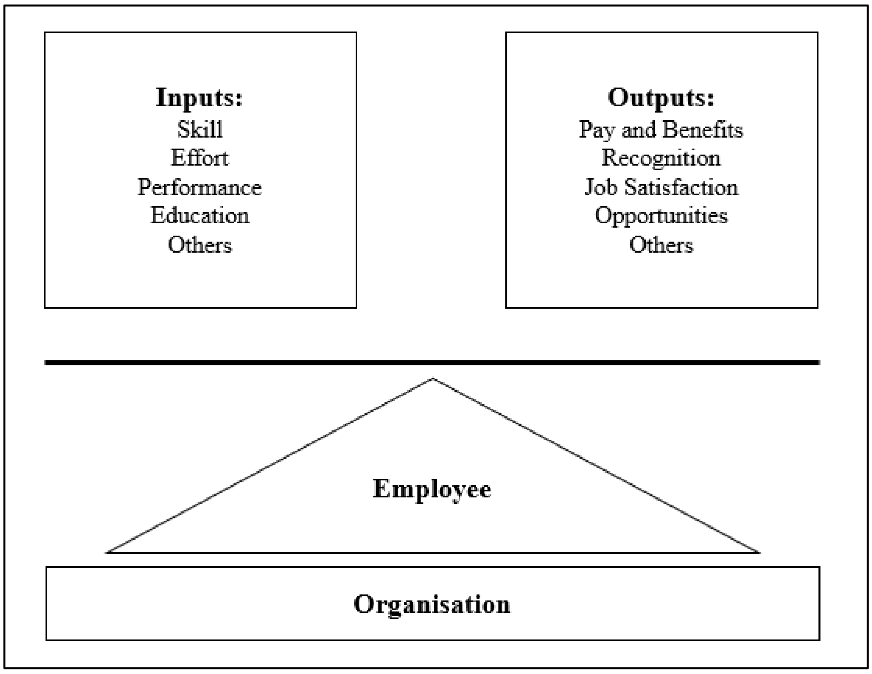
2.13.5. Adam's Equity Theory

Lastly, the research considered Adam's Equity Theory. Adam's Equity Theory looks at fairness in the work environment and suggests that employees are most likely to compare their contributions in the organisation with the outputs they receive in return from the organisation (Jiang et al., 2009). Equity Theory stresses balance and that once employees feel that they are receiving less than they are giving to the organisation they may tend to be unsatisfied and demotivated. According to Jiang et al. (2009), this theory may allow a Total Rewards strategy to realise procedural justice for employees, for example during performance management practices.

Figure 2.4. provides a representation of Equity Theory which assumes a balance of employee inputs and outputs as compared to others.

Figure 2. 4.

Equity Theory



Note. Reprinted from "Total reward strategy: A human resources management strategy going with the trend of the times", by Z. Jiang, Q. Xiao, H. Qi, and L. Xiao, 2009, *International Journal of Business and Management, 4*(11), p. 183.

Equity Theory suggests that motivation is not only a function of individual rewards but also how individuals view their inputs in relation to the outputs of their contribution in the workplace (Skiba & Rosenberg, 2011). The theory suggests that for people to feel motivated in the workplace, they need to believe that the rewards they receive for their contributions are fair and similar to those received by their peers. This theory can be used to understand the rewards that employees value relative to their efforts in the workplace, as well as in relation to those received by their peers.

2.14. Theory Underpinning the Study

The research study relies on Maslow's Hierarchy of Needs Theory to understand and explain how strategic remuneration systems could be designed to attract and retain employees in the organisation based on the needs they prioritise most. Sadri and Bowen (2011) confirm that Maslow's Hierarchy of Needs can be used by organisations as a framework to identify the benefits that employees value most.

According to Sadri and Bowen (2011), employees now have more power to demand more than just a reasonable wage or salary from employers because of organisations' desire to attract the most talented individuals. Employees need a range of motivators to remain engaged in their work which may include both intrinsic and extrinsic incentives. Therefore, employers may benefit from looking at offering employees both outward financial benefits, as well as non-monetary intrinsic incentives.

By applying the understanding behind Maslow's Hierarchy of Needs, organisations can design and execute Total Rewards strategies that offer employees the benefits they want in relation to how important they deem them to be. It would then prove important for the organisation to understand what rewards employees desire or perceive as important to in turn identify the rewards that drive motivation and retain employees.

2.15. Summary of Chapter

The purpose of this chapter is to provide an overview of the literature that is consulted to substantiate the assertions made by the research study. The chapter also reviews various theories as possible theories to base this study on. The chapter determined that the study would rely on Maslow's Hierarchy of Needs to support the formulation and basis of its claims and suggestions. Attracting and retaining talent is important for any organisation. The cost involved in having to rehire critical skills can be avoided when the organisation understands the benefits that its employees would prefer in relation to their contribution to the organisation.

3. <u>Chapter 3: Research Methodology</u>

3.1. Introduction

According to Babbie and Mouton (2016), research methodology refers to the research process that the researcher employs in terms of the tools and procedures that he or she will follow to collect and analyse data. That is, research methodology focuses on the ways in which the researcher intends to obtain, organise, and analyse the data. The methodological decisions taken are dependent on the research questions that have been posed.

The current study uses a quantitative approach to conducting research. The quantitative research approach is compatible with the research questions and objectives of the research study. Quantitative research presents data collected numerically to explain the phenomena that the data reflects (Sukamolson, 2007).

Quantitative research is interested in quantifying outcomes objectively. According to Sukamolson (2007), this approach to research is suitable when looking to view data objectively and establish research outcomes numerically because quantitative research focuses on quantifying social reality. Using the quantitative research approach allows the collected data to be presented in patterns which could objectively depict participants' understanding and preferences for specific rewards.

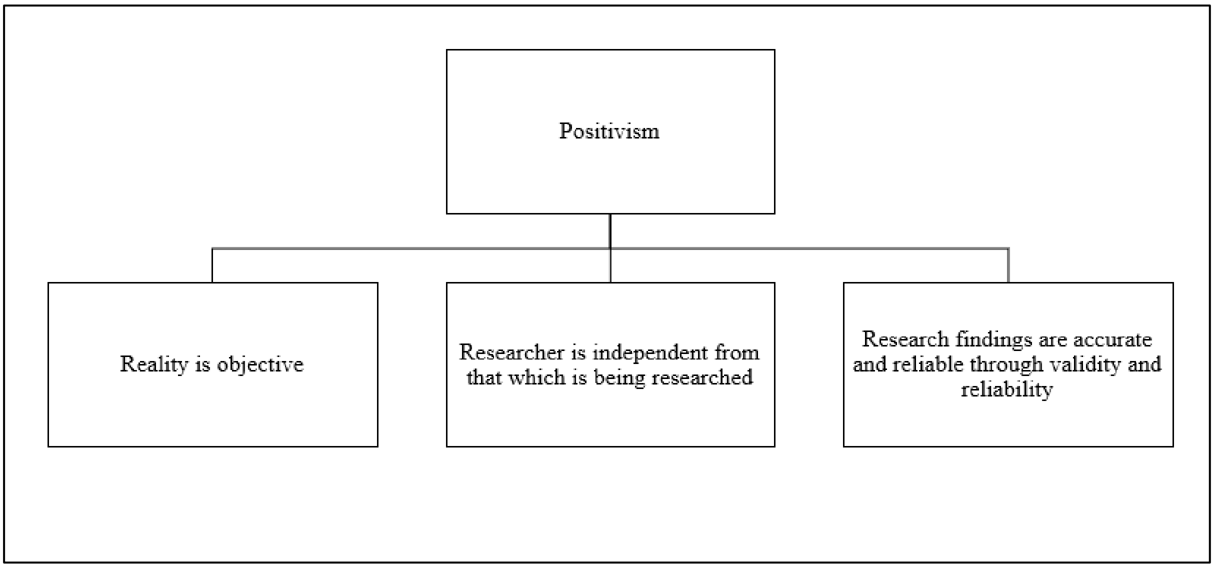
3.2. Research Paradigm

According to (Atieno, 2009), "paradigm" can be understood to mean either approach or design. The underlying logic behind quantitative research is often rooted in quantifying relationships between or among variables – the independent or predictor variable and the dependent or outcome variable (Sousa, Driessnack, & Mendes, 2007). Quantitative research often reflects the positivist school of thought.

Figure 3.1. provides a representation of the logic behind the positivist research paradigm.

Figure 3. 1.

Research Paradigm



According to Crossan (2003), positivism adopts a clear quantitative approach to investigating phenomena. Positivism often uses existing theory to develop hypotheses that can be tested through research and relies on quantifiable observations that can be represented statistically.

The different research paradigms are characterised by a set of beliefs that are categorised into ontology, epistemology, and methodology. According to Rawnsley (1998), ontology alludes to the nature of the research and what is considered to be reality, epistemology is concerned with what is considered to be acceptable and legitimate knowledge within a specific discipline and methodology refers to the procedures for yielding information that is reliable and valid.

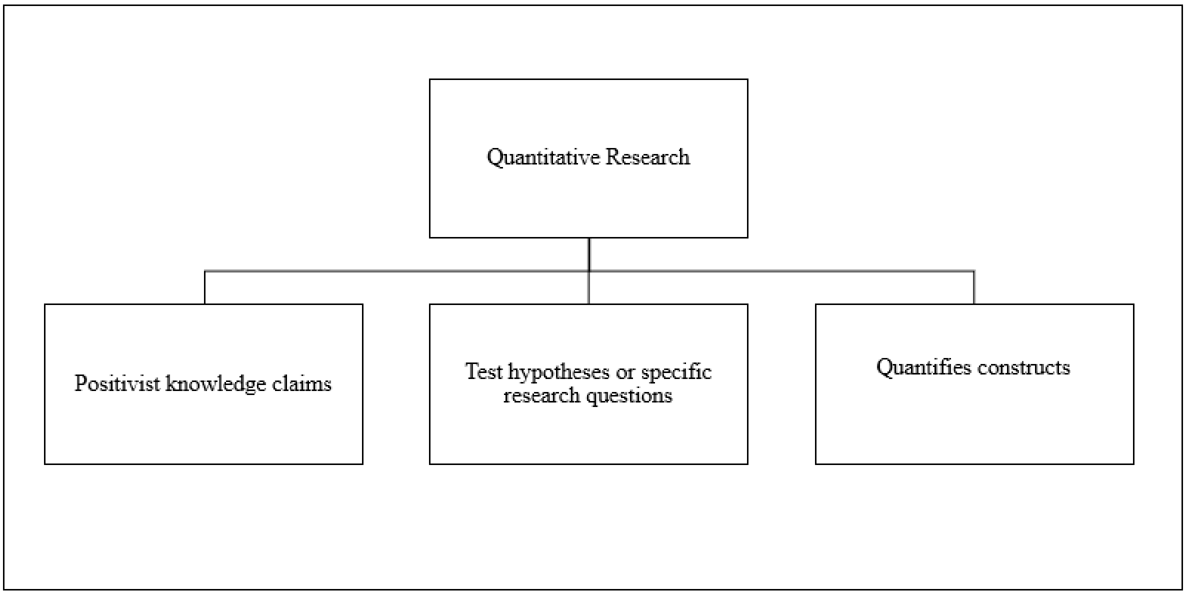
3.3. Research Design

A research design is a research plan that is created to answer the research question (Dulock, 1993). The research study follows a quantitative approach to conduct the research. According to Newman and Benz (1998), quantitative methods have been the most dominantly used methods of conducting research. Quantitative designs allow for the control of variables, randomisation and more accurate testing of validity and reliability. The quantitative research paradigm is used in the research study to refer to an approach of research that places an emphasis on the quantification of constructs (Babbie & Mouton, 2016). The quantitative research paradigm is empirical in nature and emphasises the importance of generalisability and reliability (Delice, 2002).

Figure 3.2. indicates some of the effects of using Quantitative Research methods to conduct research.

Figure 3. 2.

Research Design



The research study makes use of quantitative methods to collect and analyse the primary data collected. Furthermore, the research adopted a non-experimental and descriptive research design. The research also collected data ex post facto and followed a cross-sectional design.

Non-experimental designs are used to describe, differentiate, and examine associations (Sousa, Driessnack, & Mendes, 2007). When conducting non-experimental research, there is no random assignment, control groups or manipulation of variables, instead the research focuses only on observing phenomena as they would naturally occur. On the other hand, cross-sectional data is collected at a single point in time (Bryman & Bell, 2011). According to Dulock (1993), descriptive research designs help with describing specific phenomena or events that have limited existing and documented knowledge. The findings of such research can also be used for further research.

3.4. Hypotheses

H_0: There is no significant positive relationship between SMME employees' preferences for specific rewards and the attractiveness of Total Rewards Systems and their job retention.

H_a: There is a significant positive relationship between SMME employees' preferences for specific rewards and the attractiveness of Total Rewards Systems and their job retention.

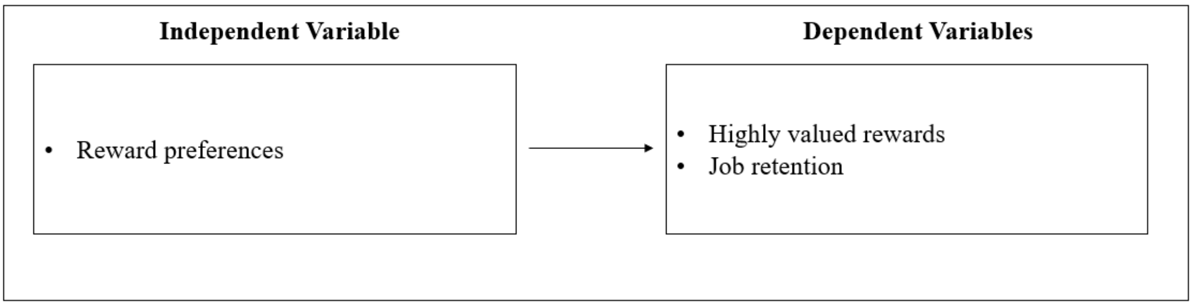
3.5. Conceptual Framework

The research Framework helps the researcher articulate the structure of the research, as well as what the research study intends to test. According to Williams (2007), the research framework provides researchers with an indication of the types of inferences that are probable based on the collected data.

Figure 3.3. illustrates the relationship between the research study's variables.

Figure 3. 3.

Conceptual Framework



3.6. Study Site

The research study is interested in the individual preferences of employees who are employed within the SMME sector. The research survey was primarily shared on the professional networking site – LinkedIn, to reach people who are employed in the SMME sector. The researcher encouraged potential participants who meet the research criteria to consider participating.

3.7. Target Population

The study drew its sample from and surveyed employees who are employed within the SMME sector.

According to Bryman and Bell (2011), all the units from which the sample is selected make up the research population. The research study's intention is to describe employees' understanding of rewards and their preference for specific rewards as a result of their employment within the SMME sector.

Different reward solutions will appeal to different employees according to how they understand pay structures, as well as their preference thereof. According to Gungor (2011), organisations that attract their desired candidates often drive reward solutions that employees find attractive. The Literature Review shows how belonging to a specific sector can inform individuals' reward preferences based on the personal and career specific benefits associated with the sector and how these benefits are viewed by the individuals.

3.8. Sampling

Sampling involves selecting a subset of the population for the purposes of conducting research. A sample is the portion of the population that is selected for investigation (Bryman & Bell, 2011). The following section will outline the different aspects of sampling that are used to guide this research study's collection of data.

The research study intends to sample 300 professionals across the SMME sector who meet the study's criteria for participation. The research study is interested in looking at SMME employees' understanding of and preference for specific rewards over others. The research study is interested in the participants' varying preference for specific rewards based on their experience within the SMME sector.

Non-probability sampling, as well as convenience sampling are used by this research study to select the sample from the target population identified. Convenience sampling is then used to survey willing participants, with surveys primarily shared on professional networking site – LinkedIn, to reach possible research participants.

3.8.1. Sampling Size Estimation

In any research, the estimated sample size will depend on the research questions, the population being explored, as well as the type of analyses being used by the research study. It makes sense for the sample to be selected in a way that maximises the chance to obtain an exhaustive account of the phenomena being studied. According to Siddiqui (2013), for non-comparative analysis, at least 300 respondents are required. With this in consideration, the research study intends to sample at least 300 participants.

3.8.2. Sampling Technique

The research study makes use of non-probability sampling methods, in this case – convenience sampling. Non-probability sampling is also called non-random sampling. According to Sarantakos (1998), non-probability sampling procedures do not claim representativeness. This is because the sampling technique does not provide all members of the population with an equal chance to participate. On the other hand, a convenience sample is one that is available to the researcher and can be accessed easily (Bryman & Bell, 2011). That is, convenience sampling uses the first available primary data source for the research and all available subjects are invited to participate. Convenience sampling is applicable when looking to gain initial perspectives and perceptions on particular phenomena.

3.8.3. Sampling Strategy

The research study makes use of professional networking site – LinkedIn, to distribute the survey to possible research participants. The research study stipulated the research criteria in the Participant Information Sheet to ensure that only participants who meet this criterion take part in the study.

Conducting research and reaching out to industry professionals across organisations is not an easy task. According to Unkelos-Shpigel, Sherman, and Hadar (2015), using LinkedIn allows the study to receive responses and feedback from a large number of professionals with varying professional backgrounds within the SMME sector. Unkelos-Shpigel et al. (2015) further state that, LinkedIn, which is commonly used by professionals to network with industry peers can be found to be an effective research tool.

3.9. Data Collection Methods

To address the study's research questions and hypotheses, the research study makes use of online survey questionnaires to collect the empirical evidence.

The questionnaire consists of two sections. Section A is used as a tool to collect demographic and career-related information from the participants. This information is used for descriptive purposes in line with the criteria required for participating in the study. The demographic information that is asked includes questions pertaining to gender and age. The career-related information that is asked includes questions pertaining to the participants' educational background, whether they are employed within the SMME sector, their years of experience, as well as whether they are employed on a full-time or part-time basis within the SMME sector.

Details that would compromise the respondents' confidentiality and anonymity are not included. Anonymity involves concealing the identity of the respondent, while confidentiality involves the researcher's responsibility to protect the privacy of respondents by preventing the disclosure of respondents' sensitive information (Whelan, 2007).

Section B of the questionnaire is divided into two parts and is used to determine the respondents' understanding of rewards and their preferences thereof. Part 1 of Section B of the questionnaire is modified and adapted from Poon and Idris (1985) to include variables that the study is interested in investigating and asks respondents to indicate the extent to which a specific reward is valued on a scale of 1 to 5. Part 2 of Section B of the questionnaire is adapted from Schlechter, Hung, and Bussin (2014) and asks the respondents to rate how important the provided factors are in relation to them staying with their employer, on a scale of 1 to 5. The factors provided in Part 2 of the questionnaire include statements relating to compensation, learning and development, career advancement, and work-life balance. The scale's internal consistency shows a reliability of Cronbach's Alpha (α) = 0.74 for the compensation items, Cronbach's Alpha (α) = 0.62 for the learning and career advancement items, Cronbach's Alpha (α) = 0.61 for the work-life balance (Practices) items and a Cronbach's Alpha (α) = 0.61 for the work-life balance (Organisational Climate) items (Schlechter et al., 2014). According to Gliem and Gliem (2003), Cronbach's Alpha is a measure of internal consistency and ranges between the values 0 and 1. The closer Cronbach's Alpha is to 1, the greater the internal consistency between the items in the scale. According to Morgan, Cleave-Hogg, DeSousa and Tarshis (2004), a Cronbach's Alpha between 0.6 and 0.9 is considered to be an acceptable measure of internal consistency.

With the instrument, the intention is to determine the sampled participants' preference for specific reward factors that would form part of the overall reward package desired by the participant. The Literature Review helps with further understanding the reasons that may be related to participants' preference for specific rewards over others.

The below table outlines some of the advantages and disadvantages of using a questionnaire as a quantitative research tool to collect empirical data.

Table 3. 1.

Advantages and Disadvantages of Survey Questionnaires

Advantages	**Disadvantages**
Low development time	Reliability of data is very dependent on the quality of answers and on the survey structure
Cost-effective	Rigidity of the structure
Easy data collection and analysis using statistical methods	Questionnaires don't capture emotions, behaviour and changes of emotions of respondents
Can reach high audiences	

High representativeness	
Not affected by the subjectivity of the research	

Note. Modified from "Strengths and limitations of qualitative and quantitative research methods", by A. Queiros, D. Faria, and F. Almeida, 2017, *European Journal of Education Studies*, *3*(9) p. 382.

3.10. Data Quality Control

Reliability and validity are concepts used to evaluate the quality of the research and their use is common in quantitative research. According to Golafshani (2003), reliability refers to the extent to which the results obtained from a research instrument are consistent over time while validity refers to the extent to which the research instrument measures that which it claims to measure.

The following points outline the data quality control measures undertaken by the researcher to ensure that the research study outcomes are credible:

- To improve dependability, the researcher gives a detailed account of how the research was conducted, how the data was gathered, how the research instrument was designed and utilised, and outlines any factors or limitations which may have impacted on data collection.
- To improve confirmability, the researcher provides adequate information on the sources and data collection methods used.
- To establish credibility, the researcher spent enough time gathering empirical data and was open to diverge from initial assumptions and look for discrepant evidence.

3.10.1. Common Method Variance

Common Method Variance (CMV) occurs when the data gathering process causes bias and leads to extremely high correlations between the concepts being measured (Gorrell, Ford, Madden, Holdridge, & Eaglestone, 2011). For example, bias may occur when variables are measured with the same source or method (Tehseen, Ramayah, & Sajilan, 2017). In this research study, the same research instrument is used to measure two variables: 'highly valued rewards' and 'retention'. The survey is also shared on one platform at a single point in time to reach possible participants. This may increase the potential for bias between the measured variables. The potential effect of CMV is checked by calculating the overall internal consistency of the 30 items in the two sections of the questionnaire.

3.11. Data Analysis

Quantitative research involves using experimental methods, as well as quantitative measures to test hypothetical generalisations (Golafshani, 2003). Data analysis involves using several methods that help with making sense of the data. The research study makes use of IBM SPSS Statistics version 26 to analyse the collected data. In quantitative research, data analysis involves using computer programmes such as IBM SPSS Statistics to provide representations of the data statistically, as well as in the form of graphs and other diagrams.

If the Mean proves to be an accurate representation of the centre of the distribution of the data and the sample size is large enough, the following Parametric Tests can be used to analyse the data on IBM SPSS Statistics:

3.11.1. Descriptive Statistics

- Skewness and Kurtosis are used to determine the distribution of the data in order to justify the use of Parametric Tests where normality is established.
- Descriptive Statistics are used to describe the demographic makeup of the sample, as well as the scores obtained on the measuring instrument. Included in the results are the Mean, the Median, the Mode, and the Standard Deviation for the scores obtained on the measuring instrument, as well as the Frequency Statistics for scores obtained on the demographic variables.

3.11.2. Inferential Statistics

- **T-Test:** Independent Samples T-Test is conducted to compare the Means between the gender variable and the total values obtained on the measuring instrument to determine whether the responses on the measuring instrument differ based on gender-related information.
- **Exploratory Factor Analysis (EFA):** EFA is generally used to identify the factor structure of a measure, as well as to examine its internal reliability (Henson & Roberts, 2006). EFA helps the researcher with the following three main decision points: (1) deciding on the number of factors to extract, (2) choosing an extraction method, and (3) choosing a rotation method. Ultimately Factor Analysis examines which underlying factors measure many the observed variables.

- **Linear Regression:** Linear Regression is used to predict the value of the dependent variable based on the value of independent variable. Linear Regression is used to indicate the relationship between two variables by fitting a linear equation to the observed data.
- **Analysis of Variance (ANOVA):** The one-way ANOVA is used to distinguish any differences between the Means in the variables studied. The ANOVA is a statistical technique that is used to establish if the Means of two or more groups are significantly different from each other in order to determine whether a relationship exists between them.
- **Reliability Statistics:** Cronbach’s Alpha is used by the research study to test the internal reliability of the measuring instrument. Cronbach's Alpha is a measure of internal consistency and measures how closely related a set of items are as a group (Bryman & Bell, 2011).
- **Correlation:** Pearson’s Product Moment Correlation Coefficient (r) or Pearson’s r is used to test the strength and direction of linear relationships between two sets of data.

3.12. Ethical Considerations

There are fixed rules defining what is ethical and what is not. Research studies need to be reviewed by an appropriate ethics committee before research can commence on human subjects. Before the research could commence, the researcher obtained ethical clearance from the Human Research Ethics Committee (HREC) at the University of the Witwatersrand. The HREC is responsible for ensuring that potential risk to participants is minimised by the researcher before approval to conduct the research can be granted. A favourable risk-benefit ratio should be established, where the risks involved with conducting the research should not be unreasonable (Bernabe, van Thiel, Raaijmakers, & van Delden, 2012). Plans to obtain informed consent and protect the privacy of participants through confidentiality and anonymity should be established prior to the research being conducted.

The professional and ethical researcher avoids scientific misconduct, which can take two forms:

- **Research Fraud:** occurs when the researcher fakes or invents data that were not really collected, or falsely reports on how the research was conducted (Steen, 2011). The researcher has a responsibility to report fully and honestly on the methodology used and the findings obtained.

- **Plagiarism:** refers to the use of others' ideas or words without citing the source (Steen, 2011). All published and unpublished material is appropriately referenced by the researcher in this research report to avoid any formal disciplinary action by the university's ethics body.

Haggerty (2004) discusses three key principles of ethics when conducting social research which our outlined below:

- **Harm:** the researcher must consider how participation in the research study places the participant at risk of one or more types of harm, and how the researcher will prevent or manage this. All research may involve an acceptable minimum level of risk; however, participants should not be exposed to risk that is more than what happens in everyday life. The HREC at the University of the Witwatersrand is responsible for ensuring that all research conducted on human participants is ethical and will not expose participants to any unreasonable harm. Together with the HREC, the researcher is also responsible for ensuring that risk is minimised.
- **Informed Consent:** this principle requires the researcher to inform participants fully of the research process and refrain from practicing coercion or deceit to gain participants or certain information from participants.
- **Confidentiality and Anonymity**: the researcher must show due consideration for the privacy of participants.

Participation in the current research study is entirely voluntary. Participants do not benefit either monetarily or by other means as a result of taking part in the study nor are they subject to harm by choosing to participate. To protect the participants' privacy by maintaining confidentiality and anonymity, none of the participants' identifiable information is collected or included in this research report. Only participants who are over the age of 18 and do not require approval from a caregiver to participate are invited to participate in this research study as indicated in the Participant Information Sheet.

3.13. Summary of Chapter

The purpose of this chapter is to give an overview of the chosen research approach as well why the research study opted for the specified research approach. The research study follows a quantitative approach to conduct the research as well as answer the research questions. The chapter discusses the methods the research study uses to collect as well analyse the empirical data obtained. The chapter also shows how the data is ethically managed, collected, and analysed.

4. Chapter 4: Results

4.1. Introduction

This chapter provides an analysis of the results obtained from the data collected. Descriptive Statistics are used to show the distribution of the data as well as the demographic makeup of the sample. Inferential Statistics are conducted on the survey data collected and the results are provided. Interpretations of the results are provided in this chapter, with a more detailed discussion of the results following in Chapter 5.

4.2. Descriptive Statistics

The following section provides a view of, and an analysis of the Descriptive Statistics conducted on the scale of measure as well as the sample.

4.2.2. Tests of Normality: Skewness and Kurtosis

An assessment to establish whether the data is normally distributed is necessary to determine whether to use Parametric Tests. Parametric Statistics are based on the assumption of normality (Blanca, Arnau, Lopez-Montiel, Bono, & Bendayan, 2013). As a result, tests for Skewness and Kurtosis are conducted on the scale of measure to determine the distribution of the data.

Table 4.1. provides the outcome of the statistics conducted to determine normality and Appendix E provides a graphical view of the distribution of the data. The histograms depicted in Appendix E give an indication of the shape of the data's distribution. The histograms indicate that the data points are approximately normally distributed, shown by the peak in the middle of the histograms which indicates that the histograms are fairly symmetrical. As a result, Parametric Tests can be used to analyse the collected data.

Table 4. 1.

Skewness and Kurtosis

Statistics						
	N			Std. Error of		Std. Error of
	Valid	Missing	Skewness	Skewness	Kurtosis	Kurtosis
Q1	178	0	-1.333	.182	.402	.362
Q2	178	0	-1.157	.182	-.120	.362

Q3	178	0	-1.393	.182	.749	.362
Q4	178	0	-1.084	.182	-.320	.362
Q5	178	0	-.886	.182	-.768	.362
Q6	178	0	-.605	.182	-1.400	.362
Q7	178	0	-1.187	.182	.044	.362
Q8	178	0	-.295	.182	-1.497	.362
Q9	178	0	.518	.182	-1.271	.362
Q10	178	0	-.029	.182	-1.498	.362
Q11	178	0	-.296	.182	-1.419	.362
Q12	178	0	-1.173	.182	-.135	.362
Q13	178	0	-.415	.182	-1.443	.362
Q14	178	0	-.441	.182	-1.644	.362
Q15	178	0	-.307	.182	-1.430	.362
Q16	178	0	.017	.182	-1.349	.362
Q17	178	0	-1.786	.182	2.033	.362
Q18	178	0	-1.373	.182	.267	.362
Q19	178	0	-1.261	.182	.129	.362
Q20	178	0	-1.450	.182	.546	.362
Q21	178	0	-1.575	.182	1.099	.362
Q22	178	0	-.678	.182	-1.189	.362
Q23	178	0	-1.087	.182	.077	.362
Q24	178	0	-.831	.182	-.692	.362
Q25	178	0	-1.118	.182	-.278	.362

Q26	178	0	-1.264	.182	.396	.362
Q27	178	0	-1.108	.182	-.061	.362
Q28	178	0	-1.454	.182	.553	.362
Q29	178	0	-.184	.182	-1.450	.362
Q30	178	0	-.691	.182	-.733	.362

According to Chan (2003), scores of Skewness lying between -1 and 1 are an acceptable assessment for normality while scores of Kurtoses lying between -1 and 1 are an acceptable assessment of normality. The scores obtained for Skewness and Kurtosis indicate that all off the data falls between approximately -1 and 1. Based on the criteria described, it is decided to use Parametric Tests to analyse the data.

Furthermore, Parametric Tests perform well even when the data is skewed or non-normal. Therefore, Parametric Tests can yield largely unbiased results when analysing Likert scale data (Sullivan & Artino, 2013). Sullivan and Artino (2013) also state that if the sample size is appropriate or adequate then Parametric Tests can be used. For these reasons, the research study finds it justifiable to use Parametric Tests.

4.2.3. Measures of Central Tendency and Dispersion

Measures of Central Tendency and Measures of Spread are conducted on the data collected. To describe the data, both the Measures of Central Tendency and the extent of variability need to be known (Manikandan, 2011). The Mean, Mode, and Median are all Measures of Central Tendency and are used to identify the central point within the set of data. Measures of Central Tendency are meant to represent a group of scores so that one can obtain a general overview of them (Kelly & Beamer, 1986). The Standard Deviation is a measure of dispersion and is used to measure variability in a given sample or data set and is used in conjunction with Measures of Central Tendency. According to Manikandan (2011), the Standard Deviation is the most commonly used measure of dispersion and measures the spread of data about the Mean. A measure of dispersion provides an indication of how well the Measures of Central Tendency represent the data.

Table 4.2. provides the outcome of the statistics conducted on each of the questions on the scale used by the research study.

Table 4. 2.

Measures of Central Tendency and Dispersion

Statistics						
	N		Mean	Median	Mode	Std. Deviation
	Valid	Missing				
Q1	178	0	4.07	5.00	5	1.351
Q2	178	0	3.96	4.50	5	1.385
Q3	178	0	4.00	4.00	5	1.289
Q4	178	0	4.00	5.00	5	1.438
Q5	178	0	3.78	5.00	5	1.523
Q6	178	0	3.58	5.00	5	1.732
Q7	178	0	4.01	5.00	5	1.378
Q8	178	0	3.06	4.00	4	1.511
Q9	178	0	2.55	2.00	1	1.577
Q10	178	0	3.12	3.00	5	1.568
Q11	178	0	3.28	3.50	5	1.555
Q12	178	0	3.94	5.00	5	1.479
Q13	178	0	3.40	4.00	5	1.606
Q14	178	0	3.52	5.00	5	1.741
Q15	178	0	3.29	4.00	5	1.567
Q16	178	0	2.98	3.00	2	1.376
Q17	178	0	4.24	5.00	5	1.255
Q18	178	0	4.06	5.00	5	1.481
Q19	178	0	3.94	4.50	5	1.443

Q20	178	0	4.17	5.00	5	1.392
Q21	178	0	4.21	5.00	5	1.343
Q22	178	0	3.76	5.00	5	1.530
Q23	178	0	3.93	4.50	5	1.334
Q24	178	0	3.46	4.00	4	1.422
Q25	178	0	3.84	4.00	5	1.466
Q26	178	0	3.61	4.00	4	1.263
Q27	178	0	3.94	4.50	5	1.362
Q28	178	0	4.04	5.00	5	1.441
Q29	178	0	3.11	3.50	4	1.498
Q30	178	0	3.42	4.00	4	1.360

The survey questionnaire produced a response rate of n = 178. All the respondents answered all the survey questions. Therefore, the data collected from each of the respondents is justified to assess statistically. The questionnaire has 30 questions in the form of a 5-point Likert Scale. The results provided in Table 4.2. indicate that there is not much variation in the responses to each of the questions. A Standard Deviation close to 0 indicates that the data points are clustered around the Mean. The scores for Standard Deviation for all the questions are between s = 1.255 and s = 1.741.

4.2.4. Measures of Frequency

Frequency Statistics simply count the number of times that each variable occurred in the data collected. The results obtained from running Frequency Statistics help develop a clearer view of the data.

4.2.4.1. Gender

Table 4.3. and Figure 4.1. provide a representation of the gender divide among the respondents.

Table 4. 3.

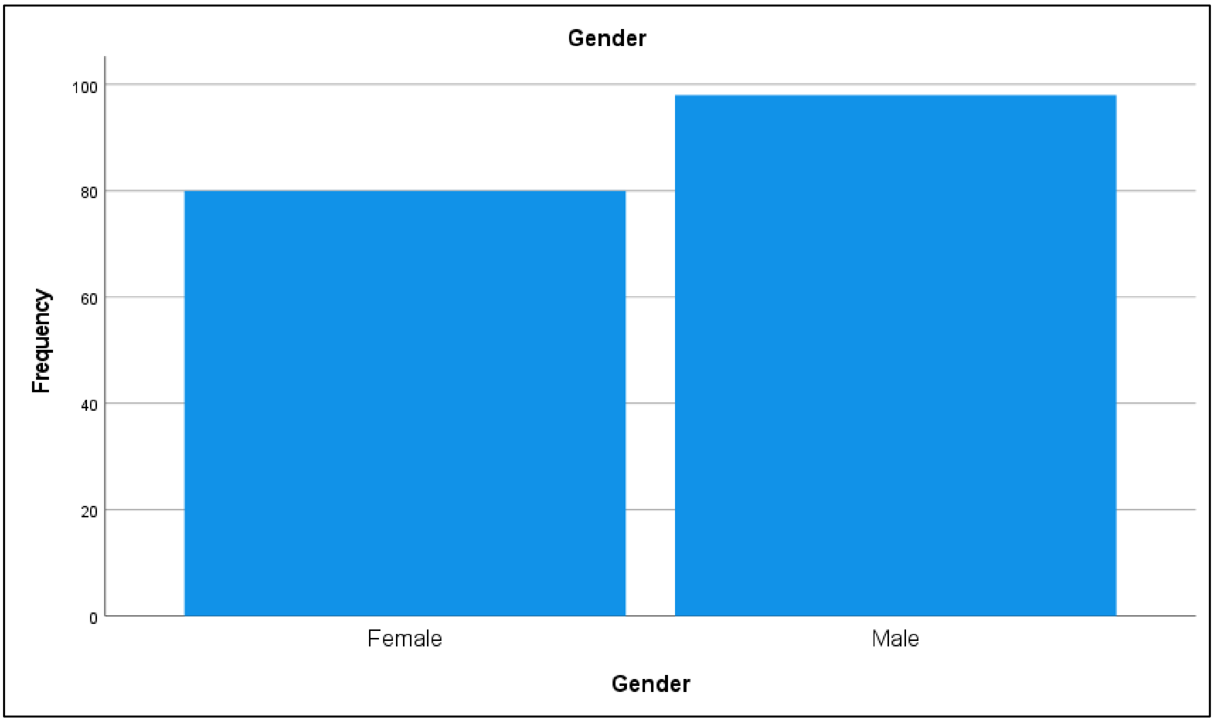
Gender

Gender		
	N	%
Female	80	44.9%
Male	98	55.1%

Most of the respondents are male. Table 4.3. indicates that 55.1% (n = 98) of the respondents are male while 44.9% (n = 80) of the respondents are female. Figure 4.1. below presents this information graphically.

Figure 4. 1.

Gender



4.2.4.2. Age

Table 4.4. and Figure 4.2. provide a representation of the age differences among the respondents.

The questionnaire presents four age categories for respondents to choose from to answer the age question. Respondents can indicate their age as lying between the following age categories; ‘18-24’, ‘25-39’, ‘40-59’ or ‘60 and above’.

Table 4. 4.

Age

Age Group		
	N	%
18-24	20	11.2%
25-39	128	71.9%
40-59	20	11.2%
60+	10	5.6%

Table 4.4. indicates that 11.2% (n = 20) of the respondents are aged between 18-24, 71.9% (n = 128) of the respondents are aged between 25-39, 11.2% (n = 20) of the respondents are aged between 40-59, while 5.6% (n = 10) of the respondents are aged at 60 years old or above. As per the results presented, most of the respondents are aged between 25 and 39.

Figure 4. 2.

Age

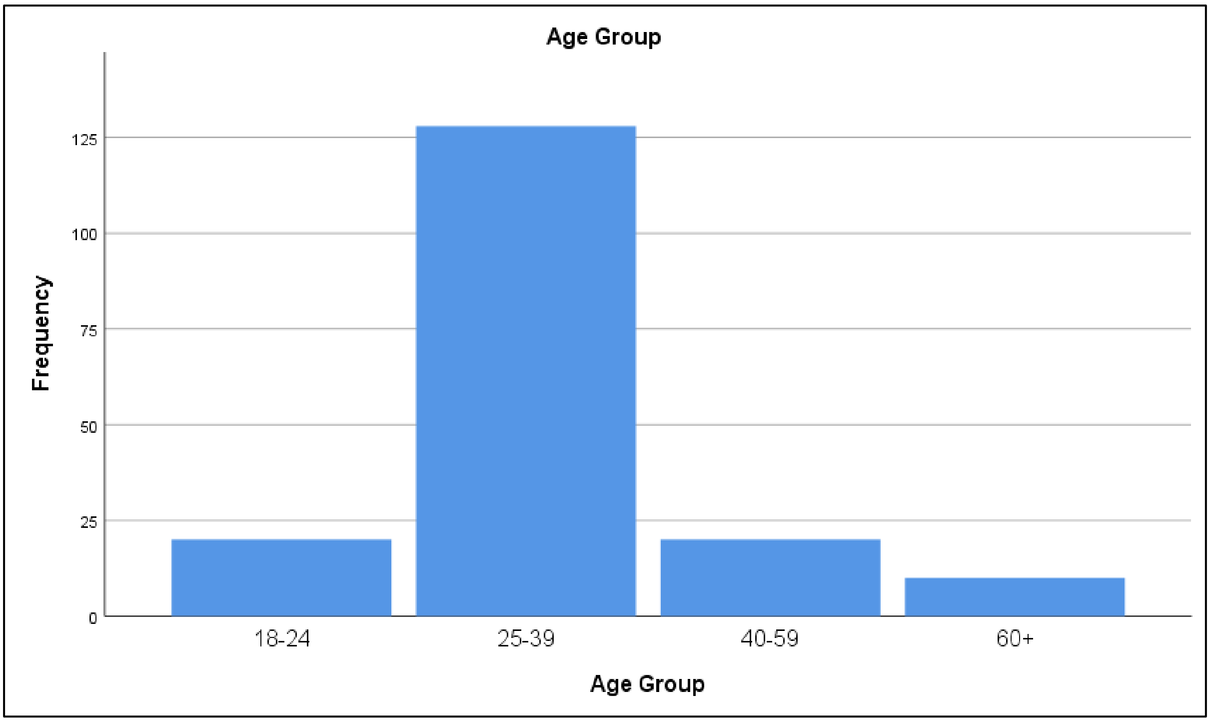


Figure 4.2. shows the results graphically. The results indicate that the younger generation represented in this sample is more prone to either start a small business or work for one.

4.2.4.3. Educational Background

Table 4.5. and Figure 4.3. provide a representation of the data collected in relation to the respondents' educational background.

Table 4. 5.

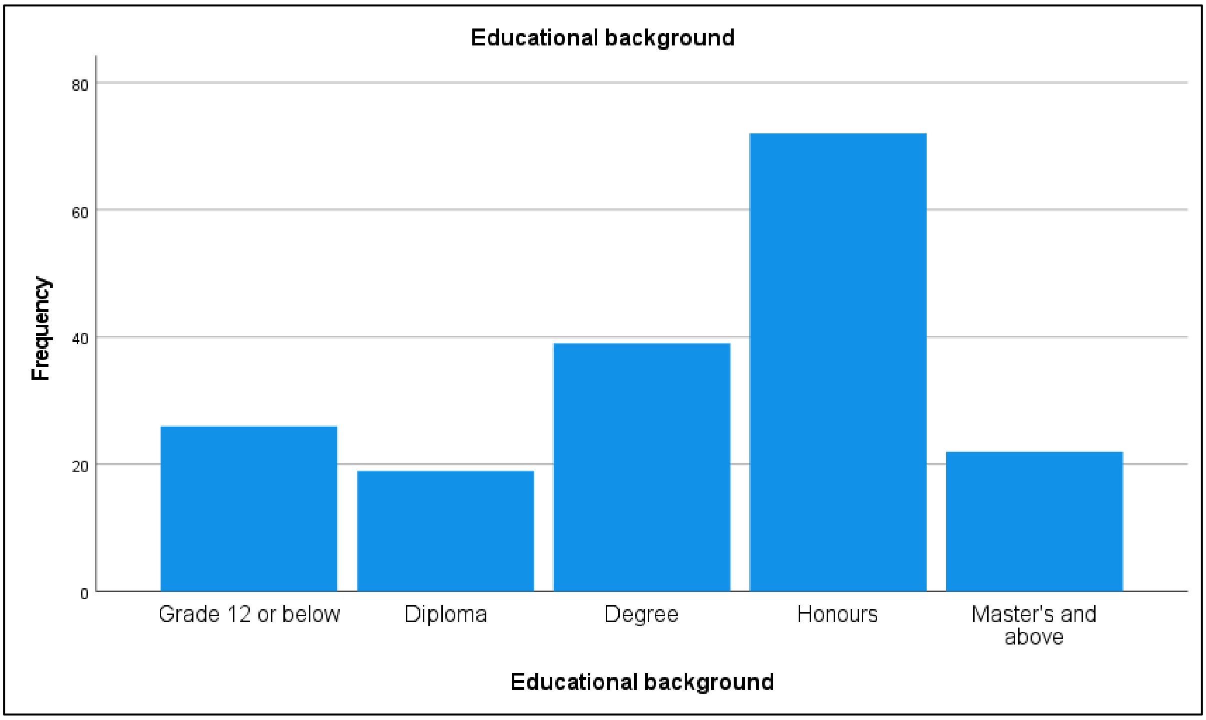
Educational Background

Educational background		
	N	%
Degree	39	21.9%
Diploma	19	10.7%
Grade 12 or below	26	14.6%
Honours	72	40.4%

Master’s and above	22	12.4%

Figure 4. 3.

Educational Background



The results indicate that most of the respondents have Honours degrees. The results show that 21.9% (n = 39) of the respondents have Degrees, 10.7% (n = 19) of the respondents have Diplomas, 14.6% (n = 26) of the respondents have completed Grade 12 or below, 40.4% (n = 72) of the respondents have Honours degrees, and 12.4% (n = 22) of the respondents have a Master’s degree or higher.

4.2.4.4. Level of Experience

Table 4.6. and Figure 4.4. provide a representation of the data collected in relation to the respondents’ level of experience.

For level of experience, respondents can choose from the following categories: ‘less than one year’, ‘1-5 years’, ‘6-10 years’, and ‘11 years and above’.

Table 4. 6.

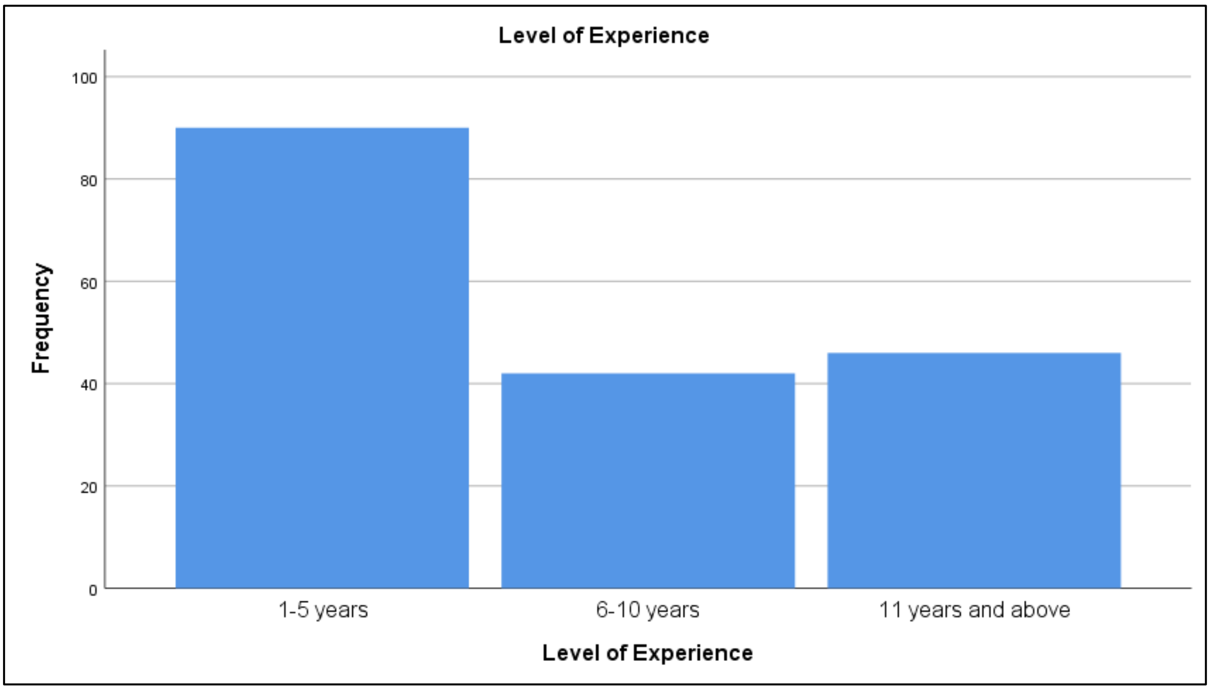
Level of Experience

Level of Experience		
	N	%
1-5 years	90	50.6%
6-10 years	42	23.6%
11 years and above	46	25.8%

The results indicate that 50.6% (n = 90) of the respondents have between 1 and 5 years of experience, 23.6% (n = 42) have 6-10 years of experience, while 25.8% (n = 46) have over 11 years of experience. None of the respondents have less than a year of experience. Figure 4.4. below presents this information graphically.

Figure 4. 4.

Level of Experience



4.2.4.5. Type of Employment

Table 4.7. and Figure 4.5. provide a representation of the data collected with regards to whether the respondents are employed on a full-time or part-time basis within the SMME sector.

Table 4. 7.

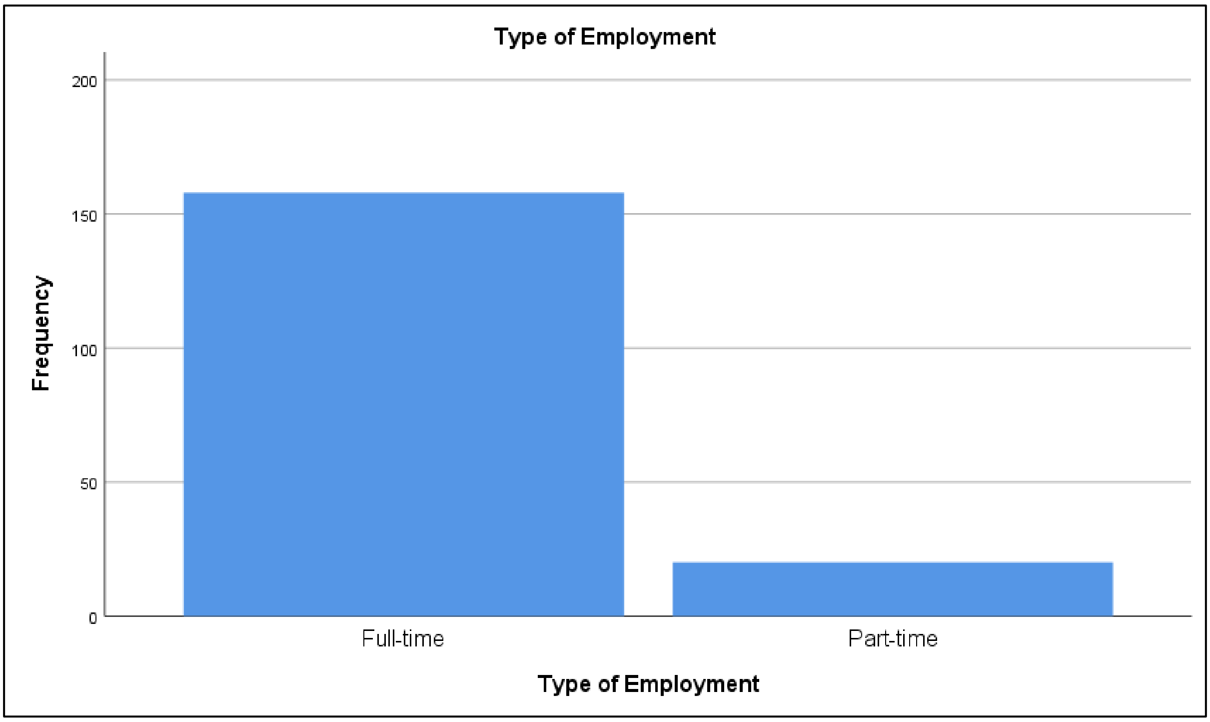
Type of Employment

Type of Employment		
	N	%
Full-time	158	88.8%
Part-time	20	11.2%

The results indicate that most of the respondents are employed in the SMME sector on a full-time basis, with 88.8% (n = 158) of the respondents indicating as such and 11.2% (n = 20) of the respondents indicating that they are employed in the SMME sector on a part-time basis. Figure 4.5. below presents this information graphically.

Figure 4. 5.

Type of Employment



As shown in the Literature Review, although SMMEs play a huge role in South Africa's economy by creating employment, most SMMEs do not last long due to the economic pressures of keeping a small business running. This may explain why some respondents could have other sources of income whilst working part-time in the SMME sector.

4.3. Inferential Statistics

Section 4.3. provides an overview of the Inferential Statistics conducted. Inferential Statistics are based on probability theory and the process of hypothesis testing (Allua & Thompson, 2009). Inferential Statistics use measurements from the sample to make inferences about the research sample and can be classified as either Parametric or Non-Parametric. Parametric Statistics are the most common approach to inferential statistical analysis. The use of Parametric Statistics requires that the data be normally distributed. As shown in the previous section, the use of Parametric Tests is justified in this research study based on the results of the normality tests conducted, which show that the data collected is normally distributed.

4.3.1. Independent Samples T-Test: Gender

The Independent Samples T-Test is used to compare the Means between two independent or unrelated groups (Gerald, 2018). Table 4.8. and 4.9. provide the outputs of the Independent Samples T-Test conducted to compare whether SMME employees' preferences for specific rewards differ based on gender.

Table 4. 8.

Gender Group Statistics

Group Statistics					
	Gender	N	Mean	Std. Deviation	Std. Error Mean
Scale	Male	98	63.2857	26.49684	2.67658
	Female	80	92.2500	5.94809	.66502

The questionnaire has three gender-related options – 'Male', 'Female', and 'Prefer not to say'. All the respondents indicated that they are either male or female with no respondents indicating that they preferred not to say. As indicated in the Descriptive Statistics, n = 98 and n = 80 of the respondents are male and female respectively, indicating that most of the respondents are male.

The Mean gives an indication of the average value of the distribution of the data. It is the average of a group of scores or data points. The Standard Deviation is a measure of how spread the data is in relation to the Mean. Table 4.8. shows that $\bar{x}$ = 63.2857 (s = 26.49684) for the male respondents and $\bar{x}$ = 92.25 (s = 5.94809) for the female respondents. A Standard Deviation that is close to 0 indicates that the data points are close to the Mean. The results above therefore indicate that for the male respondents, the data was more spread out while the data for the female respondents was more clustered around the Mean. The results indicate that there is more variation in the responses provided by male respondents in comparison to those of female respondents.

Table 4. 9.

Independent Samples T-Test between the Gender Variables

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
Scale	Equal variances assumed	135.561	.000	-9.578	176	.000	-28.96429	3.02419	-34.93264	-22.99594
	Equal variances not assumed			-10.502	108.836	.000	-28.96429	2.75796	-34.43057	-23.49800

Based on the results of the Independent Samples T-Test in Table 4.9., the group Means are statistically significantly different because the value in the "Sig. (2-tailed)" column is less than 0.05. The results therefore indicate that the responses to the survey differed based on gender. This suggests that the reward preferences of male and female respondents differ based on their perceptions of the attractiveness of Total Rewards Systems.

4.3.2. ANOVA: Age

The one-way ANOVA is a statistical procedure that when applied can help determine whether there are any statistically significant differences between the Means of three or more independent or unrelated groups (Kim, 2017). The one-way ANOVA compares the Means between the groups of variables that the researcher is interested in and determines whether any of their Means are statistically significantly different from each other. The one-way ANOVA cannot identify which of the specific groups are statistically significantly different from one another but determines that at least two groups are statistically significantly different from one another.

Table 4.10. and 4.11. provide the outputs of the statistics conducted to determine if there are any statistically significant differences in response, between the different age groups.

Table 4. 10.

Age Descriptive Statistics

Descriptives								
Scale								
					95% Confidence Interval for Mean			
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
18-24	20	92.0000	5.12989	1.14708	89.5991	94.4009	87.00	97.00
25-39	128	69.0000	25.52473	2.25609	64.5356	73.4644	24.00	96.00
40-59	20	97.0000	.00000	.00000	97.0000	97.0000	97.00	97.00
60+	10	97.0000	.00000	.00000	97.0000	97.0000	97.00	97.00
Total	178	76.3034	24.68418	1.85016	72.6522	79.9546	24.00	97.00

The age variable is divided into the following categories that respondents could choose from; ‘18-24’, ‘25-39’, ‘40-59’, and ‘60 and above’. For the 18-24 age group $\bar{x}$ = 92.0 (s = 5.12989); for the 25-39 age group $\bar{x}$ = 69.0 (s = 25.52473); for the 40-59 age group $\bar{x}$ = 97.0 (s = 0), and for the 60 and above age group $\bar{x}$ = 97.0 (s = 0). A Standard Deviation that is low or close to 0 indicates that the data points are close to the Mean. The results indicate that the data points are clustered around the Mean for the 18-24, 40-59, and 60 and above age groups while the data points are more spread out for the 25-39 age group. There is therefore more variation in the responses provided by the respondents falling within the 25-39 age group.

Table 4. 11.

ANOVA – Age

ANOVA					
Scale					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	24605.618	3	8201.873	17.144	.000
Within Groups	83242.000	174	478.402		
Total	107847.618	177			

The results of the one-way ANOVA conducted show that the F-value (3,174) = 17.144. A value greater than 1 for F-ratio yields an efficient model. P = 0 which is less than 0.05; this suggests that there is a statistically significant difference between responses, based on the age group that respondents belong to.

4.3.3. ANOVA: Education

The one-way ANOVA is used by the research study to compare the Means of the different educational background categories that the respondents could choose from. The educational background categories are divided as follows; ‘Grade 12 or below’, ‘Diploma’, Degree’, ‘Honours’, and ‘Master’s and above’.

Table 4.12. and 4.13. provide the outputs of the statistics conducted to determine if there are any statistically significant differences in response, based on the respondents’ educational background.

Table 4. 12.

Education Descriptive Statistics

Descriptives								
Scale								
					95% Confidence Interval for Mean			
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
Grade 12 or below	26	97.0000	.00000	.00000	97.0000	97.0000	97.00	97.00
Diploma	19	61.5789	30.77935	7.06127	46.7438	76.4141	30.00	90.00
Degree	39	67.0256	27.31829	4.37443	58.1701	75.8812	24.00	92.00
Honours	72	74.0556	23.33159	2.74965	68.5729	79.5382	25.00	97.00
Master's and above	22	88.3636	8.75348	1.86625	84.4826	92.2447	79.00	97.00
Total	178	76.3034	24.68418	1.85016	72.6522	79.9546	24.00	97.00

For the 'Grade 12 or below' category $\bar{x}$ = 97.0 (s = 0), for the 'Diploma' category $\bar{x}$ = 61.5789 (s = 30.77935), for the 'Degree' category $\bar{x}$ = 67.0256 (s = 27.31829), for the 'Honours' category $\bar{x}$ = 74.0556 (23.33159), and for the 'Master's and above' category $\bar{x}$ = 88.3636 (s = 8.75348).

All the educational background categories have a high Standard Deviation except for the 'Grade 12 or below', and 'Master's and above' categories. This implies that the data points for the 'Grade 12 or below' and 'Master's and above' categories are clustered around the Mean while the data points for the rest of the categories are more spread out.

Table 4. 13.

ANOVA – Education

ANOVA					
Scale					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22177.143	4	5544.286	11.196	.000
Within Groups	85670.475	173	495.205		
Total	107847.618	177			

The results of the one-way ANOVA conducted show that the F-value (4,173) = 11.196. A value greater than 1 for F-ratio yields an efficient model. P = 0 which is less than 0.05; this suggests that there is a statistically significant difference between responses, based on the respondents' educational background.

4.3.4. ANOVA: Level of Experience

The one-way ANOVA is used to assess the difference in Means between the different categories of level of experience. Level of experience is grouped into the following categories: 'Less than one year', '1-5 years', '6-10 years', and '11 years and above'.

Table 4.14. and 4.15. provide the outputs of the statistics conducted to determine if there are any statistically significant differences in response, based on the respondents' level of experience.

Table 4. 14.

Experience Level Descriptive Statistics

Descriptives								
Scale								
					95% Confidence Interval for Mean			
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
1-5 years	90	70.9556	25.14359	2.65037	65.6893	76.2218	24.00	96.00
6-10 years	42	67.4524	26.60570	4.10535	59.1615	75.7433	24.00	97.00
11 years and above	46	94.8478	4.41194	.65051	93.5376	96.1580	86.00	97.00
Total	178	76.3034	24.68418	1.85016	72.6522	79.9546	24.00	97.00

None of the respondents indicated that they have less than one year of experience. For the ‘1-5 years’ category $\bar{x}$ = 70.9556 (s = 25.14359), for the ‘6-10 years’ category $\bar{x}$ = 67.4524 (s = 26.60570), and for the ‘11 years and above’ category $\bar{x}$ = 94.8478 (s = 4.41194).

The Standard Deviation for the ‘1-5 years’ and ‘6-10 years’ categories is high in relation to the Mean values. This implies that the data points are more spread out around the Mean. The Standard Deviation for the ‘11 years and above’ category is closer to 0, indicating that the data points are more clustered around the Mean for this category.

Table 4. 15.

ANOVA – Level of Experience

ANOVA					
Scale					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	21683.456	2	10841.728	22.020	.000
Within Groups	86164.162	175	492.367		
Total	107847.618	177			

The results of the one-way ANOVA conducted show that the F-value (2,175) = 22.020. A value greater than 1 for F-ratio yields an efficient model. P = 0 which is less than 0.05; this suggests that there is a statistically significant difference between responses based on the respondents' level of experience.

4.3.5. Factor Analysis

Exploratory Factor Analysis (EFA) is a statistical process used to determine the factor structure of a measure and to examine its internal reliability. Because the research instrument for the current study is adapted from prior literature, the purpose of the Factor Analysis conducted is to test the scale's internal reliability as well as reduce the data into a smaller data set to make it more manageable and understandable for future research. The subsequent statistical procedures are conducted in terms of the study's original concepts.

Factor Analysis is based on the following five steps or decisions:

1. **Is the data suitable for Factor Analysis?**

Sample size in Factor Analysis has been widely studied and previous studies show that the nature of the study will determine the adequacy of the sample size (Taherdoost, Sahibuddin, & Jalaliyoon, 2014). Some literature suggests that sample sizes for Factor Analysis should be 100 or greater (Williams, Onsman, & Brown, 2010).

2. **How will the factors be extracted?**

To analyse the interrelationships of the items in the questionnaire, EFA is conducted using Principal Component Analysis (PCA) as an extraction technique in this research study. PCA is suitable when trying to establish preliminary solutions in EFA (Williams et al., 2010).

3. What criteria will be used to guide factor extraction?

The research study used the following guiding principles to decide on which factors to extract:

- Factors whose Eigenvalues are >1 (Williams et al., 2010).
- The Scree test which involves examining the graph to determine where it begins to bend. All the datapoints above the area where the graph bends or breaks may be retained as factors (Costello & Osborne, 2005).
- Items with cross-loadings are excluded. A cross-loading in Factor Analysis occurs when an item loads 0.32 or higher on two or more factors (Yong & Pearce, 2013).

4. What rotational method will be used?

The rotation method used is Varimax with Kaiser Normalisation. Rotation is a statistical process that maximises high item loadings and minimises low item loadings and this helps produce a more understandable and simplified solution (Williams et al., 2010).

5. How will the components be interpreted and labelled?

Interpretation involves identifying variables that can be attributed to a construct and naming that construct. This process is subjective, however the labels assigned need to reflect the theoretical and conceptual intent of the research instrument (Taherdoost et al., 2014).

4.3.5.1. Factor Analysis (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

The below outputs for the Factor Analysis conducted exclude a total of six items that are deleted because they do not contribute to a simple factor structure and have cross-loadings of 0.3 and above.

The following items are excluded:

Question 15	"Organisational social and health facilities (e.g., canteen, gym, organised social gatherings)"
Question 2	"Interesting and challenging work"

Question 5	“Annual bonus”
Question 4	“Competitive salary”
Question 10	“Parking facilities”
Question 9	“Spacious office accommodation”

Following the exclusion of the items that have cross-loadings, only one component which measures ‘highly valued rewards’ could be extracted. The solution could not be rotated further because only one component could be extracted.

For the Factor Analysis results of Questions 1-15 that include the deleted items as well as the Rotated Component Matrix, see Appendix D.

Table 4.16. provides the overall correlation structure in the data.

Table 4. 16.

Correlation Matrix (Question 1-15: “Highly Valued Rewards” section of the questionnaire)

Correlation Matrix											
		Q1	Q3	Q4	Q6	Q7	Q8	Q11	Q12	Q13	Q14
Correlation	Q1	1.000	.717	.733	.842	.676	.706	.760	.816	.810	.840
	Q3	.717	1.000	.652	.658	.665	.600	.722	.504	.783	.652
	Q4	.733	.652	1.000	.680	.639	.658	.566	.733	.545	.612
	Q6	.842	.658	.680	1.000	.840	.759	.694	.718	.846	.973
	Q7	.676	.665	.639	.840	1.000	.575	.563	.499	.667	.817
	Q8	.706	.600	.658	.759	.575	1.000	.699	.565	.793	.797
	Q11	.760	.722	.566	.694	.563	.699	1.000	.655	.801	.755
	Q12	.816	.504	.733	.718	.499	.565	.655	1.000	.635	.672
	Q13	.810	.783	.545	.846	.667	.793	.801	.635	1.000	.889
	Q14	.840	.652	.612	.973	.817	.797	.755	.672	.889	1.000

The Correlation Matrix provides the overall correlation structure in the data. The output in Table 4.16. provides the results following the exclusion of the items that have cross-loadings. Because Factor Analysis looks for relationships between variables, there needs to be some moderate to high correlation in the data. Table 4.16. indicates that there are several high correlations between each of the questions in the research questionnaire.

Table 4.17. shows the variance explained by the initial solution as well as the variance explained by the extracted factors before rotation.

Table 4. 17.

Total Variance (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

Total Variance Explained						
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.805	75.613	75.613	6.805	75.613	75.613
2	.609	6.770	82.383			
3	.550	6.107	88.490			
4	.443	4.924	93.414			
5	.226	2.512	95.925			
6	.180	2.002	97.927			
7	.118	1.314	99.242			
8	.057	.635	99.877			
9	.011	.123	100.000			
Extraction Method: Principal Component Analysis.						

- **Initial Eigenvalues:** The first three columns list all the factors that are found within the data set. The results indicate that there are nine factors extracted in total. The % of Variance column shows how much of variance in the data set can be explained by each factor.

- **Extraction Sums of Squared Loadings:** The last three columns display the factors that account for a significant amount of variance in the data. Following the exclusion of the items that have cross-loadings of 0.3 and above, one factor is extracted.

Table 4.18. indicates the proportion of each variable's variance that can be explained by the extracted factors.

Table 4. 18.

Communalities (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

Communalities		
	Initial	Extraction
Q1. Promotion opportunities	1.000	.843
Q3. Regular feedback on performance	1.000	.646
Q6. Retirement benefits (e.g., employer contribution to Retirement Annuity Fund)	1.000	.887
Q7. Development training programmes	1.000	.651
Q8. Profit sharing options	1.000	.693
Q11. Special leave (e.g., Birthday Leave)	1.000	.723
Q12. Overtime pay	1.000	.598
Q13. Public recognition of performance	1.000	.860
Q14. Medical Aid	1.000	.905
Extraction Method: Principal Component Analysis.		

The Communality values are important when deciding whether to include or exclude a variable in Factor Analysis. The communalities represent the relation between the variable and all other variables. Table 4.18. indicates that all the values are above 0.5, following the exclusion of the items with cross-loadings. A value of above 0.5 is considered to be ideal.

Figure 4.6. contains a Scree Plot which shows the Eigenvalues on the y-axis and the number of factors on the x-axis for Questions 1-15.

Figure 4. 6.

Scree Plot (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

The Scree Plot can be used to determine the number of factors to retain (Shrestha, 2021). To determine which factors to retain using the Scree Plot, the shape of the curve must be investigated. The Scree Plot shows that after the first component, differences between the eigenvalues decline (the curve flattens). The Scree Plot shows that there is one factor that has an eigenvalue greater than 1 and accounts for most of the total variability in data. The other factors account for a very small proportion of the variability and are not considered as important.

Table 4.19. provides the Component Matrix for Questions 1-15 and shows the correlations between the items and the extracted factor.

Table 4. 19.

Component Matrix (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

Component Matrix[a]	
	Component
	1

Q14. Medical Aid	.951
Q6. Retirement benefits (e.g., employer contribution to Retirement Annuity Fund)	.942
Q13. Public recognition of performance	.928
Q1. Promotion opportunities	.918
Q11. Special leave (e.g., Birthday Leave)	.850
Q8. Profit sharing options	.833
Q7. Development training programmes	.807
Q3. Regular feedback on performance	.803
Q12. Overtime pay	.773
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

Following the exclusion of the six items discussed above, a one-factor structure for nine of the fifteen items is evident, based on Exploratory Factor Analysis using Principal Component Analysis. The remaining items have an internal consistency that ranges from 0.773 and above. This indicates that the remaining items measure the 'highly valued rewards' construct.

Table 4.20. indicates the internal consistency of the remaining items following the exclusion of the items that have cross-loadings.

Table 4. 20.

Reliability Statistics (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.959	.959	9

A Cronbach's Alpha (α) = 0.959 is obtained for the items measuring 'highly valued rewards' in the questionnaire. This is an acceptable level of internal consistency.

4.3.5.2. Factor Analysis (Question 16-30: "Retention" section of the questionnaire)

The below outputs for the Factor Analysis conducted exclude a total of three items that are deleted because they did not contribute to a simple factor structure and have cross-loadings of 0.3 and above.

The following items are excluded:

Question 16	"Increased involvement in decision making"
Question 22	"Your employer's provision of medical aid, retirement and pension benefits"
Question 30	"The degree to which your employer organises team building or other social networking activities among employees"

Following the exclusion of the items that have cross-loadings, only one component which measures 'retention' could be extracted. The solution could not be rotated further because only one component could be extracted.

For the Factor Analysis results of Questions 16-30 that include the deleted items as well as the Rotated Component Matrix, see Appendix D.

Table 4.21. provides the overall correlation structure in the data.

Table 4. 21.

Correlation Matrix (Question 16-30: "Retention" section of the questionnaire)

Correlation Matrix													
		Q17	Q18	Q19	Q20	Q21	Q23	Q24	Q25	Q26	Q27	Q28	Q29
Correlation	Q17	1.000	.758	.820	.814	.728	.702	.764	.845	.777	.670	.747	-.260
	Q18	.758	1.000	.903	.902	.865	.794	.821	.866	.889	.789	.901	-.028
	Q19	.820	.903	1.000	.931	.925	.864	.837	.928	.886	.800	.923	-.180
	Q20	.814	.902	.931	1.000	.873	.840	.894	.947	.905	.807	.869	-.033
	Q21	.728	.865	.925	.873	1.000	.913	.787	.864	.834	.764	.885	-.146
	Q23	.702	.794	.864	.840	.913	1.000	.734	.898	.809	.728	.842	-.186

	Q24	.764	.821	.837	.894	.787	.734	1.000	.889	.760	.624	.709	-.018
	Q25	.845	.866	.928	.947	.864	.898	.889	1.000	.850	.813	.862	-.167
	Q26	.777	.889	.886	.905	.834	.809	.760	.850	1.000	.807	.910	.052
	Q27	.670	.789	.800	.807	.764	.728	.624	.813	.807	1.000	.920	-.080
	Q28	.747	.901	.923	.869	.885	.842	.709	.862	.910	.920	1.000	-.057
	Q29	-.260	-.028	-.180	-.033	-.146	-.186	-.018	-.167	.052	-.080	-.057	1.000

The results of the Correlation Matrix provide the overall correlation structure in the data. Table 4.21. indicates that there are several high correlations between each of the questions in the research questionnaire. The results in Table 4.21. represent the correlation structure following the exclusion of the items that have cross-loadings.

Table 4.22. shows the variance explained by the initial solution as well as the variance explained by the extracted factors before rotation.

Table 4. 22.

Total Variance (Question 16-30: "Retention" section of the questionnaire)

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.356	77.968	77.968	9.356	77.968	77.968	9.301	77.506	77.506
2	1.092	9.102	87.071	1.092	9.102	87.071	1.148	9.564	87.071
3	.506	4.213	91.284						
4	.343	2.859	94.143						
5	.203	1.689	95.832						
6	.183	1.522	97.354						
7	.106	.885	98.239						
8	.084	.696	98.936						

9	.058	.483	99.419						
10	.049	.405	99.824						
11	.016	.132	99.955						
12	.005	.045	100.000						
Extraction Method: Principal Component Analysis.									

- **Initial Eigenvalues:** The first three columns list all the factors that are found within the data set. The results indicate that there are twelve factors extracted in total. The % of Variance column shows how much of variance in the data set can be explained by each factor.
- **Extraction Sums of Squared Loadings:** The last three columns display the factors that account for a significant amount of variance in the data. Following the exclusion of the items that have cross-loadings of 0.3 or above, two factors are extracted.

Table 4.23. indicates the proportion of each variable's variance that can be explained by the extracted factors.

Table 4. 23.

Communalities (Question 16-30: "Retention" section of the questionnaire)

Communalities		
	Initial	Extraction
Q17. Flexible work arrangements	1.000	.764
Q18. Interesting and challenging work	1.000	.888
Q19. Role that meaningfully contributes to the success of the business	1.000	.946
Q20. Job security	1.000	.939
Q21. The provision of a competitive pay package (i.e., basic salary plus benefits, allowances, or variable pay)	1.000	.872
Q23. Your employer's provision of incentive bonuses or variable pay	1.000	.823

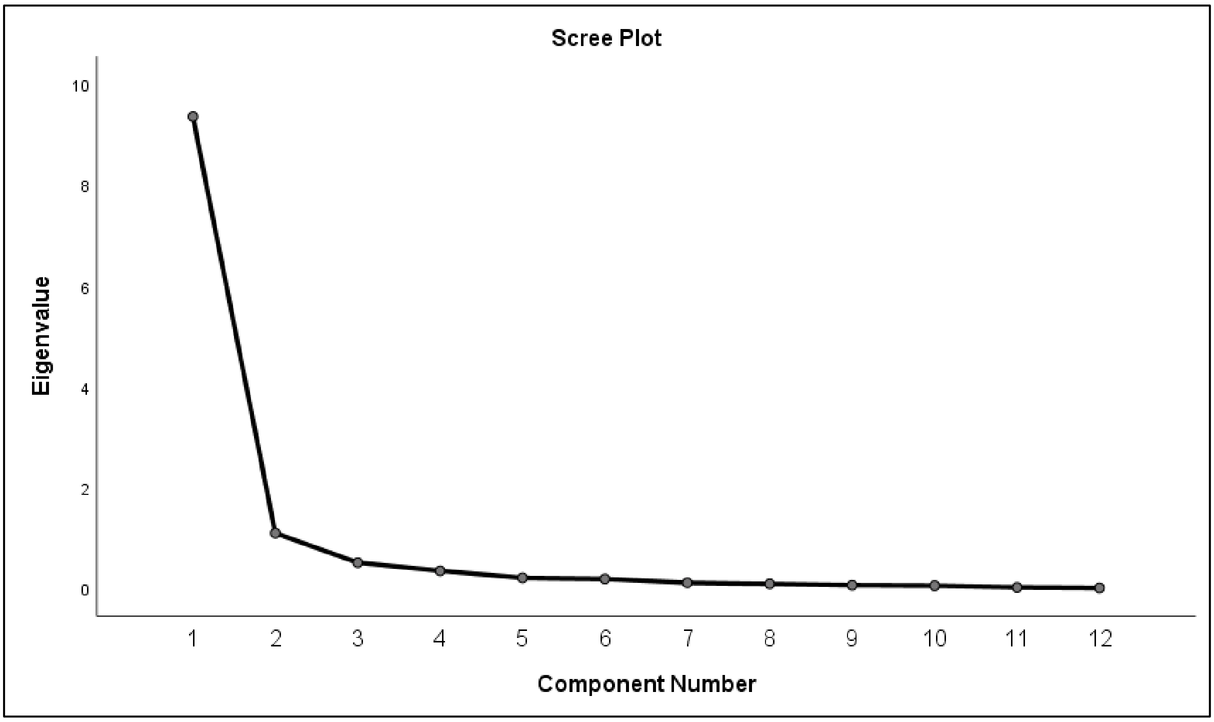
Q24. The opportunities offered to you by your company for learning and career development outside of your current job (e.g., sabbaticals)	1.000	.762
Q25. The opportunities offered to you by your company for career advancement (e.g., job advancements or promotions and internships)	1.000	.934
Q26. The extent to which you are provided with challenging targets	1.000	.896
Q27. The extent to which your employer supports a balanced lifestyle (between work and personal life)	1.000	.743
Q28. Your employer's provision of work-life programmes such as flexible working arrangements and flexible hours	1.000	.897
Q29. Having social friendships at work	1.000	.984
Extraction Method: Principal Component Analysis.		

The results from the 'Communalities' output table indicate the relationship between the variable and all other variables. Table 4.23. indicates that all the values are above 0.5, following the exclusion of the items with cross-loadings. A value of 0.5 is considered to be ideal.

Figure 4.7. contains a Scree Plot which shows the Eigenvalues on the y-axis and the number of factors on the x-axis for Questions 16-30.

Figure 4. 7.

Scree Plot (Question 16-30: "Retention" section of the questionnaire)



The outcome of the Scree Plot shows that after the first two components, differences between the eigenvalues decline (the curve flattens). There are two factors that have eigenvalues greater than 1 and account for most of the variability in the data. The other factors account for a very small proportion of the variability and are not considered as important.

Table 4.24. provides the Component Matrix for Questions 16-30 and shows the correlations between the items and the extracted factors.

Table 4. 24.

Component Matrix (Question 16-30: "Retention" section of the questionnaire)

Component Matrix[a]		
	Component	
	1	2
Q19. Role that meaningfully contributes to the success of the business	.971	
Q20. Job security	.965	

Q25. The opportunities offered to you by your company for career advancement (e.g., job advancements or promotions and internships)	.964	
Q28. Your employer's provision of work-life programmes such as flexible working arrangements and flexible hours	.944	
Q18. Interesting and challenging work	.936	
Q21. The provision of a competitive pay package (i.e., basic salary plus benefits, allowances, or variable pay)	.933	
Q26. The extent to which you are provided with challenging targets	.929	
Q23. Your employer's provision of incentive bonuses or variable pay	.902	
Q24. The opportunities offered to you by your company for learning and career development outside of your current job (e.g., sabbaticals)	.869	
Q27. The extent to which your employer supports a balanced lifestyle (between work and personal life)	.860	
Q17. Flexible work arrangements	.852	
Q29. Having social friendships at work		.984
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

A two-factor structure is established following the exclusion of the three items that had cross-loadings. The two-factor structure is applicable for the remaining twelve items. The remaining items show an internal consistency of at least 0.852 and above. This indicates that the remaining items measure the 'retention' (factors involved when deciding whether to stay with one's current employer) construct.

Table 4.25. indicates the internal consistency of the remaining items following the exclusion of the items that have cross-loadings.

Table 4. 25.

Reliability Statistics (Question 16-30: "Retention" section of the questionnaire)

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.960	.962	12

A Cronbach's Alpha (α) = 0.959 is obtained for the items measuring 'retention' (factors involved when deciding whether to stay with one's current employer) in the questionnaire. This is an acceptable level of internal consistency.

4.3.6. Reliability Statistics

Tables 4.26. and 4.27. indicate the internal reliability of the items in the research scale.

Table 4. 26.

Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.973	.974	21

Note. Reliability Statistics for Questions 1-30, excluding the deleted items following the conducted Factor Analysis.

Cronbach's Alpha is a test of internal reliability, testing how closely related a set of items are as group. A Cronbach's Alpha (α) = 0.973 is obtained for 21 of the items used in the scale, following the exclusion of the items with cross-loadings. This score is an acceptable level of internal reliability.

Although many of the items in the "highly valued rewards" and "retention" sections of the questionnaire are unrelated ('orthogonal') to each other, the potential effect of Common Method Variance is checked by calculating the overall Cronbach's Alpha of the 30 items in the two sections of the questionnaire taken together (Gorrell et al., 2011). The overall Cronbach's

Alpha for the entire questionnaire is 0.976 (see Table 4.27.), which is unexpectedly high since the items are designed to measure two distinct subscales as subjects are asked about the 'highly valued rewards' and 'job retention' aspects of their work. Although some degree of correlation might be expected between items in the distinct parts of the questionnaire, the Cronbach's Alpha value is high and may indicate CMV. However, since no singular overall pervasive factor emerged in the Factor Analyses of the "highly valued rewards" and "retention" sections of the questionnaire, it was decided to proceed with the study without further CMV checks.

Table 4. 27.

Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.976	.976	30

Note. Reliability Statistics for Questions 1-30.

4.3.7. Linear Regression

Linear Regression is a statistical procedure used to predict the value of a variable (dependent variable) based on the value of another variable (independent variable) (Kumari & Yadav, 2018). Linear Regression defines and quantifies the relation between the considered variables. The following hypotheses are tested:

H_0: There is no significant positive relationship between SMME employees' preferences for specific rewards and the attractiveness of Total Rewards Systems and their job retention.

H_a: There is a significant positive relationship between SMME employees' preferences for specific rewards and the attractiveness of Total Rewards Systems and their job retention.

Table 4.28. provides the R and R^2 values. The R value represents the level of correlation between the dependent and independent variables. The R^2 value indicates how much of the total variation in the dependent variable can be explained by the independent variable.

Table 4. 28.

Linear Regression

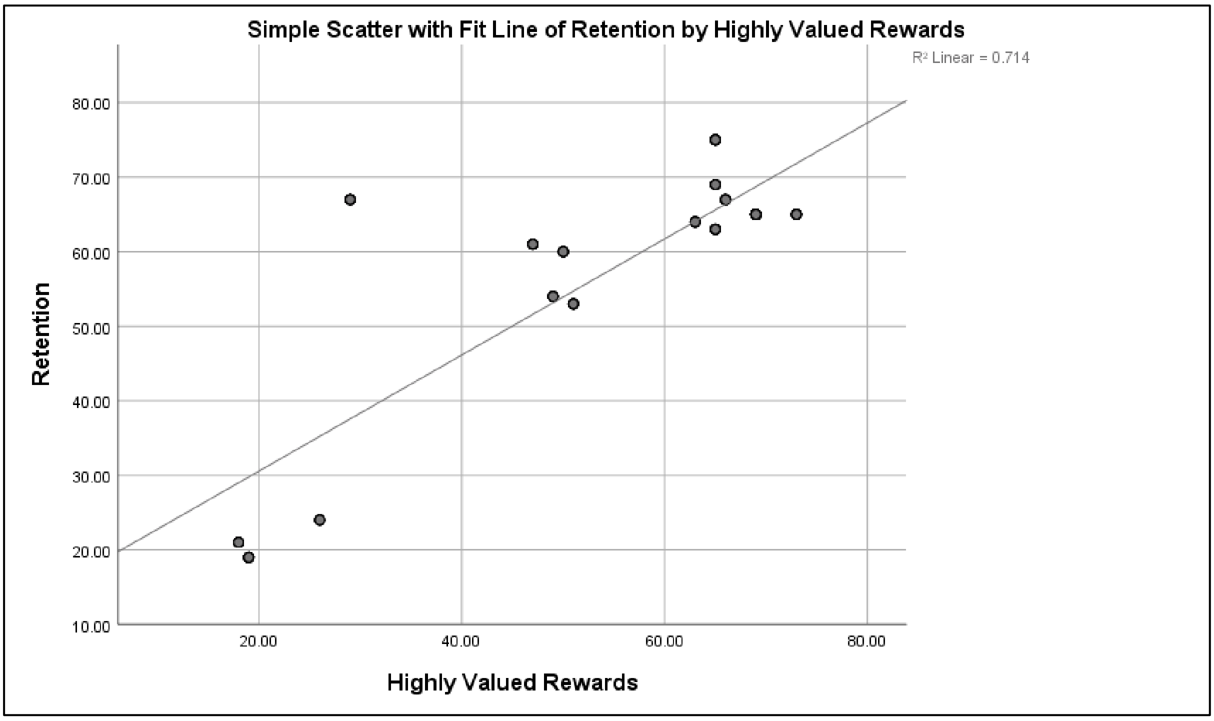
Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.845[a]	.714	.712	8.99223
a. Predictors: (Constant), Highly Valued Rewards				
b. Dependent Variable: Retention				

The R value indicates a correlation of 0.845. This suggests a statistically significant level of correlation between the dependent variable and the independent variable. The value of R^2 indicates that 71.4% of the total variation in the dependent variable can be explained by the independent variable. The Adjusted R^2 estimates the population R^2 for the linear model. This value provides a more realistic indication of the model's predictive power.

Figure 4.8. contains a Scatter Plot diagram that indicates the relationship between the dependent and independent variables. The Scatter Plot diagram helps visualise the relationship between the two variables.

Figure 4. 8.

Scatter Plot



The Scatter Plot diagram indicates the general trend of the data. The fit line shows the relationship between the variables that are measured, that is, 'highly valued rewards' and 'retention' (factors involved when deciding whether to stay with one's current employer). The outcome of the Scatter Plot indicates that there is a positive relationship between the variables measured.

Table 4.29. contains the results of the ANOVA and reports how well the regression equation predicts the dependent variable.

Table 4. 29.

ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35519.401	1	35519.401	439.269	.000[b]
	Residual	14231.408	176	80.860		
	Total	49750.809	177			

a. Dependent Variable: Retention
b. Predictors: (Constant), Highly Valued Rewards

The ANOVA table provides the difference in Means between the dependent and independent variables. The results show that the F-value (1,176) = 439.269. A value greater than 1 for F-ratio yields an efficient model. P = 0 which is less than 0.05; this suggests that the results obtained are statistically significant.

Table 4.30. provides the information required to predict the dependent variable from the independent variable as well as determine whether the independent variable contributes statistically significantly to the model.

Table 4. 30.

Coefficients

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	14.981	2.102		7.127	.000	10.833	19.129
	X	.779	.037	.845	20.959	.000	.706	.852
a. Dependent Variable: Retention								

The Coefficients table indicates that Sig. is 0.000, which is less than the acceptable value of 0.05. The null hypothesis is therefore rejected. This suggests that there is a statistically significant relationship between the independent and dependent variables tested.

4.3.8. Correlation Statistics

Pearson's Product Moment Correlation Coefficient (r) summarises the direction and strength of the relationship between two or more variables (Goodwin & Leech, 2006).

Table 4.31. indicates the direction and strength of the relationship between the dependent and independent variables.

Table 4. 31.

Correlation Statistics

Correlations			
		X	Y
X	Pearson Correlation	1	.845**
	Sig. (2-tailed)		.000
	N	178	178
Y	Pearson Correlation	.845**	1
	Sig. (2-tailed)	.000	
	N	178	178
**. Correlation is significant at the 0.01 level (2-tailed).			

Note. Relationship between 'highly valued rewards' and 'retention' (factors involved when deciding whether to stay with one's current employer).

The analysis found a significant positive relationship (0.845) between SMME employees' preference for specific rewards and the factors involved when deciding whether to stay with one's current employer. Therefore, the alternative hypothesis stating that 'there is a significant positive relationship between SMME employees' preferences for specific rewards and the attractiveness of Total Rewards Systems and their job retention' is supported.

4.4. Summary of Chapter

The purpose of this chapter is to provide the results of the statistics conducted on the primary data collected. The study uses IBM SPSS Statistics version 26 to conduct the statistics on the collected data. Descriptive Statistics are conducted on the gender, age, educational background, level of experience, and type of employment variables. The data collected is normally distributed and allows for Parametric Statistics to be conducted. As a result, the research study is justified in conducting Inferential Statistics on the data collected. The findings of the Linear Regression and Correlation Statistics conducted show a statistically significant relationship between the 'retention' and 'highly valued rewards' variables tested.

5. Chapter 5: Discussion

5.1. Introduction

This chapter provides an interpretation and discussion of the results obtained. The chapter seeks to discuss the results in relation to the findings of past studies as shown in the Literature Review.

The collected research data is analysed using IBM SPSS Statistics version 26 and is presented in the form of tables and figures in Chapter 4. The research report uses both Descriptive and Inferential Statistics to analyse the data. Descriptive statistical analysis was performed on the demographic data collected from the respondents and includes gender, age, educational background, level of experience, and type of employment. The Inferential Statistics conducted include the following statistical methods to analyse the collected data; Independent Samples T-Test, ANOVA, Factor Analysis, Reliability Statistics, Linear Regression, and Correlation Statistics.

The research data is collected using a research instrument divided into two sections. Section A of the questionnaire is made up of demographic questions, while Section B contains a two-part scale that is used to collect the information required to answer the research questions.

The research study first established the data's suitability to be analysed using Parametric Tests. For the data to be analysed using Parametric Tests, the normality of the distribution of the data needed to be established. Skewness and Kurtosis was performed on the data and the use of Parametric Tests could be justified based on the results obtained. Skewness measures symmetry while Kurtosis measures whether the data is heavy-tailed or light-tailed relative to a normal distribution (Doric, Nikolic-Doric, Jevremovic, & Malistic, 2009). The results indicate that most of the data is found between -1 and 1 for both Skewness and Kurtosis. The values obtained are acceptable scores of normality. Appendix E provides a graphical representation of the distribution of the data which shows that the data is normally distributed.

5.2. Demographic Details of the Respondents

The first section of the data analysis in Chapter 4 is based on the results obtained from Section A of the research instrument. This section of the analysis focuses on presenting the descriptive findings obtained from the collected data.

5.2.1. Gender

The gender distribution in the data collected indicates that most of the respondents are male. The results are consistent with the literature which highlights that men continue to own more businesses than women. According to Lopez-Nicolas, Nikou, Molina-Castillo, and Bouwman (2020), even though there has been an increase in female-led SMEs, most start-ups are still led by male owners or managers.

Moreover, most mature, or older organisations are often run by men as opposed to women. Gender inequality in the workplace has been a prevalent issue over the years, especially among older and more larger organisations.

5.2.2. Age

The research questionnaire presents the age question in four categories that respondents can choose from. The age categories are divided as follows; '18-24', '25-39', '40-59', and '60 and above'. The research study obtained responses from all of the listed age categories. The research questionnaire is distributed through LinkedIn. LinkedIn is a professional networking site used mostly by students, professionals, and business owners to find employment or market their business offerings. According to Ramasobana, Fatoki, and Oni (2017), there is a significant difference in the marketing communication and use of social media adopted by SMEs on the basis of the age of the SME owner or employee.

The results obtained by the research study show that most of the respondents are between the ages of 25 and 39 at 71.9% of the overall responses obtained. Following this age group is the 18-24 and 40-59 age groups which have an equal number of respondents to the questionnaire at 11.2%. The 60 and above age category has the least number of respondents at 5.6%. The findings of the research study are consistent with the literature findings which suggest that the SMME sector is mostly occupied by young entrepreneurs, as well as young employees. This may partially be due to the high youth unemployment rate in South Africa (Ramasobana et al., 2017).

5.2.3. Educational Background

The research questionnaire presents the educational background question in five categories that respondents can choose from. The categories presented include 'Grade 12 or below', 'Diploma', 'Degree', 'Honours', and 'Master's and above'.

The results indicate that most of the respondents have an Honours degree at 40.4%, followed by those that have a degree at 21.9%. 14.6% of the respondents have Grade 12 or below while 12.4% of the respondents have a Master’s degree and above and 10.7% of the respondents have a Diploma. According to Ramasobana et al. (2017), educated SME owners and employees are able to produce more innovate and strategic ways of selling their offering.

5.2.4. Level of Experience

The research questionnaire provides four categories that respondents can choose from to indicate their overall level of experience. Categories describing level of experience are presented as follows; ‘less than one year’, ‘1-5 years’, ‘6-10 years’, and ‘11 years and above’ of experience.

Most of the respondents have 1-5 years of experience at 50.6%, followed by those with 11 years and above of experience at 25.8%, and those with 6-10 years of experience at 23.6%. The research study did not obtain any responses from respondents with less than one year of experience. The results obtained for level of experience are consistent with the findings of the literature. That is, the SMME sector is mostly occupied by young people, especially in South Africa where the youth unemployment rate is significantly high. It is assumed by the research study that respondents with 1-5 years of experience are mostly young people.

5.3. Type of Employment

The results obtained by the research study indicate that most of the respondents are employed on a full-time basis within the SMME sector at 88.8%, while the rest are employed only on a part-time basis at 11.2%. According to Fatoki (2011), SMEs employ half of the working population in South Africa and contribute towards 50% of the GDP. Those that occupy and commit to the SMME sector are mostly unemployed youth, as well as those that enjoy taking part in the decision-making structures of the organisation, prefer flexible working arrangements as well as other benefits that the sector has to offer as shown in the Literature Review.

5.3. Summary of the Research Findings

Thirty questions are adapted to formulate the study’s research scale. The first 15 questions are used to determine the rewards that are most valued by the respondents. These questions are adapted from Poon and Idris’s (1985) scale that measures the same variable. The second part of the research scale is adapted from Schletcher et al.’s (2014) scale and is used to measure retention.

The questions presented in Section B of the questionnaire are not grouped according to the categories in which they fall, however when grouped, the survey questions could be categorised as follows:

Section A (Part 1): Highly Valued Rewards

Monetary Rewards	
Q4	"Competitive salary"
Q5	"Annual bonus"
Q6	"Retirement benefits (e.g., employer contribution to Retirement Annuity Fund)"
Q8	"Profit sharing options"
Q12	"Overtime pay"
Q14	"Medical Aid"

Non-monetary Rewards	
Q1	"Promotion opportunities"
Q2	"Interesting and challenging work"
Q3	"Regular feedback on performance"
Q7	"Development training programmes"
Q11	"Special leave (e.g., Birthday Leave)"
Q13	"Public recognition of performance"

Facilities	
Q9	"Spacious office accommodation"
Q10	"Parking facilities"
Q15	"Organisational social and health facilities (e.g., canteen, gym, organised social gatherings)"

Section B (Part 2): Factors involved when deciding whether to stay with one's current employer

Monetary Factors	
Q21	"The provision of a competitive pay package (i.e., basic salary plus benefits, allowances or variable pay)"

Q22	“Your employer’s provision of medical aid, retirement and pension benefits”
Q23	“Your employer’s provision of incentive bonuses or variable pay”

Non-monetary Factors	
Q16	“Increased involvement in decision making”
Q17	“Flexible work arrangements”
Q18	“Interesting and challenging work”
Q19	“Role that meaningfully contributes to the success of the business”
Q20	“Job security”
Q24	“The opportunities offered to you by your company for learning and career development outside of your current job (e.g., sabbaticals)”
Q25	“The opportunities offered to you by your company for career advancement (e.g., job advancements or promotions and internships)”
Q26	“The extent to which you are provided with challenging targets”
Q27	“The extent to which your employer supports a balanced lifestyle (between work and personal life)”
Q28	“Your employer’s provision of work-life programmes such as flexible working arrangements and flexible hours”
Q29	“Having social friendships at work”
Q30	“The degree to which your employer organises team building or other social networking activities among employees”

The research questionnaire measures two constructs, namely, ‘highly valued rewards’ and ‘retention’. Questions in the first section of the questionnaire as seen above can be grouped into monetary, non-monetary and facilities-related questions. The second part of the questionnaire can be divided into monetary and non-monetary factors.

For highly valued rewards, Question 1 has the highest Mean score of $\bar{x}$ = 4.07. Question 7, 3, and 4 follow with Mean scores of at least $\bar{x}$ = 4 and above. This suggests that most of the participants value ‘promotion opportunities’ the most, followed by ‘development training programmes’, ‘regular feedback on performance’, and a ‘competitive salary’. Question 9 or ‘spacious office accommodation’ has the lowest Mean score of $\bar{x}$ = 2.55 from the questions measuring highly valued rewards. Even though the facilities and resources that an organisation offer may be important, this suggests that the respondents view spacious office accommodation as the least important when considering the rewards that they value most.

Question 17, 18, 20, 21, and 28 all have Mean scores above $\bar{x}$ = 4, while Question 16 has the lowest Mean score of $\bar{x}$ = 2.98 for the factors involved when deciding whether to stay with one's current employer. That is, 'flexible working arrangements', 'interesting and challenging work', 'job security', 'the provision of a competitive pay package (i.e., basic salary plus benefits, allowances or variable pay)', and 'your employer's provision of work-life programmes such as flexible working arrangements and flexible hours' are the factors most involved in the participants' decision to stay with their employer. As determined by the research participants, Question 16 or 'increased involvement in decision making' is the least important factor involved when they are deciding to stay with their employer. This finding by the research deviates from the findings presented in the literature which suggest that SMME-employed workers may often seek greater involvement in the running of the business or in the decisions that affect their work.

The results are consistent with the findings of the literature which defines the purpose pertaining to why people work. The benefits that an organisation offer are related to the employees' sustenance of their livelihoods and therefore play an important role in the employees' preference for specific rewards over others and the reasons for why they may choose to either stay or leave their employer.

The literature shows how people who work for SMMEs may tend to value flexible working arrangements, career progression, as well as increased recognition among other things, which is consistent with the findings of this study as shown by the high Mean scores achieved for 'flexible work arrangements', 'promotion opportunities', and 'regular feedback on performance', among others discussed above. The research study further acknowledges that the finding that 'increased involvement in decision making' is the least important factor when deciding whether to stay with one's employer is a deviation from the literature discussed in this report.

Furthermore, the findings of the research study also indicate coherence with Maslow's Hierarchy of Needs as discussed in the Literature Review. Maslow's Hierarchy of Needs suggests that individuals are primarily concerned with satisfying their basic needs for food, shelter, and clothing first, which are fulfilled by having an income that is adequate. Individuals' need for safety in the workplace may be fulfilled by the employer's provision of opportunities for employees to grow professionally such that they feel that they are taken care of by their employer. Esteem recognises employees' need for feedback and appraisal for the work that they do within the organisation. Self-actualisation may be achieved through the organisation's provision of training and development programmes for employees.

5.4. Results on Tested Hypotheses

The hypotheses presented in Table 5.1. are tested by the current research study. Based on the results of the Linear Regression conducted as shown in Chapter 4, the research study rejects the null hypothesis in favour of the alternative hypothesis. Linear Regression helps determine the relationship between two variables.

Table 5. 1.

Tested Hypotheses Results

H_0: There is no significant positive relationship between SMME employees' preferences for specific rewards and the attractiveness of Total Rewards Systems and their job retention.	Rejected
H_a: There is a significant positive relationship between SMME employees' preferences for specific rewards and the attractiveness of Total Rewards Systems and their job retention.	Accepted

Furthermore, the research study seeks to investigate the following research questions:

1. What is the relationship between SMME sector employees' preference for specific rewards and their perceptions of the attractiveness of Total Rewards Systems?
2. Are Total Rewards Systems considered favourably by SMME employees?
3. What factors in Total Rewards Systems are most important in the retention of SMME employees?

To answer the first research question, the hypotheses stated in Table 5.1. are tested. Based on the results of the Linear Regression conducted, the null hypothesis which states that there is no significant positive relationship between SMME employees' preferences for specific rewards and the attractiveness of Total Rewards Systems and their job retention, is rejected in favour of the alternative hypothesis which states that there is a significant positive relationship between SMME employees' preferences for specific rewards and the attractiveness of Total Rewards Systems and their job retention.

The second research question is based on the results of the Correlation Statistics conducted. A significant positive relationship between ‘highly valued rewards’ and ‘retention’ (the factors that are involved when deciding whether to stay with one’s current employer) is established as shown in Chapter 4. A significant positive relationship between highly valued rewards and retention suggests that Total Rewards Systems are considered favourably by SMME employees as these rewards play a significant role in SMME employees’ retention within the SMME sector.

The third research question is based on the results of the Measures of Central Tendency. Based on the items in Part 2 of the research instrument, the factor that is most influential when deciding whether to stay with one’s employer is ‘flexible work arrangements’ as this item has the highest Mean score achieved while the least important factor when deciding whether to stay with one’s employer is ‘increased involvement in decision making’ which has the lowest Mean score achieved. Statements with high Mean values indicate that most of the respondents agree with the statement.

5.5. Summary of Chapter

The purpose of this chapter is to provide a detailed discussion and evaluation of the results obtained from the empirical data collected. The chapter shows how the results obtained are largely consistent with the findings discussed in the Literature Review. The results obtained from the statistical analyses conducted help answer the study’s research questions in conjunction with the findings of the literature.

6. Chapter 6: Conclusions and Recommendations

6.1. Introduction

This chapter summarises the findings of the research study and makes recommendations for future research. The purpose of the research study is to determine the relationship between SMME employees' reward preferences in relation to their perceptions of the attractiveness of Total Rewards Systems and their job retention. Based on the results obtained from the analysed empirical data, recommendations can be made for SMMEs intending to use Total Rewards Systems as a means of attracting and retaining talent. Before testing the variables identified in the hypotheses, the research study formulated a conceptual framework and determined the appropriate theory to underpin the study's assertions. The results presented and discussed are determined by the hypotheses tested.

6.2. Recommendations for Future Research

Rewards are an important factor when investigating why employees choose to stay or leave their employer, however, further research could expand more on other factors that influence employees' intention to either stay or leave their employer. That is, although rewards play a significant role in the attraction and retention of talent within the organisation, employees may also stay with an organisation for reasons other than monetary or non-monetary gain.

The research study suggests that the use of moderator variables could also help understand the relationship between rewards and retention more extensively. Moderation occurs when the relationship between two variables depends on a third. The research study shows how employees' decision to stay or leave their employer may be influenced by rewards but can also include other personal and professional reasons that are worth investigating.

The research study follows a cross-sectional design with data only being collected at a single point in time. Further research, and longitudinal research is recommended. Longitudinal research allows the researcher to identify patterns and spot changes in the participants' perceptions and their behaviour over time.

Furthermore, additional research in the SMME sector and replication in other sectors or regions is recommended to contribute towards expanding the body of knowledge on the variables studied by this research study.

6.3. Limitations of the Study

Limitations in a study are the aspects of the study's design and execution that could have affected the interpretation, validity, and applicability of the findings (Alvarez et al., 2021). Most, if not all research experiences limitations. It is the researcher's responsibility to ensure that all limitations are acknowledged in the final report.

This section outlines the limitations experienced when conducting this research study. The identified limitations help outline where the study has limited to no control over certain factors that may have impacted the outcome of the final results. The identified limitations also help outline areas that future research can improve on.

According to Pregnolato et al. (2017), South Africa has limited Social Science and business-related literature that indicates the types of Total Rewards that retain skills. To certain degrees, this limits the study's ability to contextually relate the literature to the outcomes of the empirical data that is collected. Literature relating to SMMEs in South Africa and how they manage their Human Resources including their pay programmes is also limited. This plays a role in the study's ability to substantiate the findings based on contextually relevant literature.

The research study intends to survey at least 300 professionals across the SMME sector, however, only 178 responses are collected. The study follows a non-probability and convenience sampling technique. With this technique, there is no random selection of research participants, and the study approaches the most easily accessible research participants who meet the research criteria. The study uses professional networking site – LinkedIn, to access potential research participants. Whilst the study does not meet its intended sample size, all the respondents answered all the survey questions. As a result, all the responses are viable sources of data that can be analysed further.

The research study focuses largely on determining the aspects of rewards that are preferred by SMME employees and those aspects that play a role in their retention within the SMME sector. While there are employees who have a preference for Total Rewards Systems at varying degrees and the research findings show this, there are also employees who have little interest in Total Rewards Systems or having their pay structured to include all the aspects of rewards that are considered by Total Rewards Systems. In its intention to establish reward preferences in relation to Total Rewards Systems, the study fails to indicate the proportion of the sample that has little or no preference for Total Rewards Systems, because of where the specific employees find themselves in their career lifecycle.

The possible effects of Common Method Variance were checked; and the use of a single data collection method at a single point in time suggests that CMV may have influenced the results observed. It is recommended, therefore, that the study's findings are corroborated further, ideally using a longitudinal multi-method quantitative and qualitative research design.

6.4. Conclusion

To determine the relationship between 'highly valued rewards' and 'retention' (factors involved when deciding whether to stay with one's current employer), Correlation Statistics are used to investigate the relationship. The results of the Pearson's Product Moment Correlation Coefficient (r) conducted indicate that highly valued rewards have a significant positive relationship with retention. This suggests that the rewards that employees who are employed within the SMME sector deem to be most important to them are strongly related to the factors involved when they are deciding whether to stay with their current employer.

There can be several reasons, both personal and professional, that are involved when employees decide whether to stay or leave their employer for another. The findings produced by this research study are consistent with those of the literature. Rai et al. (2019) found that the perceptions that employees have about various HRM practices, including rewards, influence their intention to stay or leave.

SMMEs in South Africa are faced with several challenges. The literature has specifically highlighted access to; financial resources, human resources, and adequate training and development as some of the challenges that are often faced by SMMEs. These challenges are often contributing factors to the level of longevity that is experienced by SMMEs in the South African labour market.

Most SMMEs in South Africa are also often found in the informal labour market where they are owned and run by a single individual. This may be due to several reasons, including, the high unemployment rate which has driven many South Africans into entrepreneurship, or the cost associated with obtaining a formal qualification which is often required by the formal labour market, among other things.

Appropriate Human Resource Management is necessary for SMMEs that have employees and are interested in not only contributing towards the South African economy but also attracting talented and valuable people towards the organisation. The research study's intention is to show the relevance of Total Rewards Systems in not only large corporations but in SMMEs. SMMEs attract a considerable number of young people as indicated by the results obtained, and if they are to groom and train young people in an industry that has the potential to influence the South African economy, attracting and retaining the right talent should be a priority.

The research study shows that there is a relationship between SMME employees' preferences for specific rewards and the attractiveness of Total Rewards Systems and their job retention. By having a system in place designed to structure the rewards that their employees prefer, organisations within the SMME sector can positively influence their employees' decision to either stay or leave.

Overall, the study contributes to the generation of HR knowledge and practice by exploring the role of Total Rewards Systems in SMMEs. The research study offers insights into a sector that plays a key role in South Africa's economy. As shown in the Literature Review, SMMEs are an important contributor towards the country's efforts at alleviating the high unemployment rate. The SMME sector also accounts for many businesses worldwide. In South Africa, most SMMEs are mostly found within the informal sector where they often operate at a micro level. This is because the high unemployment rate in the country has driven many into entrepreneurship while others, as shown by the study, may be drawn to the SMME sector because of the freedom it offers from routine work arrangements, flexibility in working hours and other benefits discussed in this research report.

6.5. Summary of Chapter

Most, if not all research experiences limitations during the course of conducting the research. This chapter discusses the limitations experienced when conducting this research study. Recommendations to consider when conducting further research are made. Furthermore, the chapter summarises the results obtained by the research study which indicate that there is a significant positive relationship between rewards and retention.

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Appendix A: Participant Information Sheet

Good Day

My name is Masingita Mashele and I am a Master's student in the Human Resources Division at the University of the Witwatersrand, Johannesburg. My supervisor is Prof. David Coldwell. I am conducting research on SMME employees' reward preferences. The title of the research is: Total reward preferences: A quantitative empirical study of employee retention and attraction in SMMEs in South Africa.

If you currently work in the SMME (Small, Medium, and Micro-Enterprises) sector and are over the age of 18, I would like to invite you to take part in this research study. The purpose of the survey is to establish the extent to which employees within the SMME sector prefer specific rewards over others in relation to their employment within the sector.

If you decide to take part, your participation in this research study will take between 10 and 15 minutes. The research survey is to be completed online. Completion and submission of the survey imply consent.

The survey is both confidential and anonymous. Confidentiality and anonymity are guaranteed as all results will be published in terms of group trends and no identifying information such as your name or other personal information will be collected. Your participation is completely voluntary. You can withdraw from the study at any time. You do not have to answer any questions if you do not want to. You will not get any direct benefits if you choose to join the research study. You will not lose any services, benefits, or rights you would normally have if you decided not to join. Taking part in the research study will not cost you anything. You will not be paid for taking part in this research study. The risks involved in taking part in this research study are no more than what happens in everyday life.

This research study will be written up as a research report. The report will be available on the university library website. If you would like to receive a summary of this report, I will be happy to send it to you.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27 (0) 11 717 1408, email hrecnon-medical@wits.ac.za. Ethics Protocol Number: H22/06/21.

Researcher:

Masingita Mashele, 808035@students.wits.ac.za, 071 458 0631

Supervisor:

Prof. David Coldwell, David.Coldwell@wits.ac.za, 011 717 8077

Appendix B: Questionnaire

Good day, my name is Masingita Mashele, I am a student at the University of the Witwatersrand in the faculty of Law, Commerce and Management. I am currently conducting my Master's research in Human Resource Management and would like to ask you a few questions regarding your understanding of and experiences with reward strategies. You may answer any or all of the questions you are comfortable with and may withdraw from the research process at any stage should you no longer wish to continue. Completion and submission of the survey imply consent.

Section A: Demographic Questions

Please answer the questions below by choosing the correct option or filling in the information requested. Please note that the following demographic questions are for descriptive purposes only.

1. Gender

1	Male	
2	Female	
3	Prefer not to say	

2. Age group

1	18-24	
2	25-39	
3	40-59	
4	60+	

3. Educational background

1	Grade 12 or below	
2	Diploma	
3	Degree	
4	Honours	
5	Master's and above	

4. Are you currently employed in the SMME sector? (1-200 employees)

Yes	No

5. Level of experience

1	Less than one year	
2	1 – 5 years	
3	6 – 10 years	
4	11 years and above	

6. Are you employed on a full-time or part-time basis in the SMME sector?

1	Full-time	
2	Part-time	

<u>Section B: Questionnaire</u>

There are 15 listed rewards indicated in Part 1 of the questionnaire below and you are requested indicate the extent to which a specific reward is valued. For example, if you feel that you value having the opportunity to advance in your career through promotion, indicate the degree of importance in your decision where **1 = least valued** and **5 = highly valued**. There are no right, or wrong answer so please indicate how you really feel.

	Highly valued rewards	**1**	**2**	**3**	**4**	**5**
1.	Promotion opportunities					
2.	Interesting and challenging work					
3.	Regular feedback on performance					
4.	Competitive salary					
5.	Annual bonus					
6.	Retirement benefits (e.g., employer contribution to Retirement Annuity Fund)					
7.	Development training programmes					
8.	Profit sharing options					
9	Spacious office accommodation					
10.	Parking facilities					
11.	Special leave (e.g., Birthday Leave)					
12.	Overtime pay					
13.	Public recognition of performance					
14.	Medical Aid					

15.	Organisational social and health facilities (e.g., canteen, gym, organised social gatherings)					

In Part 2 of the questionnaire, 15 specific aspects of the job are listed. Please consider each item and indicate the extent to which it is a factor in your decision to either stay or leave your current employer. For example, if you feel that having interesting and challenging work is an important factor in your in your decision to stay or leave, indicate the degree of importance in your decision where **1 = low importance** and **5 = high importance**. There are no right, or wrong answer so please indicate how you really feel.

	Factors involved when deciding whether to stay with your current employer	**1**	**2**	**3**	**4**	**5**
16.	Increased involvement in decision making					
17.	Flexible work arrangements					
18.	Interesting and challenging work					
19.	Role that meaningfully contributes to the success of the business					
20.	Job security					
21.	The provision of a competitive pay package (i.e., basic salary plus benefits, allowances, or variable pay)					
22.	Your employer's provision of medical aid, retirement, and pension benefits					
23.	Your employer's provision of incentive bonuses or variable pay					
24.	The opportunities offered to you by your company for learning and career development outside of your current job (e.g., sabbaticals)					
25.	The opportunities offered to you by your company for career advancement (e.g., job advancements or promotions and internships)					
26.	The extent to which you are provided with challenging targets					
27.	The extent to which your employer supports a balanced lifestyle (between work and personal life)					
28.	Your employer's provision of work-life programmes such as flexible working arrangements and flexible hours					
29.	Having social friendships at work					
30.	The degree to which your employer organises team building or other social networking activities among employees					

Appendix C: Independent Samples T-Tests: Gender Variable

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
Q1. Promotion opportunities	Equal variances assumed	163.234	.000	-6.829	176	.000	-1.240	.182	-1.598	-.882
	Equal variances not assumed			-7.453	114.813	.000	-1.240	.166	-1.569	-.910
Q3. Regular feedback on performance	Equal variances assumed	103.336	.000	-4.981	176	.000	-.908	.182	-1.268	-.548
	Equal variances not assumed			-5.411	120.734	.000	-.908	.168	-1.240	-.576
Q6. Retirement benefits (e.g., employer contribution to Retirement Annuity Fund)	Equal variances assumed	154.354	.000	-10.204	176	.000	-2.117	.208	-2.527	-1.708
	Equal variances not assumed			-11.012	129.266	.000	-2.117	.192	-2.498	-1.737

Q7. Development training programmes	Equal variances assumed	161.939	.000	-7.374	176	.000	-1.342	.182	-1.701	-.983
	Equal variances not assumed			-8.048	114.729	.000	-1.342	.167	-1.672	-1.012
Q8. Profit sharing options	Equal variances assumed	141.203	.000	-9.024	176	.000	-1.704	.189	-2.077	-1.331
	Equal variances not assumed			-9.816	119.082	.000	-1.704	.174	-2.048	-1.360
Q11. Special leave (e.g., Birthday Leave)	Equal variances assumed	15.884	.000	-9.077	176	.000	-1.760	.194	-2.143	-1.378
	Equal variances not assumed			-9.316	175.451	.000	-1.760	.189	-2.133	-1.387
Q12. Overtime pay	Equal variances assumed	112.184	.000	-7.532	176	.000	-1.464	.194	-1.848	-1.081
	Equal variances not assumed			-8.100	133.784	.000	-1.464	.181	-1.822	-1.107
Q13. Public recognition of performance	Equal variances assumed	60.889	.000	-5.956	176	.000	-1.319	.221	-1.756	-.882
	Equal variances not assumed			-6.239	163.986	.000	-1.319	.211	-1.736	-.901
Q14. Medical Aid	Equal variances assumed	62.608	.000	-9.295	176	.000	-2.003	.215	-2.428	-1.577

	Equal variances not assumed			-9.769	160.902	.000	-2.003	.205	-2.407	-1.598
Q17. Flexible work arrangements	Equal variances assumed	93.871	.000	-6.825	176	.000	-1.151	.169	-1.483	-.818
	Equal variances not assumed			-7.483	108.926	.000	-1.151	.154	-1.455	-.846
Q18. Interesting and challenging work	Equal variances assumed	320.757	.000	-9.297	176	.000	-1.704	.183	-2.066	-1.342
	Equal variances not assumed			-10.296	97.000	.000	-1.704	.166	-2.033	-1.376
Q19. Role that meaningfully contributes to the success of the business	Equal variances assumed	161.410	.000	-7.863	176	.000	-1.474	.188	-1.845	-1.104
	Equal variances not assumed			-8.589	113.667	.000	-1.474	.172	-1.815	-1.134
Q20. Job security	Equal variances assumed	258.373	.000	-6.870	176	.000	-1.283	.187	-1.652	-.915
	Equal variances not assumed			-7.546	106.671	.000	-1.283	.170	-1.620	-.946
Q21. The provision of a competitive	Equal variances assumed	228.869	.000	-8.387	176	.000	-1.439	.172	-1.777	-1.100

pay package (i.e., basic salary plus benefits, allowances, or variable pay)	Equal variances not assumed			-9.287	97.000	.000	-1.439	.155	-1.746	-1.131
Q23. Your employer's provision of incentive bonuses or variable pay	Equal variances assumed	73.535	.000	-11.046	176	.000	-1.712	.155	-2.018	-1.406
	Equal variances not assumed			-12.090	111.176	.000	-1.712	.142	-1.992	-1.431
Q24. The opportunities offered to you by your company for learning and career development outside of your current job (e.g., sabbaticals)	Equal variances assumed	242.359	.000	-4.910	176	.000	-.990	.202	-1.388	-.592
	Equal variances not assumed			-5.352	116.307	.000	-.990	.185	-1.356	-.624
Q25. The opportunities	Equal variances assumed	288.360	.000	-9.069	176	.000	-1.658	.183	-2.019	-1.297

offered to you by your company for career advancement (e.g., job advancements or promotions and internships)	Equal variances not assumed			-9.899	114.553	.000	-1.658	.168	-1.990	-1.326
Q26. The extent to which you are provided with challenging targets	Equal variances assumed	118.405	.000	-5.312	176	.000	-.941	.177	-1.291	-.592
	Equal variances not assumed			-5.715	133.367	.000	-.941	.165	-1.267	-.616
Q27. The extent to which your employer supports a balanced lifestyle (between work and personal life)	Equal variances assumed	74.008	.000	-6.814	176	.000	-1.247	.183	-1.609	-.886
	Equal variances not assumed			-7.277	142.717	.000	-1.247	.171	-1.586	-.909
Q28. Your employer's provision of work-life programmes such as flexible	Equal variances assumed	203.033	.000	-8.116	176	.000	-1.508	.186	-1.874	-1.141

working arrangements and flexible hours	Equal variances not assumed			-8.914	106.778	.000	-1.508	.169	-1.843	-1.172

Appendix D: Factor Analysis

Q1-15: "Highly Valued Rewards" section of the questionnaire (including deleted items)

Correlation Matrix (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

Correlation Matrix																
		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15
Correlation	Q1	1.000	.886	.717	.733	.647	.842	.676	.706	.325	.655	.760	.816	.810	.840	.757
	Q2	.886	1.000	.687	.658	.587	.708	.569	.684	.425	.385	.641	.688	.676	.701	.542
	Q3	.717	.687	1.000	.652	.743	.658	.665	.600	.014	.481	.722	.504	.783	.652	.674
	Q4	.733	.658	.652	1.000	.864	.680	.639	.658	-.045	.381	.566	.733	.545	.612	.509
	Q5	.647	.587	.743	.864	1.000	.730	.750	.794	-.051	.395	.580	.524	.639	.681	.531
	Q6	.842	.708	.658	.680	.730	1.000	.840	.759	.262	.714	.694	.718	.846	.973	.808
	Q7	.676	.569	.665	.639	.750	.840	1.000	.575	.070	.603	.563	.499	.667	.817	.582
	Q8	.706	.684	.600	.658	.794	.759	.575	1.000	.273	.423	.699	.565	.793	.797	.632
	Q9	.325	.425	.014	-.045	-.051	.262	.070	.273	1.000	.043	-.040	.173	.272	.312	.210
	Q10	.655	.385	.481	.381	.395	.714	.603	.423	.043	1.000	.773	.587	.741	.736	.903
	Q11	.760	.641	.722	.566	.580	.694	.563	.699	-.040	.773	1.000	.655	.801	.755	.820
	Q12	.816	.688	.504	.733	.524	.718	.499	.565	.173	.587	.655	1.000	.635	.672	.668
	Q13	.810	.676	.783	.545	.639	.846	.667	.793	.272	.741	.801	.635	1.000	.889	.915
	Q14	.840	.701	.652	.612	.681	.973	.817	.797	.312	.736	.755	.672	.889	1.000	.831

	Q15	.757	.542	.674	.509	.531	.808	.582	.632	.210	.903	.820	.668	.915	.831	1.000

Total Variance (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.989	66.591	66.591	9.989	66.591	66.591	5.602	37.344	37.344
2	1.350	9.002	75.593	1.350	9.002	75.593	5.211	34.737	72.081
3	1.207	8.047	83.640	1.207	8.047	83.640	1.734	11.560	83.640
4	.717	4.781	88.421						
5	.587	3.911	92.332						
6	.453	3.023	95.355						
7	.272	1.816	97.171						
8	.160	1.066	98.237						
9	.096	.640	98.877						
10	.064	.427	99.304						
11	.053	.356	99.659						
12	.043	.286	99.945						
13	.007	.047	99.993						
14	.001	.007	100.000						
15	-6.706E-16	-4.470E-15	100.000						
Extraction Method: Principal Component Analysis.									

Communalities (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

Communalities		
	Initial	Extraction
Q1. Promotion opportunities	1.000	.887

Q2. Interesting and challenging work	1.000	.832
Q3. Regular feedback on performance	1.000	.709
Q4. Competitive salary	1.000	.866
Q5. Annual bonus	1.000	.905
Q6. Retirement benefits (e.g., employer contribution to Retirement Annuity Fund)	1.000	.881
Q7. Development training programmes	1.000	.674
Q8. Profit sharing options	1.000	.741
Q9. Spacious office accommodation	1.000	.941
Q10. Parking facilities	1.000	.933
Q11. Special leave (e.g., Birthday Leave)	1.000	.818
Q12. Overtime pay	1.000	.621
Q13. Public recognition of performance	1.000	.890
Q14. Medical Aid	1.000	.905
Q15. Organisational social and health facilities (e.g., canteen, gym, organised social gatherings)	1.000	.942
Extraction Method: Principal Component Analysis.		

Component Matrix (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

Component Matrix[a]			
	Component		
	1	2	3
Q14. Medical Aid	.937		
Q6. Retirement benefits (e.g., employer contribution to Retirement Annuity Fund)	.936		
Q1. Promotion opportunities	.925		
Q13. Public recognition of performance	.918		

Q15. Organisational social and health facilities (e.g., canteen, gym, organised social gatherings)	.867		-.411
Q11. Special leave (e.g., Birthday Leave)	.847		
Q8. Profit sharing options	.827		
Q2. Interesting and challenging work	.805		.375
Q3. Regular feedback on performance	.805		
Q7. Development training programmes	.799		
Q5. Annual bonus	.795	-.421	.309
Q12. Overtime pay	.785		
Q4. Competitive salary	.774	-.378	.353
Q10. Parking facilities	.744		-.613
Q9. Spacious office accommodation		.889	.322
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			

Rotated Component Matrix (Question 1-15: "Highly Valued Rewards" section of the questionnaire)

Rotated Component Matrix[a]			
	Component		
	1	2	3
Q5. Annual bonus	.914		
Q4. Competitive salary	.906		
Q8. Profit sharing options	.711	.388	
Q3. Regular feedback on performance	.703	.463	
Q2. Interesting and challenging work	.694	.305	.507
Q7. Development training programmes	.661	.486	
Q1. Promotion opportunities	.652	.570	.370
Q12. Overtime pay	.558	.505	

Q10. Parking facilities		.955	
Q15. Organisational social and health facilities (e.g., canteen, gym, organised social gatherings)	.317	.904	
Q11. Special leave (e.g., Birthday Leave)	.473	.770	
Q13. Public recognition of performance	.491	.764	
Q14. Medical Aid	.560	.705	.307
Q6. Retirement benefits (e.g., employer contribution to Retirement Annuity Fund)	.623	.651	
Q9. Spacious office accommodation			.968
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

Q16-30: "Retention" section of the questionnaire (including deleted items)

Correlation Matrix (Question 16-30: "Retention" section of the questionnaire)

Correlation Matrix																
		Q16	Q17	Q18	Q19	Q20	Q21	Q22	Q23	Q24	Q25	Q26	Q27	Q28	Q29	Q30
Correlation	Q16	1.000	.470	.505	.620	.559	.589	.481	.378	.610	.503	.614	.446	.562	.382	.318
	Q17	.470	1.000	.758	.820	.814	.728	.628	.702	.764	.845	.777	.670	.747	-.260	.188
	Q18	.505	.758	1.000	.903	.902	.865	.690	.794	.821	.866	.889	.789	.901	-.028	.461
	Q19	.620	.820	.903	1.000	.931	.925	.843	.864	.837	.928	.886	.800	.923	-.180	.442
	Q20	.559	.814	.902	.931	1.000	.873	.767	.840	.894	.947	.905	.807	.869	-.033	.353

	Q21	.589	.728	.865	.925	.873	1.000	.783	.913	.787	.864	.834	.764	.885	-.146	.561
	Q22	.481	.628	.690	.843	.767	.783	1.000	.811	.727	.794	.691	.541	.728	-.184	.667
	Q23	.378	.702	.794	.864	.840	.913	.811	1.000	.734	.898	.809	.728	.842	-.186	.573
	Q24.	.610	.764	.821	.837	.894	.787	.727	.734	1.000	.889	.760	.624	.709	-.018	.309
	Q25	.503	.845	.866	.928	.947	.864	.794	.898	.889	1.000	.850	.813	.862	-.167	.412
	Q26	.614	.777	.889	.886	.905	.834	.691	.809	.760	.850	1.000	.807	.910	.052	.390
	Q27	.446	.670	.789	.800	.807	.764	.541	.728	.624	.813	.807	1.000	.920	-.080	.408
	Q28	.562	.747	.901	.923	.869	.885	.728	.842	.709	.862	.910	.920	1.000	-.057	.529
	Q29	.382	-.260	-.028	-.180	-.033	-.146	-.184	-.186	-.018	-.167	.052	-.080	-.057	1.000	.119
	Q30	.318	.188	.461	.442	.353	.561	.667	.573	.309	.412	.390	.408	.529	.119	1.000

Total Variance (Question 16-30: "Retention" section of the questionnaire)

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.614	70.763	70.763	10.614	70.763	70.763	9.266	61.772	61.772
2	1.418	9.454	80.216	1.418	9.454	80.216	2.379	15.862	77.635
3	1.047	6.980	87.196	1.047	6.980	87.196	1.434	9.562	87.196
4	.616	4.105	91.301						

5	.391	2.608	93.910						
6	.213	1.422	95.332						
7	.196	1.305	96.637						
8	.182	1.212	97.849						
9	.167	1.116	98.966						
10	.066	.442	99.407						
11	.049	.326	99.733						
12	.033	.217	99.950						
13	.006	.042	99.992						
14	.001	.008	100.000						
15	4.056E-16	2.704E-15	100.000						
Extraction Method: Principal Component Analysis.									

Communalities (Question 16-30: "Retention" section of the questionnaire)

Communalities		
	Initial	Extraction
Q16. Increased involvement in decision making	1.000	.763
Q17. Flexible work arrangements	1.000	.836
Q18. Interesting and challenging work	1.000	.865
Q19. Role that meaningfully contributes to the success of the business	1.000	.958
Q20. Job security	1.000	.943
Q21. The provision of a competitive pay package (i.e., basic salary plus benefits, allowances, or variable pay)	1.000	.902
Q22. Your employer's provision of medical aid, retirement, and pension benefits	1.000	.822
Q23. Your employer's provision of incentive bonuses or variable pay	1.000	.889

Q24. The opportunities offered to you by your company for learning and career development outside of your current job (e.g., sabbaticals)	1.000	.803
Q25. The opportunities offered to you by your company for career advancement (e.g., job advancements or promotions and internships)	1.000	.938
Q26. The extent to which you are provided with challenging targets	1.000	.887
Q27. The extent to which your employer supports a balanced lifestyle (between work and personal life)	1.000	.714
Q28. Your employer's provision of work-life programmes such as flexible working arrangements and flexible hours	1.000	.894
Q29. Having social friendships at work	1.000	.908
Q30. The degree to which your employer organises team building or other social networking activities among employees	1.000	.958
Extraction Method: Principal Component Analysis.		

Component Matrix (Question 16-30: "Retention" section of the questionnaire)

Component Matrix[a]			
	Component		
	1	2	3
Q19. Role that meaningfully contributes to the success of the business	.975		
Q25. The opportunities offered to you by your company for career advancement (e.g., job advancements or promotions and internships)	.958		
Q20. Job security	.957		
Q28. Your employer's provision of work-life programmes such as flexible working arrangements and flexible hours	.944		

Q21. The provision of a competitive pay package (i.e., basic salary plus benefits, allowances, or variable pay)	.942		
Q18. Interesting and challenging work	.928		
Q26. The extent to which you are provided with challenging targets	.924		
Q23. Your employer's provision of incentive bonuses or variable pay	.906		
Q24. The opportunities offered to you by your company for learning and career development outside of your current job (e.g., sabbaticals)	.871		
Q27. The extent to which your employer supports a balanced lifestyle (between work and personal life)	.843		
Q22. Your employer's provision of medical aid, retirement, and pension benefits	.835		.349
Q17. Flexible work arrangements	.832		
Q16. Increased involvement in decision making	.615	.585	
Q29. Having social friendships at work		.943	
Q30. The degree to which your employer organises team building or other social networking activities among employees	.521		.784
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			

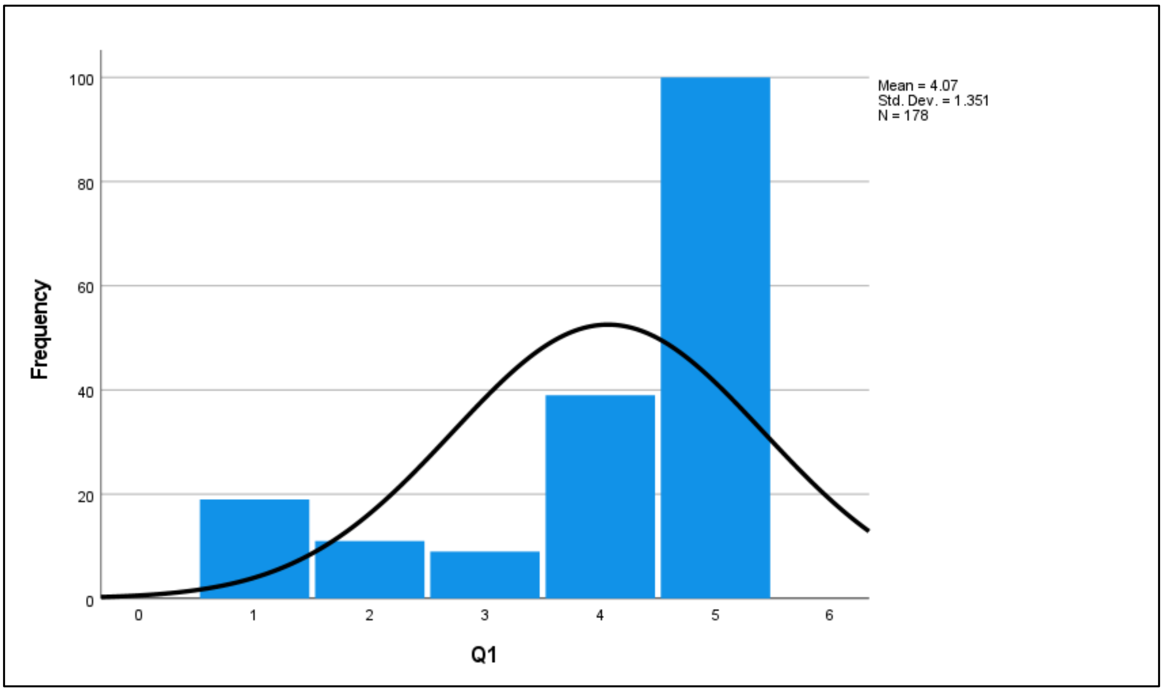
Rotated Component Matrix (Question 16-30: "Retention" section of the questionnaire)

Rotated Component Matrix[a]			
	Component		
	1	2	3
Q20. Job security	.946		

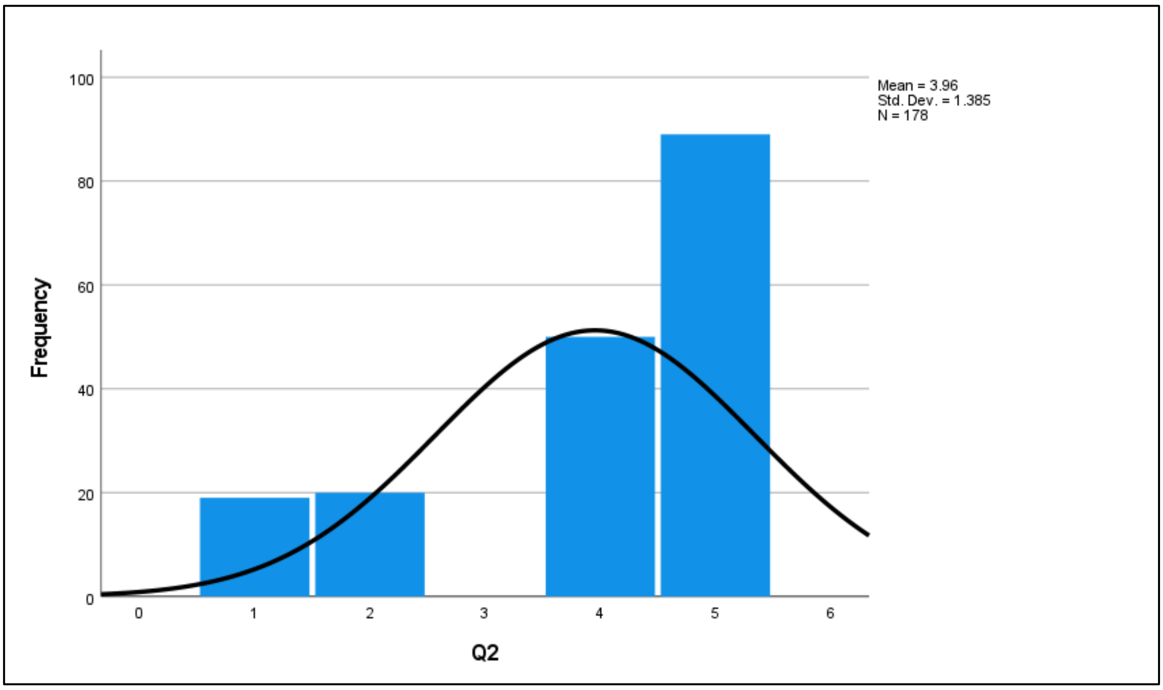
Q25. The opportunities offered to you by your company for career advancement (e.g., job advancements or promotions and internships)	.928		
Q19. Role that meaningfully contributes to the success of the business	.925	.320	
Q17. Flexible work arrangements	.906		
Q26. The extent to which you are provided with challenging targets	.894		
Q18. Interesting and challenging work	.878		
Q24. The opportunities offered to you by your company for learning and career development outside of your current job (e.g., sabbaticals)	.876		
Q28. Your employer’s provision of work-life programmes such as flexible working arrangements and flexible hours	.858	.391	
Q21. The provision of a competitive pay package (i.e., basic salary plus benefits, allowances, or variable pay)	.834	.454	
Q27. The extent to which your employer supports a balanced lifestyle (between work and personal life)	.805		
Q23. Your employer’s provision of incentive bonuses or variable pay	.778	.517	
Q22. Your employer’s provision of medical aid, retirement, and pension benefits	.656	.622	
Q30. The degree to which your employer organises team building or other social networking activities among employees		.953	
Q29. Having social friendships at work			.939
Q16. Increased involvement in decision making	.572		.647
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

Appendix E: Distribution of the Data for Question 1-30

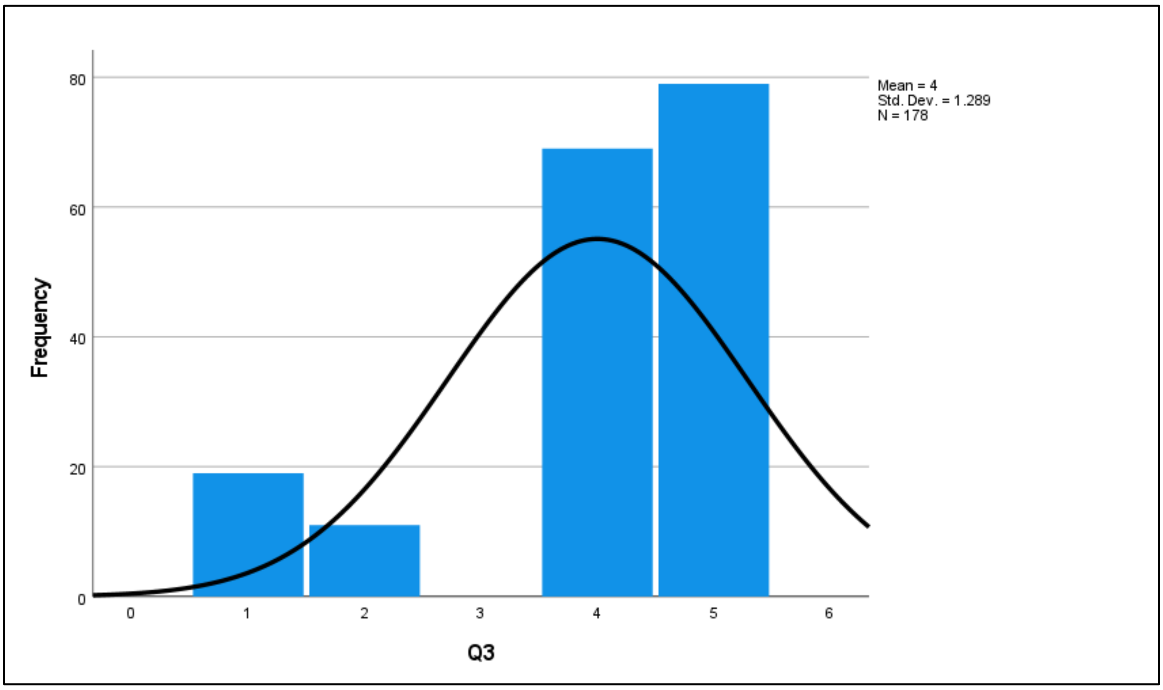
Question 1: "Promotion opportunities"



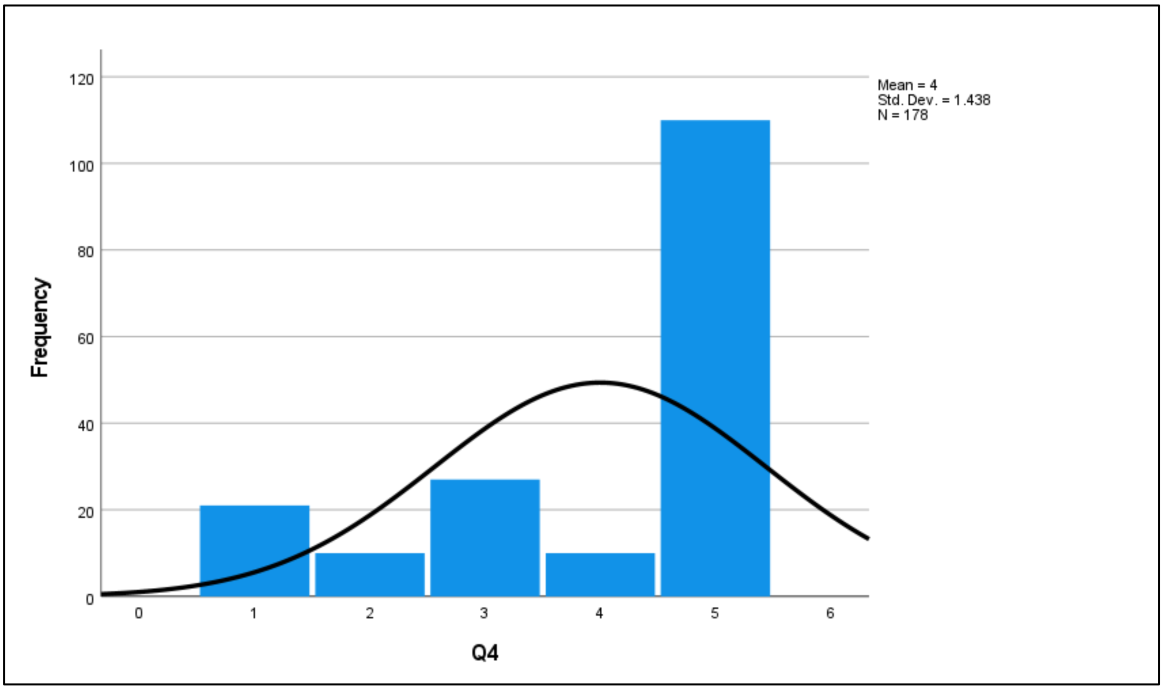
Question 2: "Interesting and challenging work"



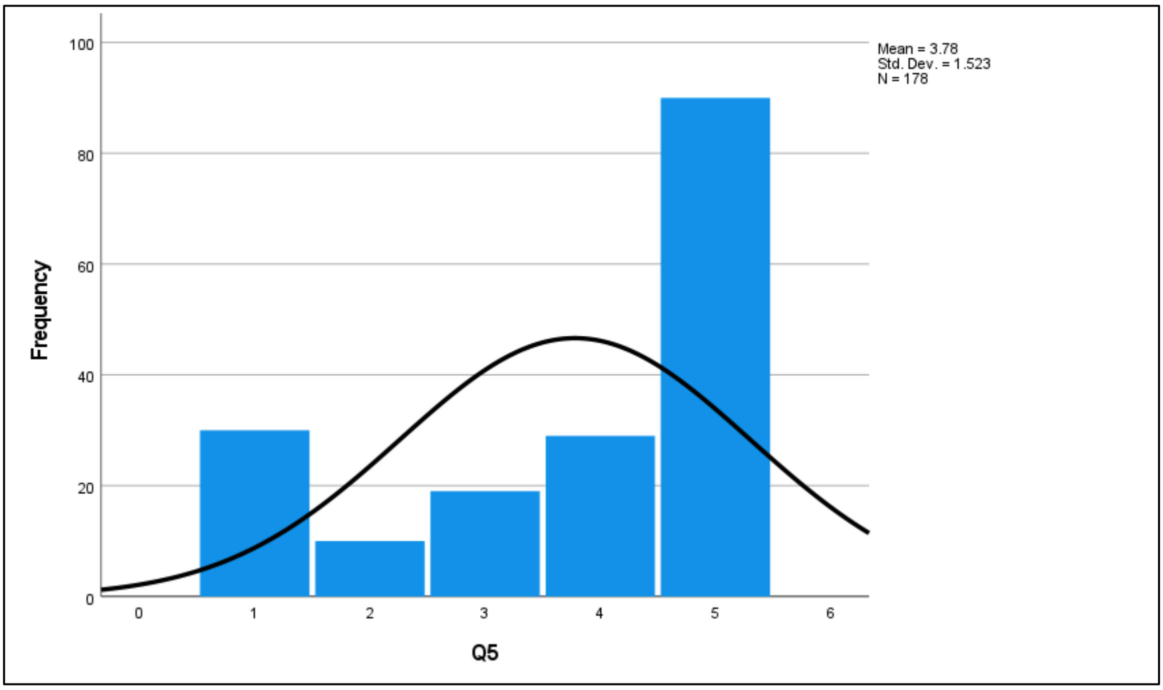
Question 3: "Regular feedback on performance"



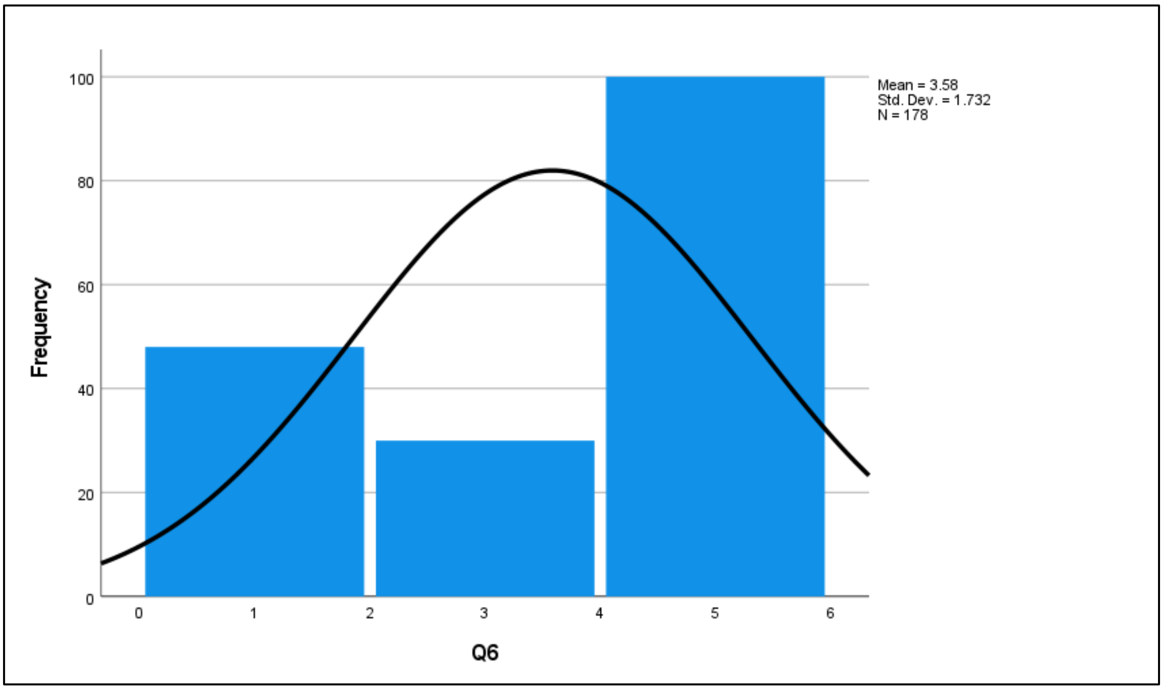
Question 4: "Competitive salary"



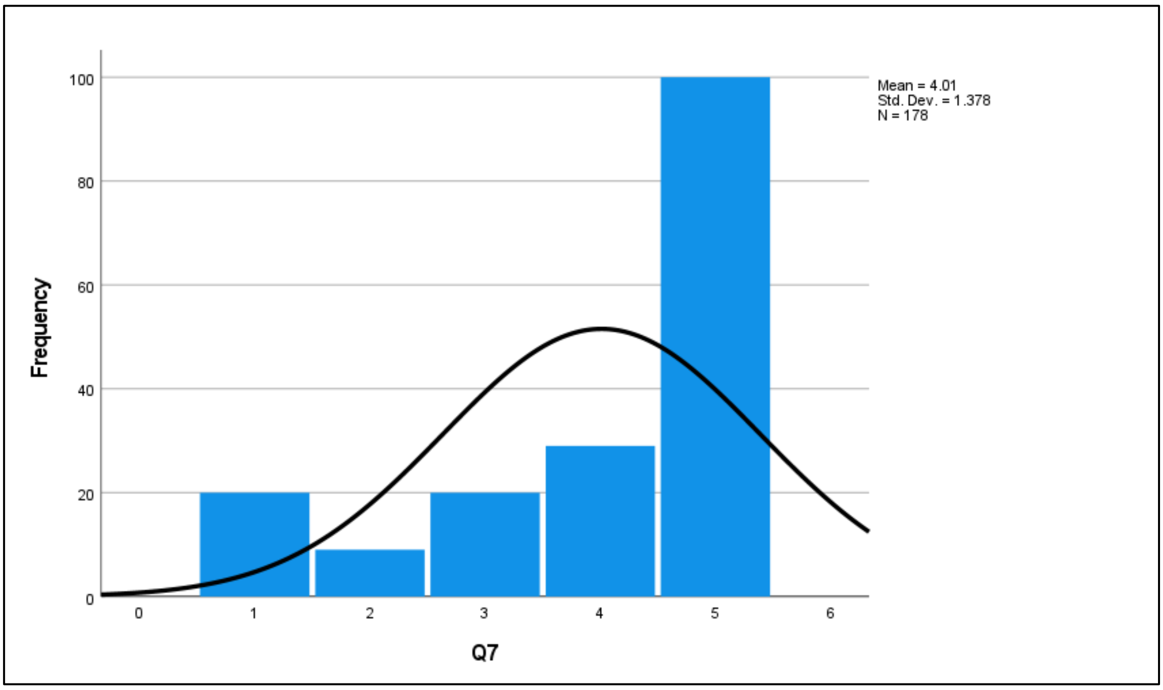
Question 5: “Annual bonus”



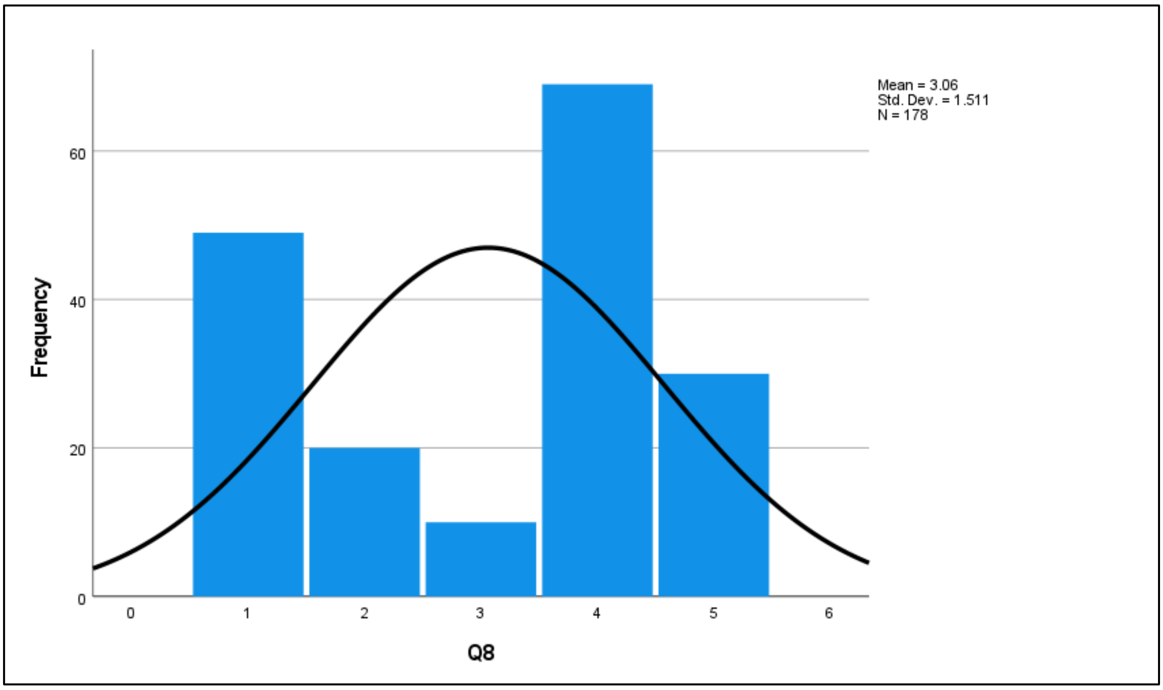
Question 6: “Retirement benefits (e.g., employer contribution to Retirement Annuity Fund)”



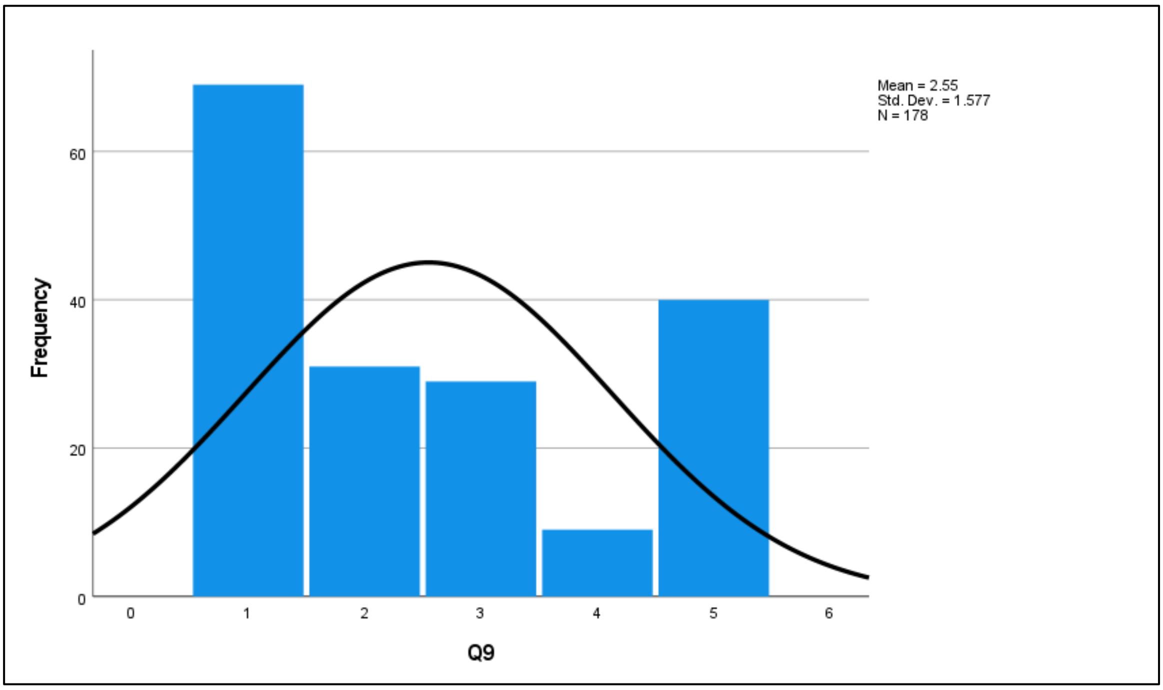
Question 7: "Development training programmes"



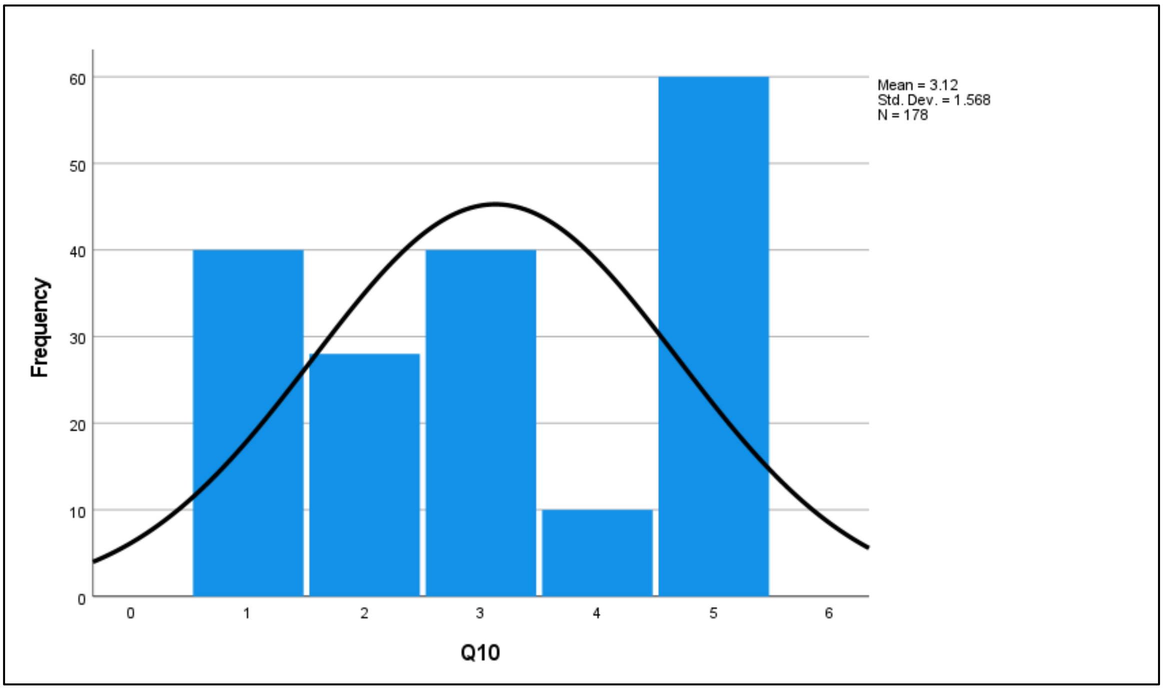
Question 8: "Profit sharing options"



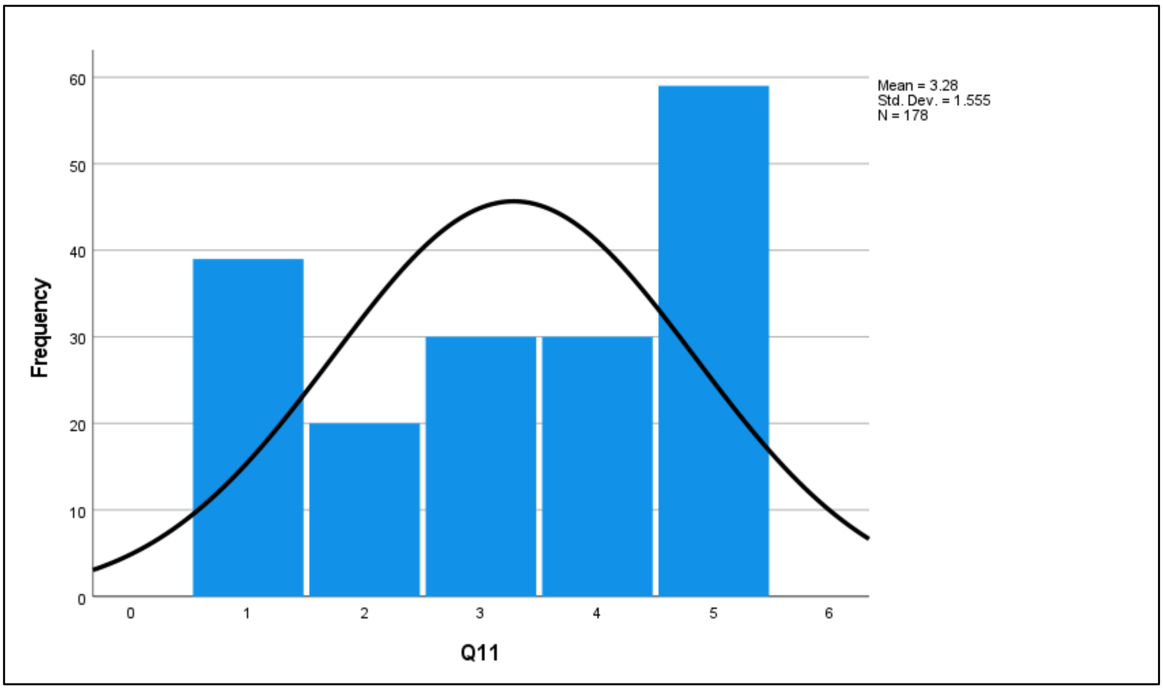
Question 9: "Spacious office accommodation"



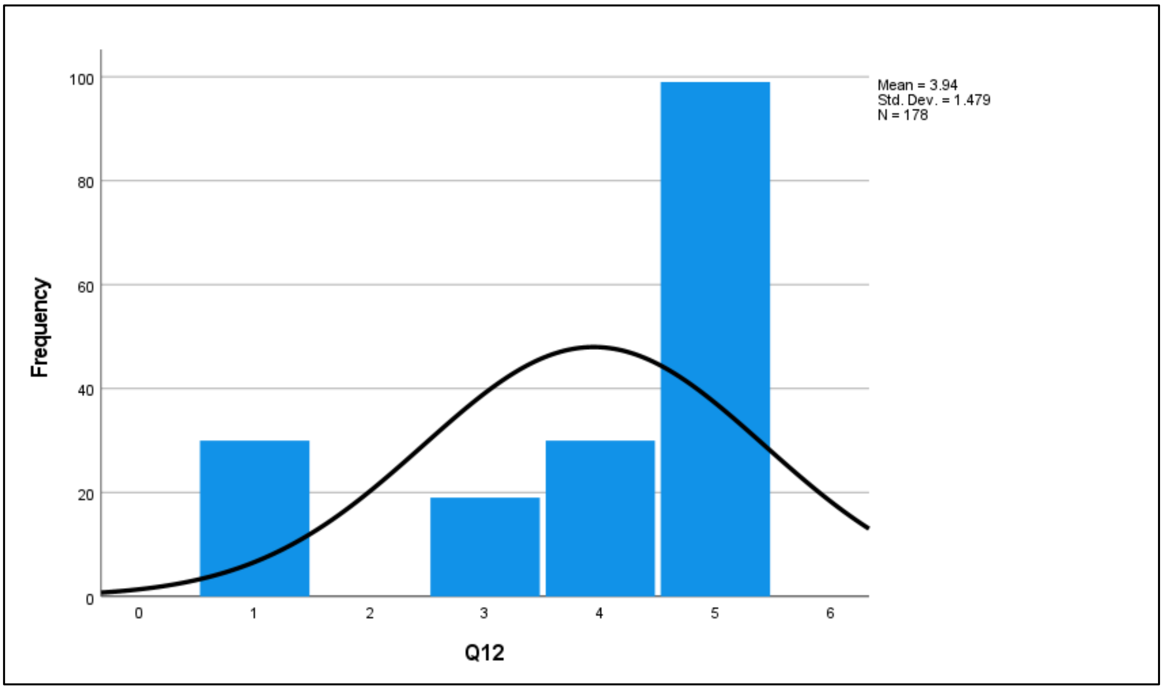
Question 10: "Parking facilities"



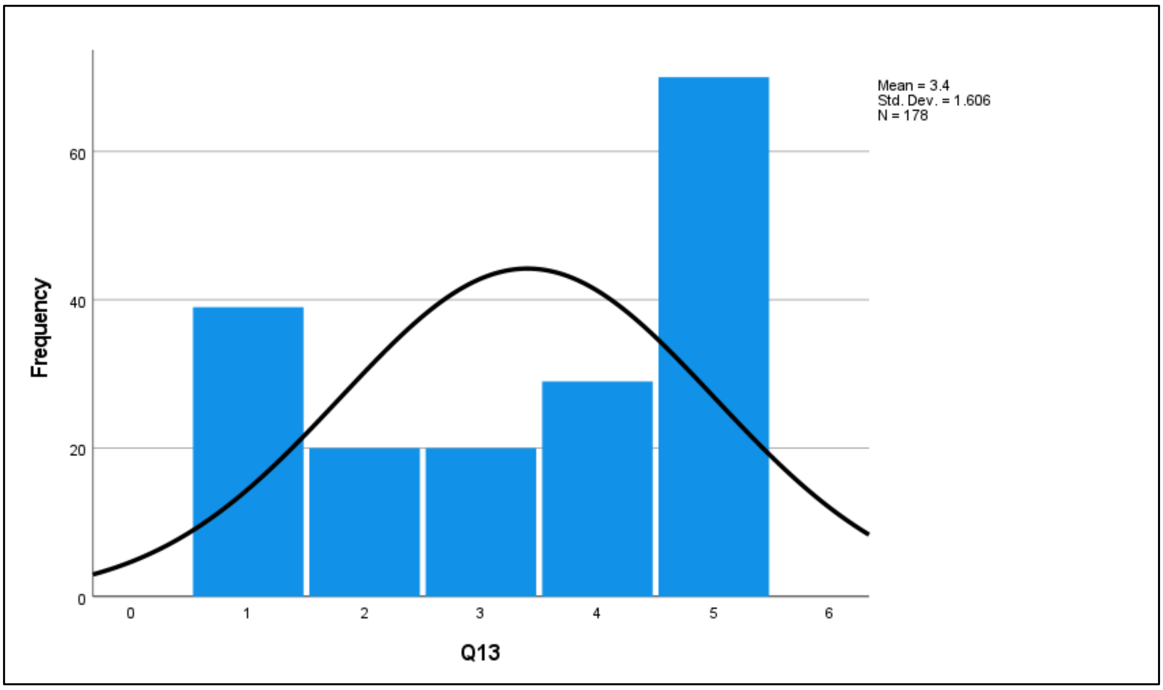
Question 11: "Special leave (e.g., Birthday Leave)"



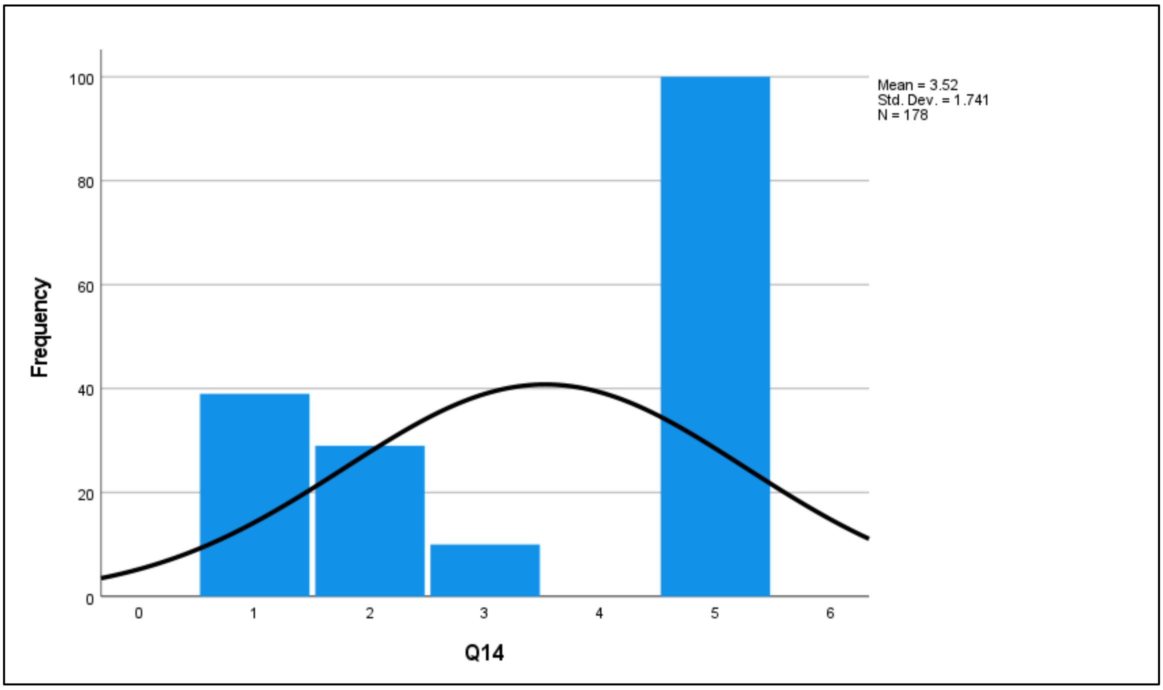
Question 12: "Overtime pay"



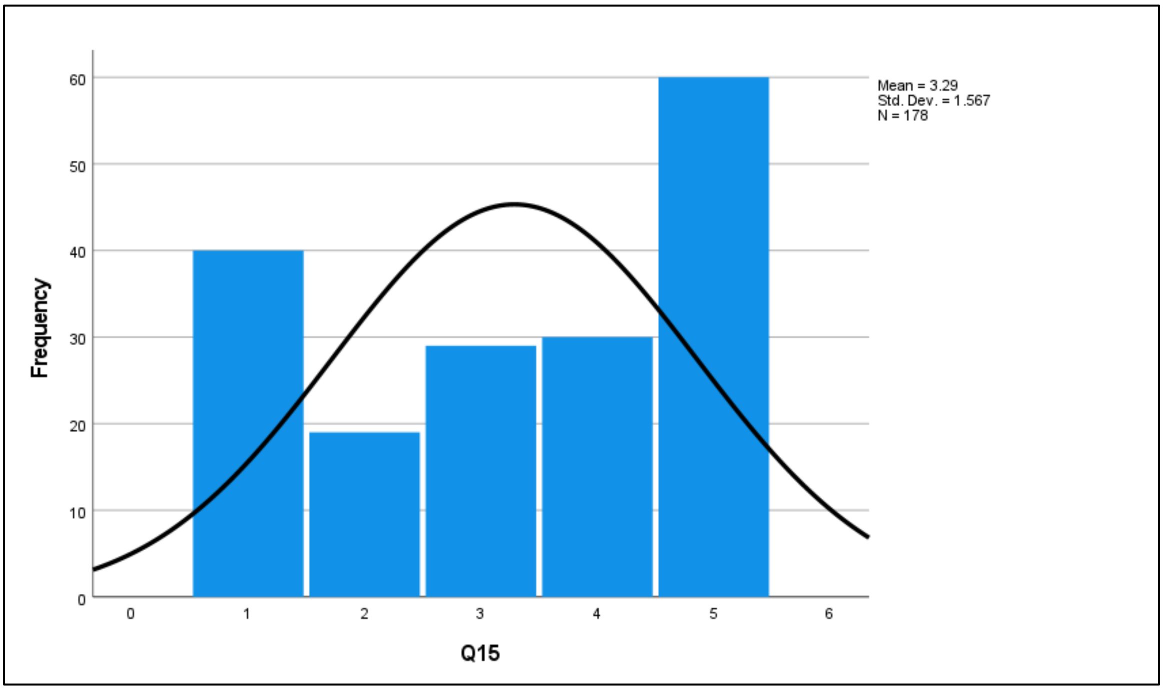
Question 13: "Public recognition of performance"



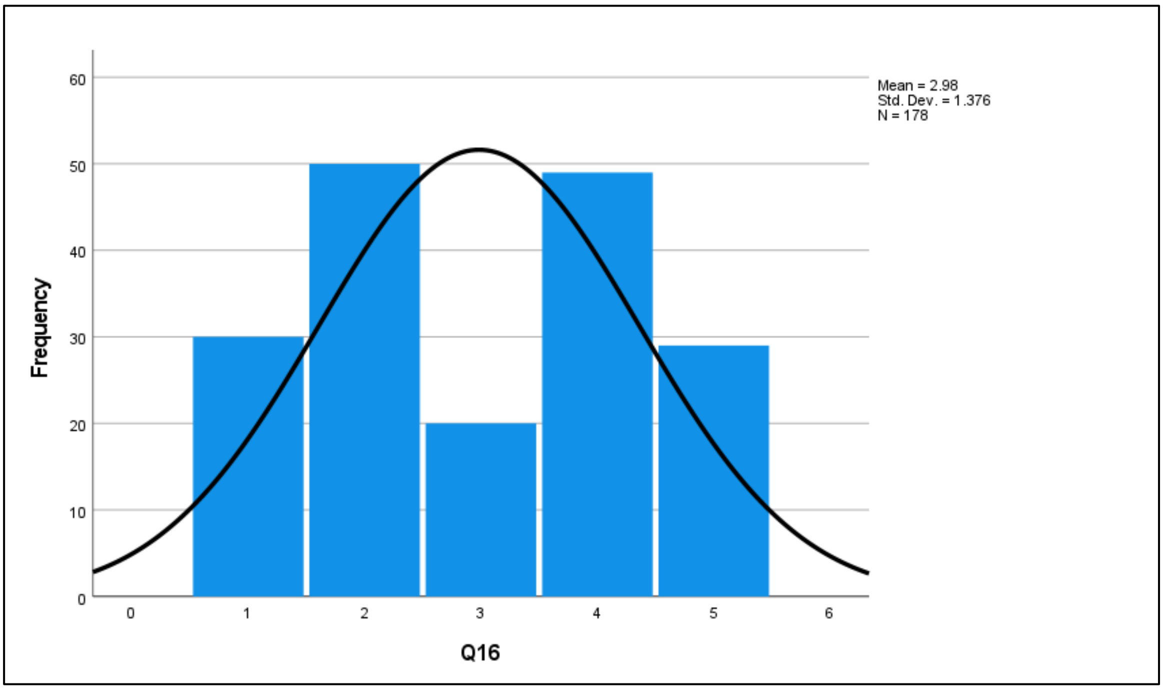
Question 14: "Medical Aid"



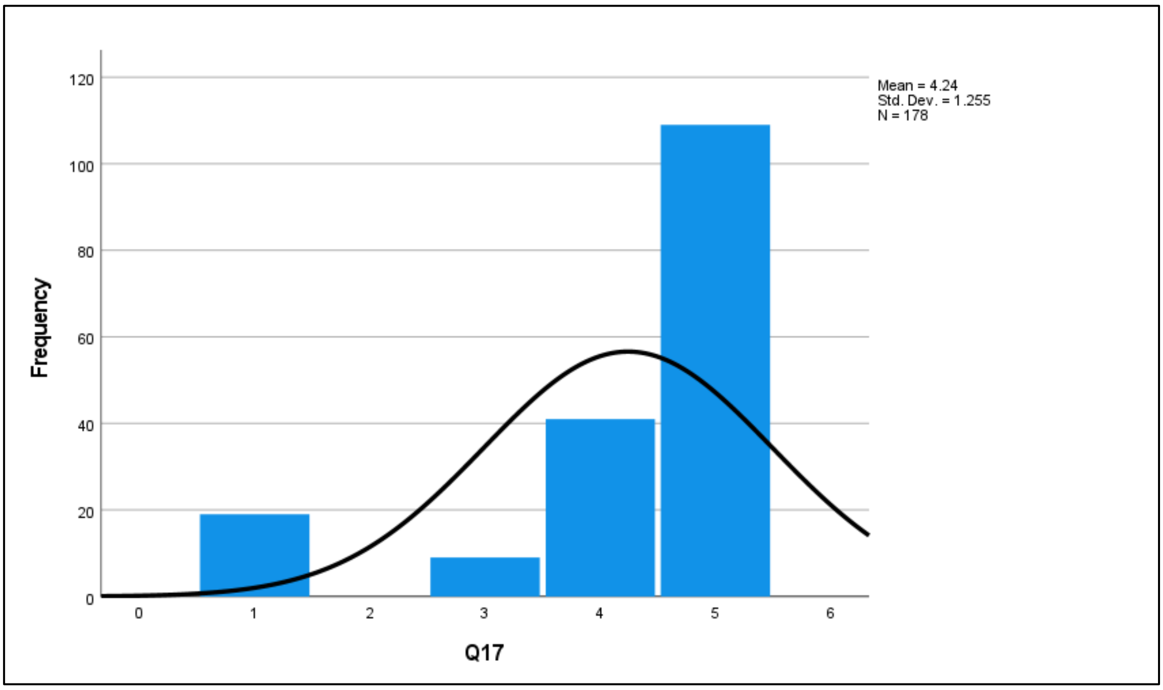
Question 15: "Organisational social and health facilities (e.g., canteen, gym, organised social gatherings)"



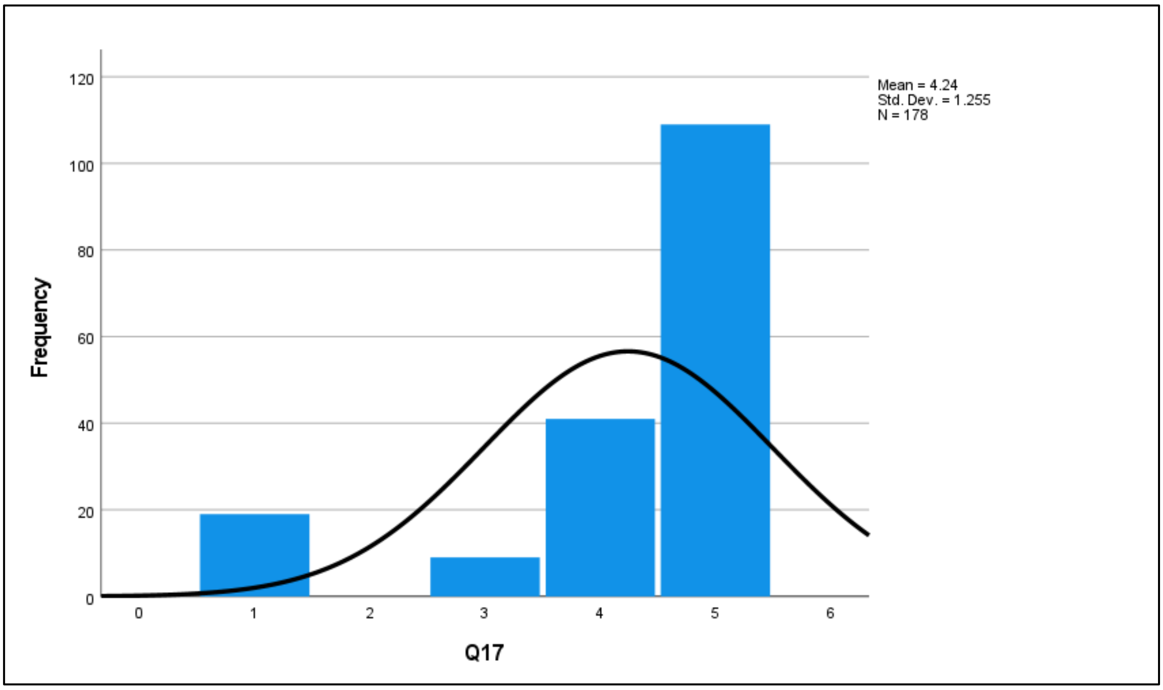
Question 16: "Increased involvement in decision making"



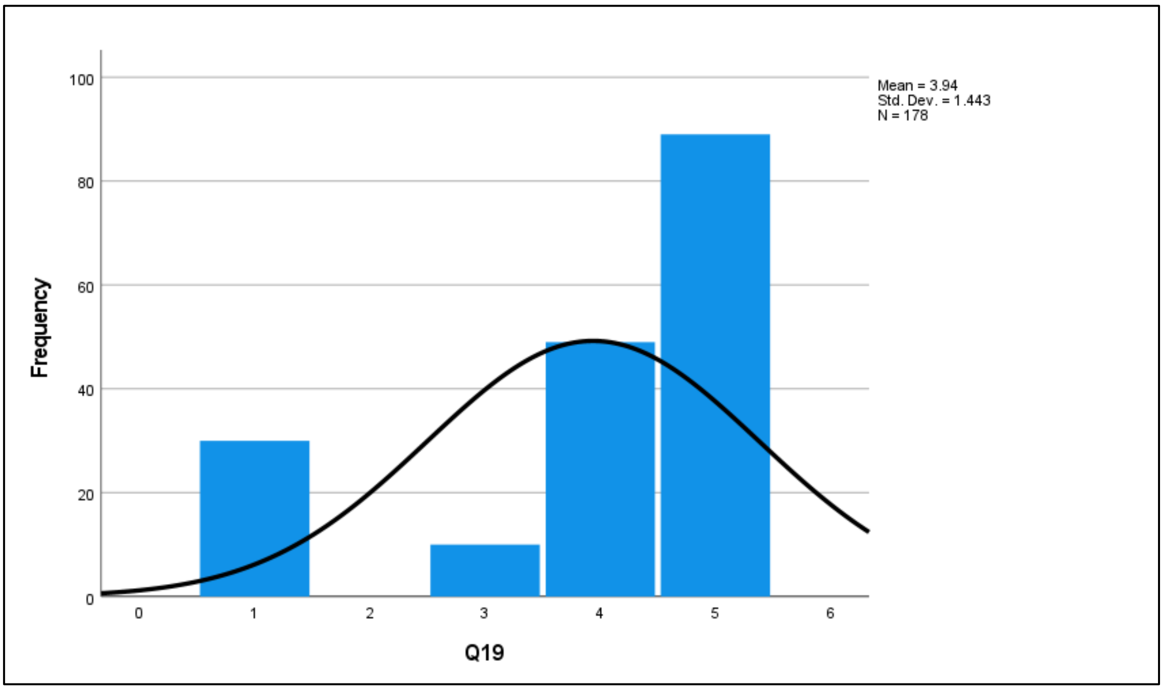
Question 17: "Flexible work arrangements"



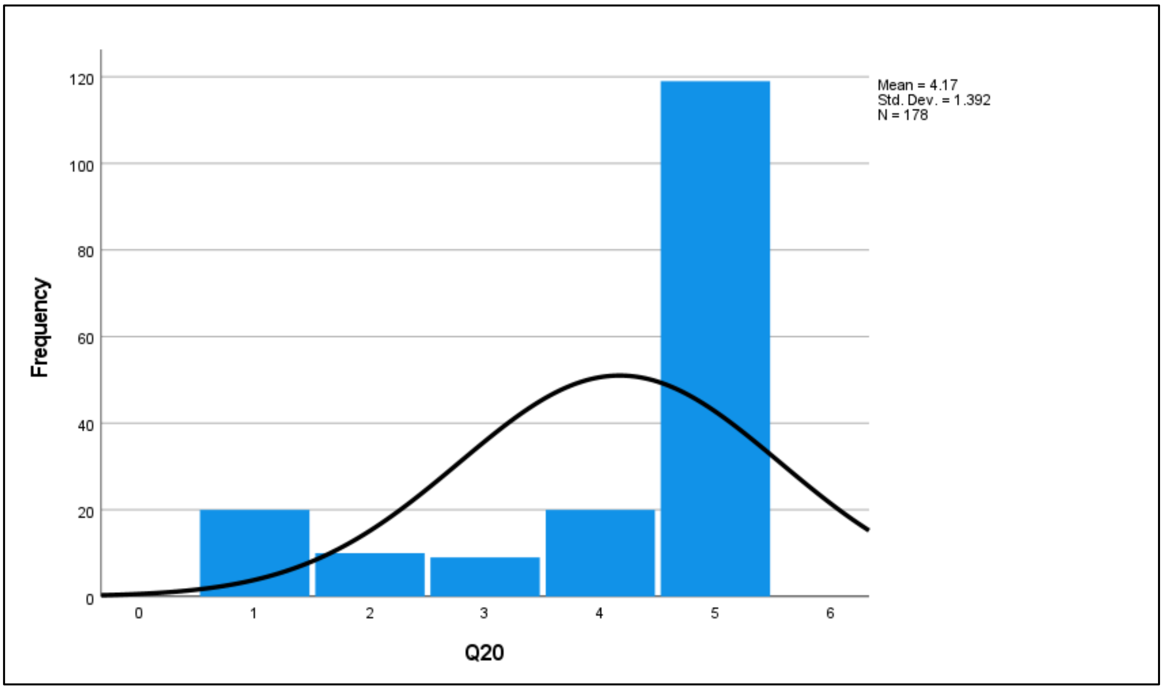
Question 18: "Interesting and challenging work"



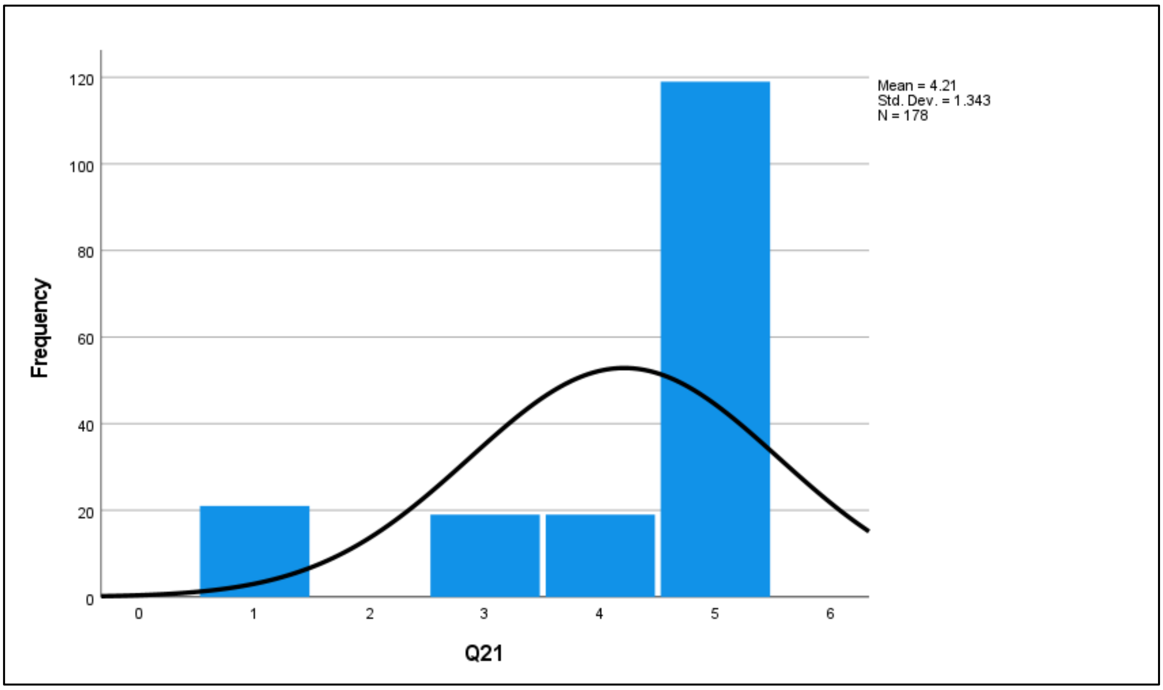
Question 19: "Role that meaningfully contributes to the success of the business"



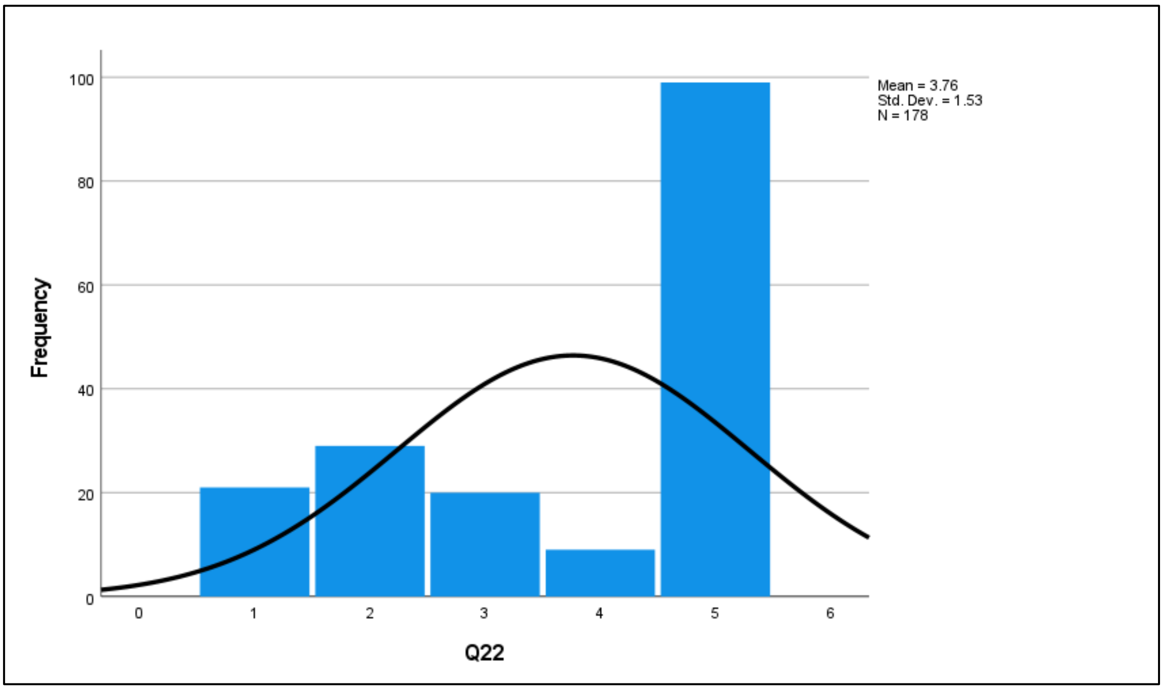
Question 20: "Job security"



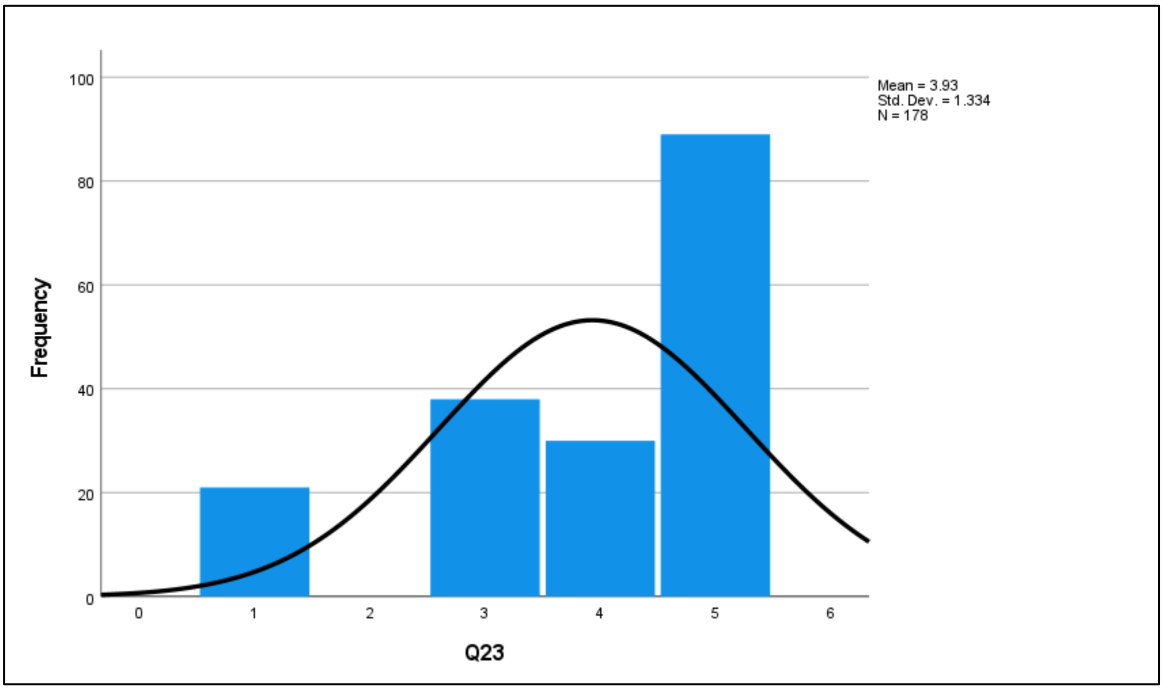
Question 21: "The provision of a competitive pay package (i.e., basic salary plus benefits, allowances, or variable pay)"



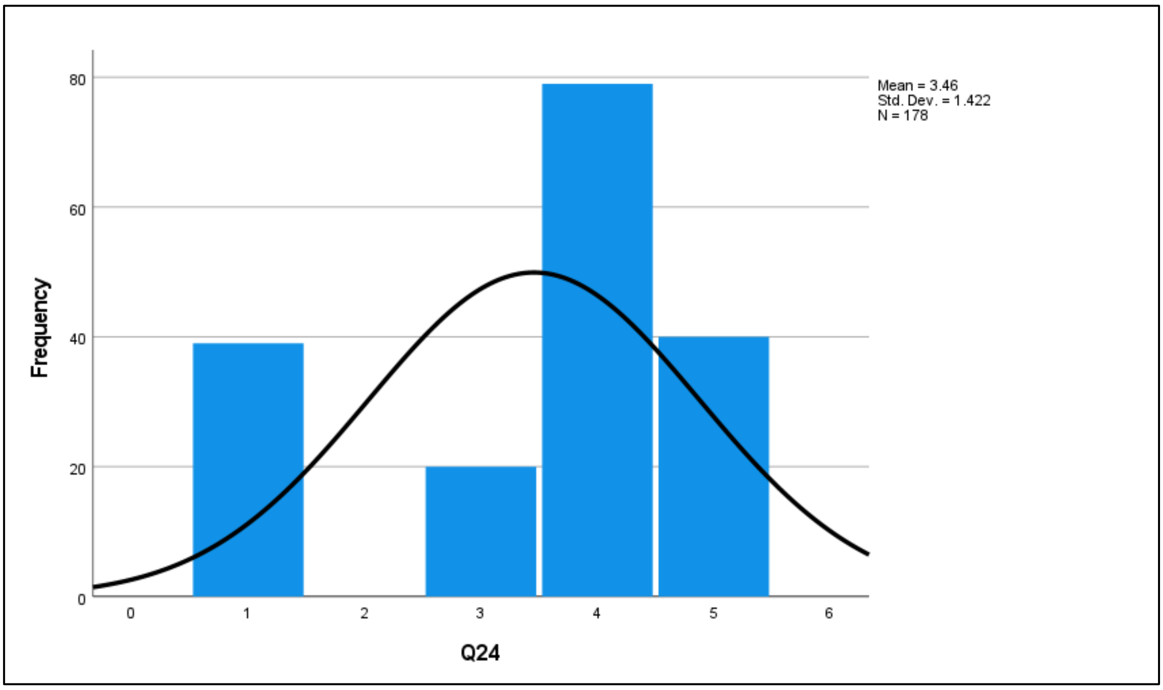
Question 22: "Your employer's provision of medical aid, retirement, and pension benefits"



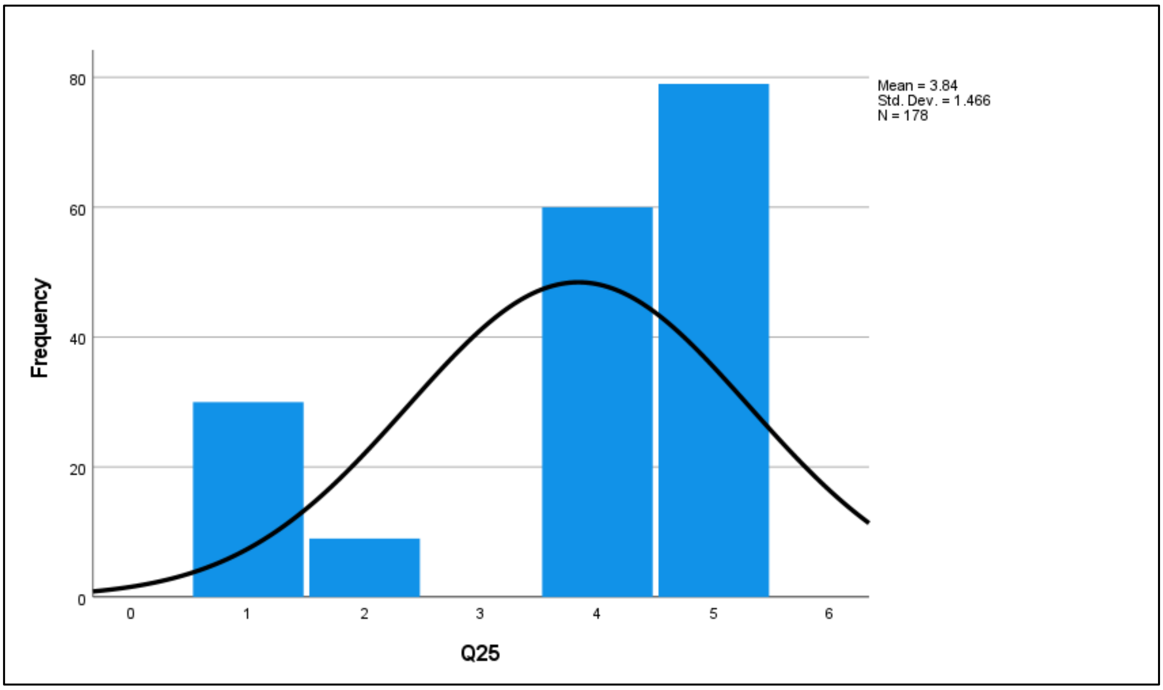
Question 23: "Your employer's provision of incentive bonuses or variable pay"



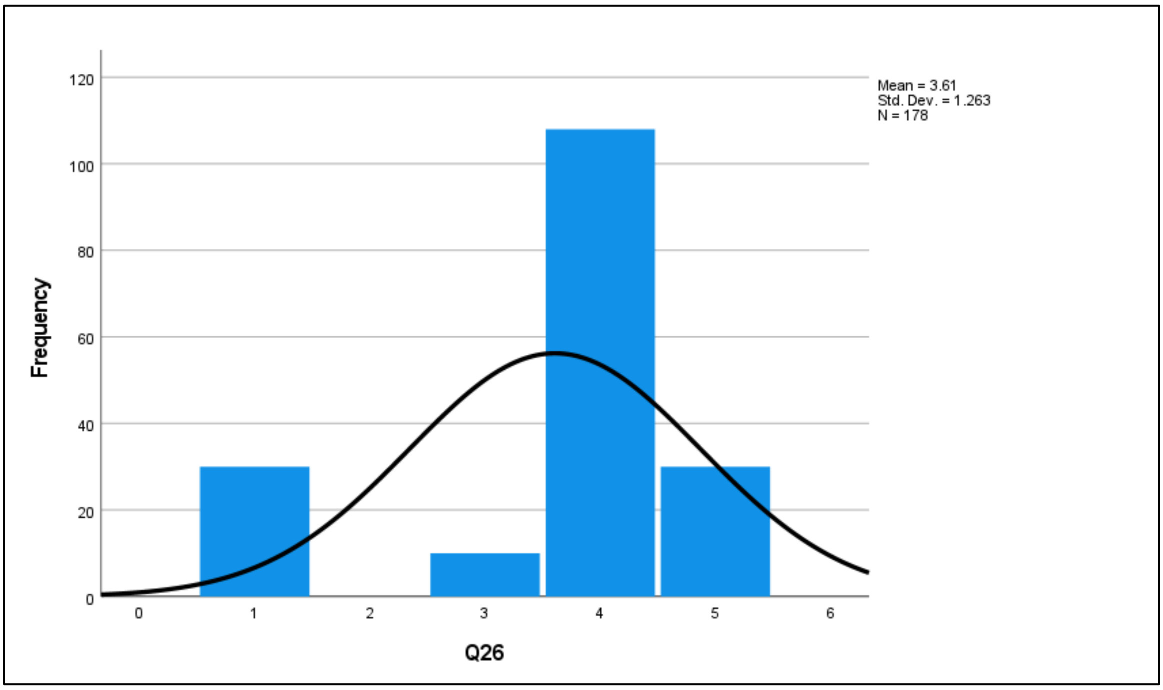
Question 24: "The opportunities offered to you by your company for learning and career development outside of your current job (e.g., sabbaticals)"



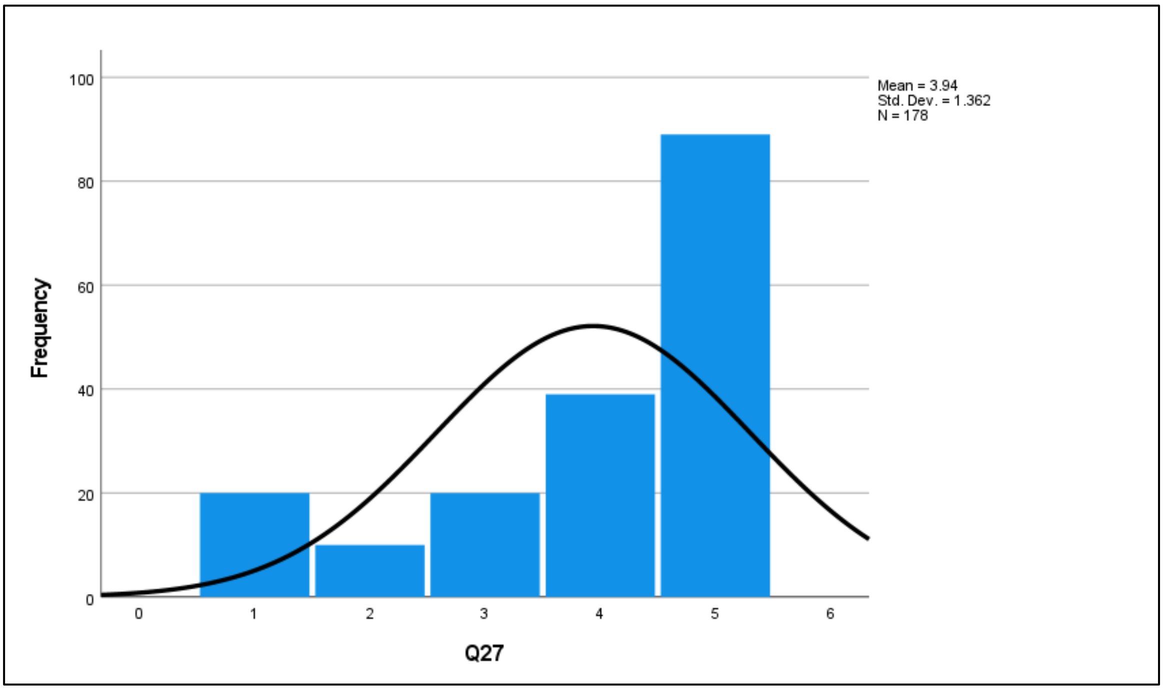
Question 25: "The opportunities offered to you by your company for career advancement (e.g., job advancements or promotions and internships)"



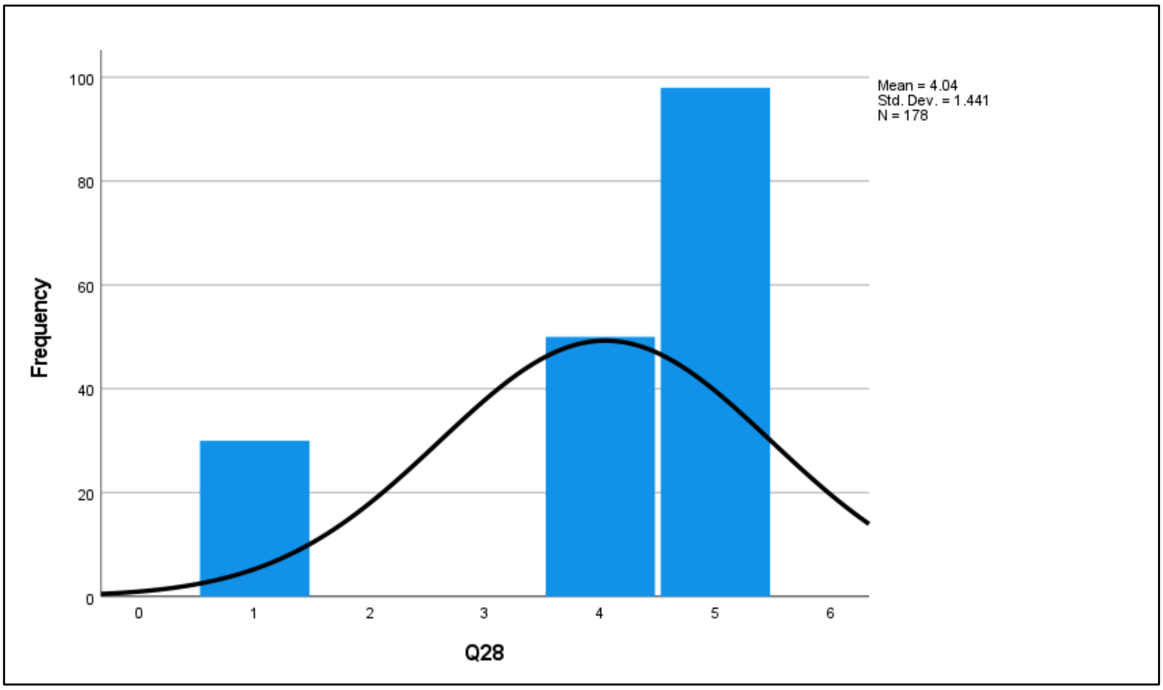
Question 26: "The extent to which you are provided with challenging targets"



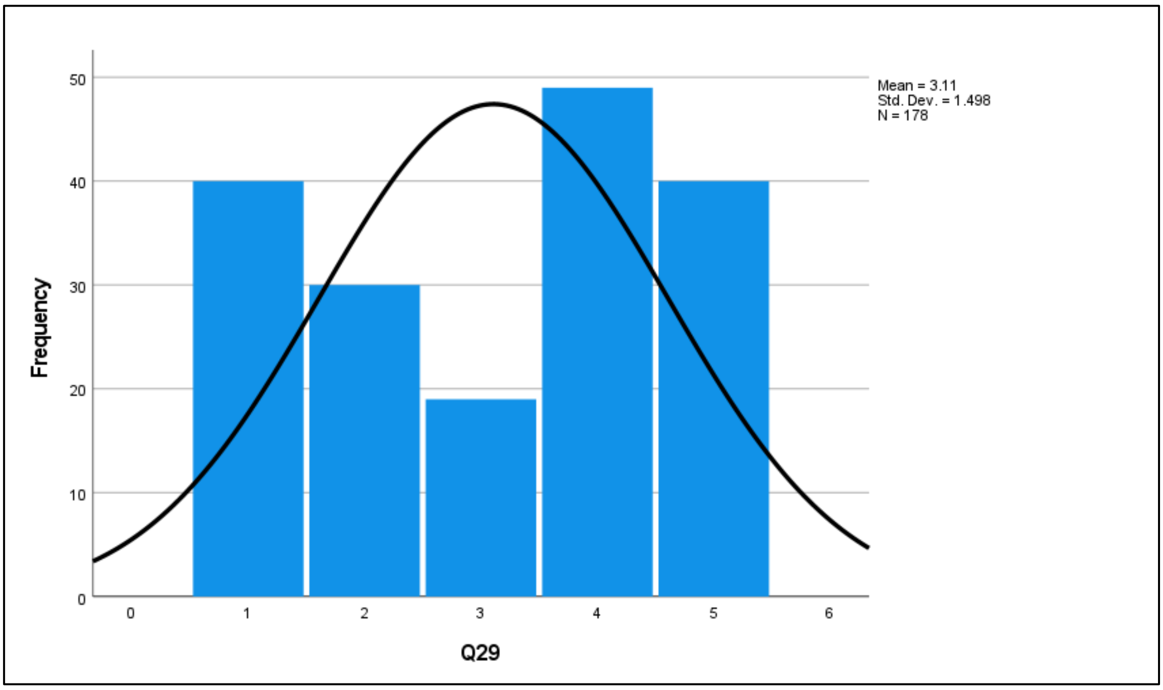
Question 27: "The extent to which your employer supports a balanced lifestyle (between work and personal life)"



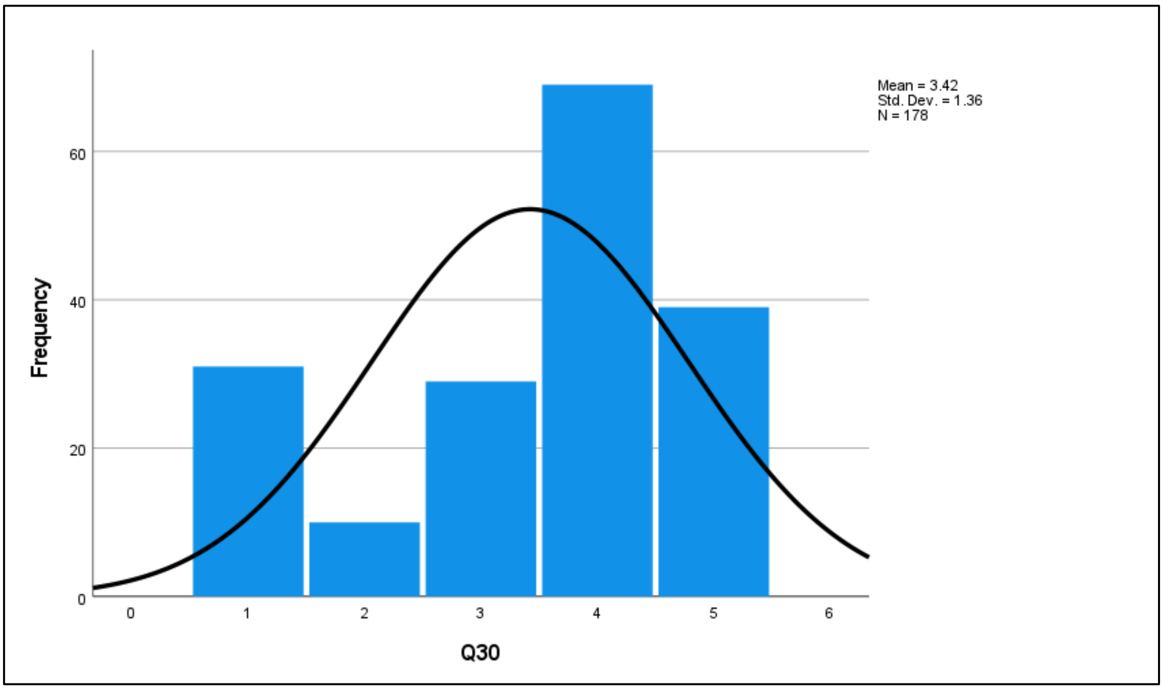
Question 28: "Your employer's provision of work-life programmes such as flexible working arrangements and flexible hours"



Question 29: "Having social friendships at work"



Question 30: "The degree to which your employer organises team building or other social networking activities among employees"



Appendix F: Ethics Clearance Certificate

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Mashele

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: H22/06/21**
PROJECT TITLE	Total reward preferences: A quantitative empirical study of employee retention and attraction in SMMEs in South Africa
INVESTIGATOR(S)	Miss M Mashele
SCHOOL/DEPARTMENT	Business Sciences/
DATE CONSIDERED	24 June 2022
DECISION OF THE COMMITTEE	Approved Risk Level: Minimal
EXPIRY DATE	21 July 2025

DATE 22 July 2022 **CHAIRPERSON** ____________________
(Professor J Watermeyer)

cc: Supervisor : Professor D Coldwell

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10004, 10th Floor, Senate House, University. Unreported changes to the application may invalidate the clearance given by the HREC (Non-Medical)

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to submit an amendment of the protocol to the Committee. **I agree to completion of a regular progress report. For Minimal and Low studies, this is due annually on 31 December. For Medium and High Risk studies, this is due twice annually on 30 June and 31 December.**

____
Signature

22 / 07 / 2022
Date

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES