

**A comparative study to determine the impact of
fringe benefits on job satisfaction and engagement**

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NOTE

The reader should keep the following in mind:

- The editorial style as well as the references referred to in this mini-dissertation follow the format prescribed by the Publication Manual (5th edition) of the **American Psychological Association (APA)**. This practice is compliant with the policy of the Programme in Industrial Psychology at the North-West University (Potchefstroom Campus).
- Chapter 2 is submitted in the form of a research article.

PREFACE

I would like to express my sincere thanks and appreciation to the following people, without whom this research would not have been possible:

- To God our Father, for giving me the talent and courage to believe in myself as well as strength to complete this study.
- Ms Retha Scholtz for her professional guidance and contributions in completing the dissertation.
- Ms Lusilda Boshoff for her professional guidance with all the statistical analysis.
- Magda Sylwestrowicz for the language editing.
- My family, friends and colleagues for enduring the past few years, encouraging and motivating me. Thanks for working with me to achieve this goal for us as a family.

ABSTRACT

Subject: A comparative study to determine the impact of fringe benefits on job satisfaction and engagement

Key terms: Benefits, remuneration, fringe benefits, job satisfaction, engagement.

The study addresses the impact that fringe benefits have on the levels of job satisfaction and engagement of the employees of Orica Mining Services. Orica is a global explosives company that serves the mining and construction industries all over the world. The remuneration of employees differs from country to country within the organization and this can lead to confrontations when employees compare remuneration packages amongst one another. To determine the appropriate compensation for the value of the work becomes even more difficult when dealing with a global organization. This matter becomes even more complicated when an organisation's boundaries stretch across country borders. The study aims to compare job satisfaction and engagement of Orica employees working in South Africa to those working in Ghana.

A survey research design was used with a specifically developed questionnaire as the data gathering instrument. The participants represent the total of all employees of Orica, a global mining services company. Management supported the study and made participation compulsory. A total of 57 employees completed the questionnaires. Employees from different areas, gender, age, academic levels and income groups participated. The majority of the respondents were in the age group 36 – 40 (28.1%). Educational levels revealed that the majority (68.4%) of participants have a Grade 12 and/or higher qualification.

Because all the questionnaires represented the population and not just a sample, only a test to determine practical correlation was performed. For the purpose of the correlation test, the Nonparametric Spearman's correlation coefficient (r) was used.

The statistical analysis indicated a highly important correlation between Job Satisfaction and Engagement. Thus a high level of job satisfaction will imply a high level of engagement and vice versa. It has also indicated that Job Satisfaction and Fringe Benefits shows a low practically significant correlation. The test for correlation between Job Satisfaction and Remuneration indicated that the level of job satisfaction an employee experiences in the organisation is influenced by his remuneration package. The test for correlation between Engagement and Fringe Benefits shows a low practically significant correlation. The test for correlation between Engagement and Remuneration shows a low practically significant correlation.

The limitations of the study were the limited number of employees in Orica South Africa and Orica Ghana for participation in this comparative study. The structure of remuneration packages is treated as confidential and therefore employees might be hesitant to answer questions regarding fringe benefits and remuneration. The study was conducted within Orica and therefore its outcome can only be released with the permission of Orica South Africa and Orica Ghana.

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LIST OF ABBREVIATIONS

Abbreviation	Description
OSA	Orica South Africa
OGH	Orica Ghana
PAYE	Pay as you earn
CTC	Cost to Company
LRA	Labour Relations Act

CHAPTER 1

INTRODUCTION

This mini-dissertation focuses on a comparative study to determine the impact of fringe benefits on job satisfaction and engagement.

Fringe benefits, or that part of the total compensation package other than pay for time worked provided to employees in whole or in part by employer payments, play a major role in the structuring of compensation packages (Williams, 1995:1097).

If asked about their organisation's compensation programs, most managers criticise them as not working (Jensen & McMullen, 2007:2). This statement reflects the opinion of various managers in the corporate world, as they are powerless with regards to the compensation of their employees and the limitations which are placed by the laws of the organisation on the structuring of their employee's remuneration packages.

Managers have the authority to make major business decisions sometimes worth millions of Rands, but they don't always have the authority to change the structure of their employees' remuneration packages (Jensen & McMullen, 2007:2). Most remuneration packages are based on market related information, and one can ask the question – do these market related rewards reflect the contribution that a specific employee makes to an organisation? (Jensen & McMullen, 2007:2).

Today's managers do not believe that their organisation's compensation programs are effective in getting the desired results for which they are held accountable (Jensen & McMullen, 2007:2). For most managers, compensation is their largest controllable operating expense. If it is successfully managed, the compensation offered to employees gives them a great tool to achieve the best possible business results.

When managers or employees criticize the organisation's remuneration packages or reward structures, it is often assumed that money is the reason. But people or employees are motivated by more than just money. According to Jensen and McMullen (2007:5), some people say that money is not a motivator for them at all.

According to McCaffery and Harvey (1997:1), there are six key reasons why remuneration packages need to be structured, and why fringe benefits will not be eliminated.

It's the law: Certain fringe benefits are required by law. In the United States Social Security, Medicare, and Family and Medical Leave are mandated federally. All the states require workers' compensation coverage and unemployment insurance. A few states have non-occupational temporary disability benefit laws and mandatory health benefit coverage.

Duty to bargain with unions: Virtually every conceivable employee benefit qualifies as a "mandatory subject for bargaining" under federal labour law. This means that in collective bargaining, employers cannot ignore union proposals or eliminate benefit coverage unilaterally.

Competition: Even most small employers now sponsor some benefit plans for their employees – if only paid-time-off allowances and employee-pay-all coverage. A company opting for an "all cash" compensation program certainly would be disadvantaged competitively in the employment marketplace.

Benefits are tax-advantaged: Unlike pay, which is subject to federal and state taxes, most benefits enjoy either a tax-exempt or tax-deferred status. This enables employers to take current-year tax deductions for expenditures without directly or immediately increasing employees' taxable income.

Employees want benefits: Employees are accustomed to receiving benefit coverage as part of their total compensation. They realize that because of tax advantages and economies-of-scale, they are better off having their employers

provide benefits. This is evident especially in flexible (cafeteria) plans where most employees forego cash pay-outs for benefit choices.

Benefits support employer strategies: Companies find that certain benefits are often more effective than pay in helping to achieve objectives related to recruitment, retention and motivation of employees, cost management, and social responsibility. Examples of this are profit-sharing plans, work-and-family programs and flexible benefit plans.

The bottom line is every organisation is different – different employees with different cultures, different needs and different objectives (Jensen & McMullen, 2007:157). Effective benefits will align employee needs with the organisation's goals, and this is based on careful research into what employees want what the organisation offers, what it wants to offer, and ultimately what it can afford to offer.

1.1 PROBLEM STATEMENT

The study addresses the impact that fringe benefits have on the level of job satisfaction and engagement of the employees of Orica Mining Services. Orica is a global explosives company that serves the mining and construction industries all over the world. The remuneration of employees differs from country to country within the organization and this can lead to confrontations when employees compare remuneration packages amongst one another. The study aims to compare job satisfaction and engagement of Orica employees working in South Africa to those working in Ghana.

To determine the appropriate compensation for the value of the work becomes even more difficult when dealing with a global organization. This matter becomes even more complicated when an organisation's boundaries stretch across country borders. It is therefore important to compensate employees according to the market value in each individual country as well as keeping in mind cultural diversities when remuneration packages are structured.

Job satisfaction can only exist when the interests of both the employee and the organisation are in equilibrium. The organisation relies on the manager to evaluate the value of the work performed by an employee, and with the interest of the employees at heart, to determine the appropriate remuneration for this work. In order to offer the employee compensation which is competitive with other companies' and appropriate for the employee's duties, the manager needs to have an in-depth understanding of the real value of the work.

1.2 RESEARCH OBJECTIVES

The research objectives are divided into general objectives and specific objectives.

1.2.1 General objectives

The general objective of this research is to determine the impact of fringe benefits on job satisfaction and engagement for employees working for Orica in South Africa compared to those employees working in Ghana.

1.2.2 Specific objectives

The specific objectives of this study are:

- To determine the importance of fringe benefits amongst employees
- To determine the impact of fringe benefits on employee engagement
- To determine the impact of fringe benefits on job satisfaction
- To understand the cultural differences between South Africa and Ghana
- To gain better knowledge of the structuring of remuneration packages in South Africa
- To gain better knowledge of the structuring of remuneration packages in Ghana

1.3 RESEARCH METHOD

The research method consists of a literature review and an empirical study.

1.3.1 Literature review

The literature review focuses on the structuring of remuneration packages, fringe benefits and their impact on job satisfaction and engagement.

1.3.2 Research design

One of the most popular and effective measurement tools to determine the impact that fringe benefits have on job satisfaction and engagement is a research survey. Therefore, a questionnaire was designed specifically for Orica employees to obtain information regarding their perceptions on job satisfaction, engagement, remuneration and benefits. A questionnaire of four sections was developed. Section A consisted of fifteen questions regarding job satisfaction. Section B consisted of fifteen questions regarding engagement. Section C comprised of fifteen questions about fringe benefits and remuneration. Section D consisted of seven questions regarding the participant's biographical information. The participants, all Orica employees, were informed that the purpose of the questionnaire was to gather responses on how they perceived the impact that remuneration packages and fringe benefits have on job satisfaction and engagement.

1.3.3 Participants of survey

The participants represent the total of all employees of Orica, a global mining services company. Participation was supported by management and made compulsory. All 57 employees completed questionnaires that were collected for analysis. Employees from different areas, gender, age, academic levels and income groups participated. The majority of the respondents were in the age group 36 – 40 (28.1%). Educational levels revealed that the majority (68.4%) of participants have a Grade 12 and/or higher qualification.

1.3.4 Measuring instrument

Questions were answered based upon the five-point agreement-disagreement Likert format, varying from strongly agree to strongly disagree. However, for the purpose of this study, the scaling was adapted to a four-point scale to force the participants to select a definite opinion rather than choosing the middle option of “Neither agree nor disagree”. Likert’s scaling is based on a bipolar scaling method.

The questionnaire comprised of four sections. The first part consisted of fifteen statements directly related to job satisfaction. The second section had fifteen questions about the organisation’s commitment towards the participant, and the third part contained the last fifteen statements regarding the remuneration and benefits that participants receive at Orica. Questions in the last section were specifically included to gather demographic characteristics of the participants such as gender, nationality, age group, residential area, academic background and years of service at Orica.

1.3.5 Data analysis

The statistical analysis was carried out with the assistance of the Statistical Consulting Services of the North-West University (Potchefstroom Campus). The Statistica Version 9.1 (Statsoft, 2005), SPSS (SPSS Inc. 2009) and SAS (SAS Institute Inc., 2005) programmes were used.

1.4 RESEARCH PROCEDURE

Responses were gathered from participants on all the items of the questionnaire. Participants consisted of employees of Orica who are working in Johannesburg, Cape Town and Ghana. All responses were used for data and statistical analysis.

1.5 LIMITATIONS

It was anticipated that a limited number of employees in Orica South Africa and Orica Ghana would be available for participation in this comparative study. The structure of remuneration packages is confidential and therefore employees might have been hesitant to answer questions regarding fringe benefits and remuneration. The study was conducted within Orica and therefore the outcome of the study could only be released with the permission of Orica South Africa and Orica Ghana.

The level of literacy in Africa differs immensely and therefore the completion of questionnaires by certain individuals might have been problematic, and could require the services of a translator.

1.6 DIVISION OF CHAPTERS

The chapters in this mini-dissertation are presented as follows:

- Chapter 1: Introduction, problem statement and objectives
- Chapter 2: Literature study
- Chapter 3: Research methodology
- Chapter 4: Conclusions and recommendations

1.7 CHAPTER SUMMARY

This chapter discussed the problem statement and research objectives. The measuring instruments and research method used when doing the research were explained. A brief overview of the chapters followed.

CHAPTER 2

LITERATURE STUDY

A thorough literature study needs to be conducted to form a complete conceptualization of the terms job satisfaction, engagement, fringe benefits and remuneration. For the purpose of clarification the following definitions will be apply to this study.

2.1 DEFINITIONS

For the purpose of this research, terms used in the chapter are defined as follows:

Basic Salary: This is the cash compensation that the employee receives for the duties that he performs. This component normally reflects the value of the work that is performed and does not reflect the experience or performance of the individual.

Car Allowance: This includes the benefit to the employee of a cash component in his salary for the purpose of buying and maintaining a vehicle suitable for performing his duties, or the use of a company vehicle that would assist him in performing his duties, or the use of a pool vehicle that would assist him in performing his duties.

Contract Employee: Defined in the Orica Conditions of Service as employees engaged for a stated period of time with or without an option for renewal.

Employee: Defined in the Practical Guide to Remuneration Packaging as:

- i) Any person (other than a company) who receives any remuneration or to whom any remuneration accrues.
- ii) Any person who received remuneration or to whom any remuneration accrues by reason of any services rendered by such person to or on behalf of a labour broker.

Employer: Defined in the Practical Guide to Remuneration Packaging as any person who pays or is liable to pay to any person any amount by way of remuneration, and any person responsible for the payment of any amount by way of remuneration to any person under the provisions of any law.

Family of an employee: Defined in the Orica Conditions of Service as the employee, one spouse and a maximum of four unmarried children or dependants until they are no longer dependant. These, however, must be registered with the company. Children or dependants who have offspring of their own will be automatically excluded from any benefits.

Gross income: Defined in the Practical Guide to Remuneration Packaging as in relation to any year or period of assessment means:

- i) In the case of any resident, the total amount, in cash or otherwise, received by or accrued to in favour of such resident; or
- ii) In the case of any person other than a resident, the total amount, in cash or otherwise, received by or accrued to or in favour of such person from a source within or deemed to be within the Republic.

Group Life Insurance: This includes the contribution that the employer pays on behalf of the employee for the purpose of life insurance or disability insurance of the employee whilst the employee is performing his duties.

Housing Allowance: This includes the cash component that the employee receives for the purpose of contributing to the rental of suitable accommodation, or the contribution to paying for his own accommodation.

Medical Aid Contribution: This includes the contribution that the employer pays on behalf of the employee for the medical aid cover of the employee as well as his immediate family members that are also covered by this medical aid cover.

Pension: It is defined in the Practical Guide to Remuneration Packaging as an annuity payable under any law or under the rules of a pension fund or provident fund or by an employer to a former employee of that employer or to the dependant or nominee of a deceased person who was employed by such employer.

Pension Fund Contribution: This includes the contribution that the employer pays on behalf of the employee for the purpose of having a pension fund or provident fund, or any fund or insurance that has the same intend, for the employee.

Permanent Employee: Defined in the Orica Conditions of Service as employees engaged with a view to long-term employment in the organisation.

Remuneration: The term “remuneration” as explained in the Practical Guide to Remuneration Packaging, includes salary, advances to directors, leave pay, allowances, overtime pay, bonuses, taxable section 8A, 8B and 8C share options, disposals and gains, commissions, gratuities, pensions, annuity and retirement payments and any of the special taxable benefits described in the Seventh Schedule. The term “remuneration” excludes amounts or benefits received in a trade carried on independently, that is, with no control or supervision of the manner in which the duties are performed or of the hours of work, provided payment is made at irregular intervals. A director of a company is specially deemed to be in receipt of remuneration for the purpose of fringe benefit tax.

Salary: defined in the Practical Guide to Remuneration Packaging as salary, wages or similar remuneration payable by an employer to an employee, but does not include any bonus or any other amount.

Temporary Employee: defined in the Orica Conditions of Service as employees engaged for relatively short periods of time, for particular jobs or assignments, the duration of which is not stated, and whose services may no longer be required on the completion of the particular job or assignment.

2.2 JOB AND BENEFIT SATISFACTION

As a manager in the modern organisation, one must be fully aware of the diverse cultures in the organisation as well as the human resources practices needed to establish the best workable solutions for an optimal reward strategy. If one has all these aspects successfully implemented in the organisation, it would ultimately lead to better individual and organisational performance (Jensen & McMullen 2007:38).

How can a manager reward individuals within the guidelines of a company without jeopardising the company's reward guidelines? There is not one suitable remuneration structure that is suitable for all industries and all organisations across a broad spectrum of businesses. What works for a certain company would not necessarily work for another company.

The manager cannot force people to perform nor can he satisfy all their needs, but he is, however, able to create a motivating climate in which his employees are motivated to perform well and to experience job satisfaction (Coetsee, 2003:58).

According to Milkovich and Newman (2005:272), some of the advantages of a successful compensation structure are:

- People join a firm because of pay structures
- People stay in a firm because of pay structures
- People agree to develop job skills because of pay
- People perform better on their jobs because of pay

Most well-known theories on the principle of motivation revolve around the idea that an employee's needs influence his motivation. An employee's needs could be characterised as physiological or psychological deficiencies that trigger specific behaviour from the employee. The needs of employees could vary over time and place and are subject to the influence of external and environmental factors. This implies that people will react to satisfy those needs that are not fully satisfied (Kreitner & Kinicki, 2007: 236).

2.2.1 Maslow & Herzberg's Theories of Needs

One way to understand and motivate the employee is to revisit Abraham Maslow's Hierarchy of Needs (Maslow, 1954). Maslow created a visualization of his hypothesis in the shape of a pyramid that is divided into five levels, starting from the bottom upwards, and the needs could be described as:

1. **Physiological.** The most basic need, having enough food, air and water to survive. In the business context this could imply the employee's salary, air conditioning in the office, or the availability of a cafeteria at the work place.
2. **Safety.** The need to be safe from physical and psychological harm. In the business context this could mean the possibility of a salary increase, a pension plan, hospital and medical plans or disability insurance.
3. **Love.** The desire to be loved and to love. It contains the need for affection and belonging. In the business context this could mean employee-centred supervision, personal and professional friends, office parties or social gatherings.
4. **Esteem.** The need for reputation, prestige and recognition from others. This includes the need for self-confidence and strength. In the business context this could mean the employee's job title, office furnishings or deserved salary increase.
5. **Self-actualisation.** The desire for self-fulfilment - to become the best one is capable of becoming. In the business context this could mean advancement for the employee, challenging assignments, development opportunities, or opportunities to use one's skills.

Maslow's Needs Hierarchy is illustrated in Figure 1 below:

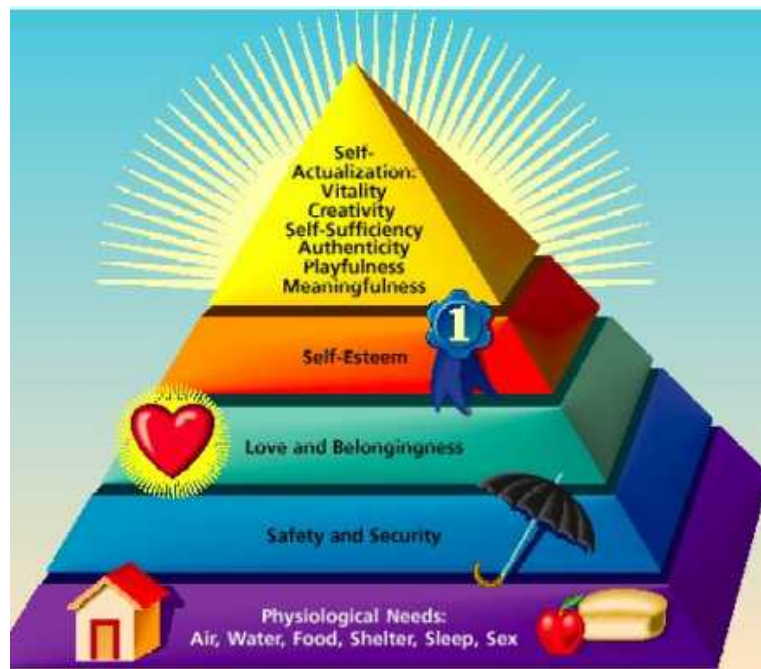


Figure 1 - Maslow's Needs Hierarchy

Herzberg (1975) suggested a two-step framework to understand employee motivation and satisfaction. His theory was developed to explain employee reaction to their work and the work environment. Herzberg highlighted that all factors could be categorised in two groups. The first group is called Hygiene or Maintenance factors, and the second group is called the Motivating factors.

Herzberg theory is illustrated in Figure 2 below:

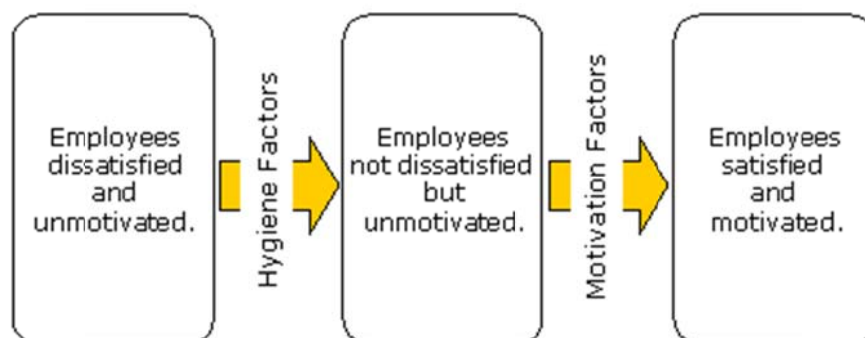


Figure 2 - Herzberg's Two Factor Theory

Motivating Factors:

Motivating factors could lead to an individual's need for personal growth. When in existence, motivating factors could easily contribute to job satisfaction. When it is most effective, it could motivate an employee to perform above average and above expectations. Herzberg's (1975) motivating factors could include:

- Status
- Opportunity for advancement
- Gaining recognition
- Responsibility
- Challenging / stimulating work
- Sense of personal achievement & personal growth in a job

Herzberg (1975) proposed that when hygiene factors are lacking in the workplace, the employee will experience dissatisfaction or unhappiness. However, when these factors are present, the employee does not necessarily experience satisfaction. The employee simply does not feel dissatisfaction. When motivating factors are present, the employee feels satisfied.

Hygiene Factors:

Hygiene factors are based on the needs of the organisation in order to prevent unpleasantness in the working environment. When employees are under the impression that these factors are inadequate, it could lead to dissatisfaction in the work place. Herzberg's (1975) hygiene factors could include:

- Company policy and administration
- Wages, salaries and other financial remuneration
- Quality of supervision
- Quality of interpersonal relations
- Working conditions
- Feelings of job security

There are certain similarities between Herzberg's and Maslow's theories. Both suggest that certain needs have to be satisfied before an employee can be motivated. Figure 3 below illustrates the comparison between Maslow's and Herzberg's theories:

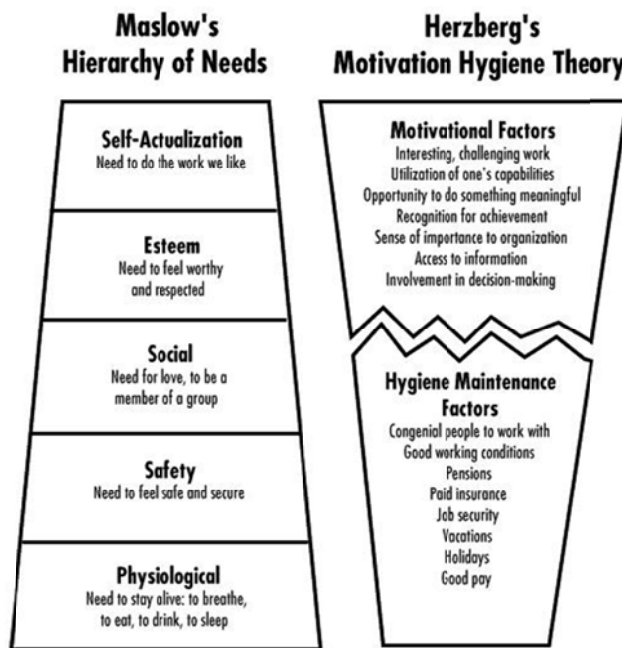


Figure 3 - Maslow Hierarchy of Needs vs Herzberg's Motivation Hygiene Theory

Given these need theories, the question could be asked: How does the manager motivate his employees with the influence allocated to his authority? The answer would lie in his ability to make employees feel secure, needed and appreciated.

These models of Maslow and Herzberg present a means to understand the needs of the employees. According to these theories, every employee could react differently to his remuneration package, depending on the specific phase he is in his life, as well as the conditions he experiences at work. Different employees have different expectations from the remuneration given by the employer.

These expectations are guided by the customary remuneration packages paid by organisations in the country and the cultural ethnics of the employees.

2.2.2 Motivation of employees

Employers tend to utilize default remuneration styles despite the historical failure of the tried and true solutions that have been used to address conditions in the new organisation (Tropman, 2001:18). It is worth noting that organisations depend on the commitment and motivation of their employees. Overloading them, stressing them, micro-managing them, or letting work spill over into their private lives does not develop the engagement and loyalty organisations need to succeed (Cooper, 2008:18).

According to Tropman (2001:18), repeated attempts are sustained in part by false theories about the employees, which form an integral element in the resistance to change.

These false theories are explained by Tropman (2001:18) as follows:

- Misunderstanding of the motivational component of performance
- Misunderstanding of the importance of Theory Y
- Misunderstanding of job structures and the order of satisfaction with work and the completion of good work
- Misunderstanding of job satisfiers and job dissatisfiers
- Misunderstanding of the motivational structure of the employee
- Misunderstanding of the cultural conflict between achievement and equality in the workplace
- Misunderstanding of the motivational hierarchy of needs

For the purpose of this paper, the importance of these theories can be explained as follows:

- **Components of performance:** The employer's obligation towards the organisation is not only limited to recruiting the suitable employee, but also to develop existing employees. Employers regularly underestimate their own responsibility towards employees and their performance. Employees with lesser

ability can be motivated in order to achieve their performance targets whereas those employees with greater ability do not have to be motivated as much to achieve or exceed the same performance targets. Employers often overestimate the importance of training, which, in turn can contribute immensely to the aptitude of employees. It is also an integral role of the employer to create an organisation where employees want to come to work and understand the importance of their work towards the performance of the organisation (Tropman, 2001:18).

- According to Tropman (2001:19), management styles can be divided into either Theory X or Theory Y styles. The Theory X managers believe that employees are lazy and do not want to work and that it is the obligation of the employer to either reward or punish such employees to ensure that they show up and shape up. Theory Y managers believe the opposite in that employees want to work and that they will get ultimate job satisfaction from doing a good job. The purpose of the employer is not to control the employee, but to provide him with the necessary resources to perform his duties. According to Tropman (2001:19), one of the biggest problems is that organisations have Theory X mindsets in a Theory Y environment. Old compensation systems are still, in many ways, driven by Theory X thinking.
- **Structure of the job:** Employers tend to believe that satisfied employees produce good work, hence they try to create an improved morale with the expectation that it will lead to improved quality. The employer should instead improve the structure of the job, which will lead to satisfied employees, which in turn lead to higher quality and improved productivity. Elements that contribute to employee satisfaction are meaningful work, successful completion of a task, variety by using different skills, ability to work on his own and responsibility (Tropman, 2001:20).
- **Satisfiers and dissatisfiers:** One of the common mistakes made by employers is that they believe that satisfiers and dissatisfiers are the same thing. When an element is present, it can act as a satisfier, but if the same element is missing, it does not necessarily mean that it is a dissatisfier and vice versa. Table 1

provides a list of elements that employees like and dislike, as proposed by (Tropman, 2001:21).

TOP SATISFIERS	TOP DISSATISFIERS
Achievement	Company policy and management
Recognition	Supervision
Work itself	Relationship with supervisor
Responsibility	Work conditions
Attachment	Relationship with peers
Growth	Relationship with sub-ordinates

Table 1 - Top Satisfiers and Dissatisfiers according to Tropman (2001)

It can be noted that the list of top dissatisfiers is largely based on relationships within the organisation.

- **Motivational structures:** Harvard economist Thomas Schelling came up with a two-self model. This implied that every employee embodied two different preference schedules: money now (cash in hand) and money later (cash put aside for retirement). The employer needs to pay both of these selves, in the form of a monthly salary for the here-and-now and the retirement contribution of the then-and-there self. This implies that the employer needs to cater for two compensation targets: the employees' present and future selves. The needs of the two selves must be balanced in the compensation system.
- **Workplace culture in conflict:** A manifestation of this conflict is the continuous battle between the view of the individual employee and the view of the team player. The question can thus be asked whether to compensate the employee or the team? Tropman (2001:22) asks: "Should firms pay top dollars to optimize employee recruitment and retention, or should they pay the going market rate? Do they give rewards to those who deserve it or those who need it? Do they promote based on merit or on seniority?" The organisation could have an achievement culture based on elements such as market base, here and now, solo workers and fair play. On the other hand, the organisation could have an equality culture made up of elements such as team base, then and there, team

workers and fair share. In reality, all organisational cultures are a blend of achievement and equality cultures (Tropman, 2001: 23).

- **The hierarchy of needs:** The needs of an employee can be explained by Maslow's hierarchy of needs as illustrated in Figure 1 of this chapter. There are two key elements of Maslow's work that affect the remuneration structure. The first element is that the needs are a hierarchy - it is difficult to address higher level needs when lower level needs are not fulfilled. The second element is that the hierarchy provides employers with a checklist which can be used to review the total compensation package.

In essence, these seven misunderstandings of Tropman (2001:18), tend to mean that employers have a rigid, over administered, and undermanaged compensation system. In the modern organisation, these perceptions need to be amended, especially given the structure, needs and expectations to the modern-day employee.

Breaking with the idea that engagement is merely the opposite of burnout, Schaufeli et al. (2002:74), defined engagement as a persistent and positive affective – motivational state of fulfilment in employees, characterised by vigor, dedication and absorption.

2.2.3 Benefit Satisfaction

Basic benefit satisfaction can be defined as an employee's attitude towards organisational benefits focusing on employee safety and security-related needs (Blau et al., 2001:671). Benefits included under basic benefit satisfaction can be classified as:

- Vacation
- Sick Leave
- Retirement
- Life Insurance
- Disability

- Health
- Maternity/Family leave

Career enrichment satisfaction was defined by Blau et al. (2001:671) as “an employee’s attitude towards organisational benefits focusing on employee employability and skill development needs.” The benefits included under career enrichment satisfaction can be classified as:

- Release time for continuing education or professional meetings
- Educational assistance or reimbursement for tuition
- Special work schedules
- Rewards for advanced degrees or certification

According to Williams (1995:1098,) benefit satisfaction is important for two reasons:

- The costs of employee benefits are high to companies and because costs increases and generally exceed inflation, therefore companies have implemented changes in benefits programmes to control costs.
- Benefit satisfaction is of theoretical importance because of its potential links with other important constructs.

Benefit satisfaction may be related to various behavioural attitudes such as organisational commitment. According to Williams (1995:1098), employee attitudes towards benefits have been found to be significant determinants of pay satisfaction and have been linked to behavioural outcomes such as absenteeism and turnover. Therefore, an understanding of benefit satisfaction may lead to an increased understanding of other important employee attitudes and behaviours.

In a study conducted by Lust (1990:92) the findings about benefit satisfaction were no surprise: employees who are more satisfied with their pay are also more satisfied with their benefits. It goes hand in hand and make up the total compensation package.

2.3 ENGAGEMENT

The origin of the term “employee engagement” lies in research into the extent to which people employ, or leave out, their personal selves when performing their work roles. When people are engaged, they tend to express themselves physically, cognitively and emotionally during role performances (Kahn,1990:692).

Engagement is a controversial subject and there are various definitions for this term. According to Schneider et al. (2009:23), some of the definitions are:

- The individual’s involvement and satisfaction as well as enthusiasm for work
- A result that is achieved by stimulating employees’ enthusiasm for their work and directing it towards organisational success
- The extent to which people value, enjoy and believe in what they do
- The capability and willingness to help the company succeed, i.e., discretionary performance
- A heightened emotional and intellectual connection that employees have for their job, organisation, manager or co-workers that in turn influences them to apply additional discretionary effort to their work

Employee engagement is the key to human capital management because it focuses on managing employees to produce for the organisation rather than focussing on what the organisation does for the employees. Employee engagement is different from employee satisfaction with the latter connoting satiation and the former connoting energy (Schneider et al., 2009:27).

An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement, which requires a two-

way relationship between employer and employee. Therefore, employee engagement will be the barometer that determines the association of a person with the organisation (Vazirani, 2007:3).

Reward is a hygiene factor and getting it wrong results in disengagement, but getting it right does not create engagement (Robinson, 2008:57). It is commonly perceived that engagement affects the bottom line of an organisation: engaged employees identify with their organisation, co-operate with their co-workers and work productively in a team. They also fully understand the business context of the organisation.

According to Vazirani (2007:6), the advantages of engaged employees are:

- Engaged employees stay with the company
- They normally perform better and are more motivated
- There is a significant link between employee engagement and profitability
- They form an emotional connection with the company
- It builds passion, commitment and alignment with the organisation's strategies and goals
- Increases employee's trust in the organisation
- Creates a sense of loyalty in a competitive environment
- Provides a high-energy working environment
- Boosts business growth
- Makes the employees effective brand ambassadors for the company

Research has shown that higher employee engagement is associated with gains in employee retention and performance, customer service and satisfaction, and business performance (Wiley, 2009:58).

2.3.1 Engagement challenges

According to Robinson (2008:57), the potential challenges facing the theory behind engagement include:

- Engagement typically goes down as length of service goes up
- Experienced people are an asset, so how can organisations engage people who have been with them for a while and may have had disappointments, such as not being promoted?
- Professionals usually owe their engagement to their profession, not their organisation

According to Truss (2009:47), high levels of engagement create a statistically significant improvement to personal well-being, loyalty, job satisfaction and performance as well as a reduction in likelihood of leaving.

Truss (2009:47) also states that it is of utmost importance to focus on the employee - job fit, management style, involvement and communication in order to increase levels of engagement. It should be noted that engagement strategies should vary depending on the context.

According to Wiley (2009:58), research has shown that higher employee engagement is associated with gains in employee retention and performance, customer service and satisfaction and business performance. Pollitt (2005:25) found that environments that foster inclusion (of which equity is a large part) were found to:

- Promote innovation
- Create a safer work environment
- Drive employee engagement, commitment, and pride
- Positively impact customer satisfaction
- Benefit financial performance

2.3.2 Engagement measurement

According to Schneider et al. (2009:23), the most common measure of employee engagement used by companies contains four traditional survey items, namely:

- How satisfied are you with working for this organisation?
- Do you plan on working for this organisation a year from now?
- How proud are you that you work for this organisation?
- Would you recommend to a friend that he or she come work for this organisation?

These questions are normally asked in order to form an index of engagement. These questions are more inclined to measure the satisfaction that a person experience when he or she works for an organisation.

According to Schneider et al. (2009:23), these questions measure the following three aspects:

- The level of satisfaction with the job security
- The level of satisfaction with fringe benefits
- The opportunities

No one can argue that the level of satisfaction is not important, but it does not indicate the level of engagement of the employees. It is important to measure and manage the level of engagement, as it is the engagement of the employees that costs the organisation money. When the employee is not fully engaged, the organisation still needs to pay his full salary, even though he has not earned it.

In organisations with only average levels of employee engagement, between 30% and 50% of their payroll is going down the drain (Ayers, 2007:16). The level of engagement is important for the organisation because it needs to maximise the output it gets from employees, thus maximising their engagement.

Measures of engagement need to be different from measures of satisfaction found in the typical employee opinion survey. Employee feelings of engagement and behavioural engagement relate significantly to market and financial performance, and a measure of engagement targeted on customer service is significantly related to customer satisfaction (Schneider et al., 2009:27). The latter suggests that focussed engagement measures may be quite useful as a tactic for assessing engagement in relation to important organisational outcomes such as customer satisfaction, but also perhaps for other outcomes such as innovation and safety (Schneider et al., 2009:27).

2.3.3 Engagement drivers

Schneider et al. (2009:23) defined engagement as having two major components:

- **Feelings for engagement** - this implies the heightened state of energy and enthusiasm associated with work and the organisation.
- **Engagement behaviours** - this implies the demonstration in the service of accomplishing organisational goals.

It is obvious that employee engagement feelings and behaviours are different from job satisfaction - they address different kinds of issues and have different drivers.

According to Schneider et al. (2009:23), the three strongest drivers for feeling of engagement are:

- Feeling that there is full utilisation of one's skill and abilities
- Seeing that there is a link between one's work and the objectives of the organisation
- Being encouraged to innovate

According to Schneider et al. (2009:23), the three strongest drivers for engagement behaviours are:

- Quality of relationships with co-workers
- Feeling trusted and respected
- Supervisor credibility

In a research study done by Wiley (2009:58), the top ten drivers of employee engagement are:

- Confidence in the organisation's future
- A promising future for the employee
- Support for work-life balance
- Safety is a priority
- Excitement about work
- Confidence in the organisation's senior leaders
- Satisfaction with recognition
- Corporate responsibility efforts that increase overall satisfaction
- Satisfaction with on-the-job training
- A manager who treats employees with respect and dignity

From the list of drivers mentioned above, it could be concluded that offering praise for a job well done is a simple and inexpensive way to encourage employee engagement.

According to Blizzard (2003;1), the various job categories also differ with regards to the drivers of workers' satisfaction and engagement - or the lack thereof. Each category faces challenges specific to the type of work involved. Blizzard (2003:2) illustrated the employee engagement hierarchy as follows:

Employee Engagement Hierarchy



Figure 4 - Employee Engagement Hierarchy

According to McBain (2006:21), the employee engagement concept has emerged as perhaps the most useful idea for HR practitioners in the 21st century. Indeed, such engagement is the “ultimate prize” for employers, according to one consultancy which has done much research into the area (Towers Perrin, 2003:3). Its emergence stems, at least in part, from the way the concept seems to integrate so many different aspects of HR, such as employee satisfaction, commitment, motivation, job design, and involvement (Stairs, 2005).

“Given the clear relationship found between employee satisfaction with diversity and employee engagement, the future focus should hinge on increasing employees’ perceptions of diversity efforts, thus leading to increased levels of employee engagement and reduced turnover,” (Sheridan, 2010:1). “Chief Executive Officers and General Managers who have discounted the importance and value of diversity efforts can no longer afford to do so.”

Increasing evidence suggests employee engagement can make a difference to the performance of employees and teams within organisations. The employee engagement theory reflects change in the organisational environment, and the mutual expectations of employees and employers in the “physiological contract”

mirror changing patterns of motivation: many individuals are seeking greater personal fulfilment in their working lives and are not solely motivated by financial rewards. In addition, changes in the business landscape will require more flexibility, collaboration, project-based activities and talent-led teams (McBain, 2006:21).

Sufficient evidence exists to indicate that employee engagement has significant potential to assist managers in improving team and organisational performance by improving the daily experience of employees within the organisation. There are however, more issues remaining, like the precise definition of “employee engagement” and the distinguishing between engagement, satisfaction and commitment. The truth is, there is no quick fix, no more than there is a quick fix for cancer. But if diagnosed early, both can be cured (Ayers, 2007:16).

The conclusion is that employee engagement is the key to successful use of an organisation’s human capital. However, employee satisfaction has not become an irrelevant measure. If it is used appropriately within the larger framework of engagement, employee satisfaction measures can provide useful insight for the organisation (Blizzard, 2003:2).

2.4 STRUCTURING OF REMUNERATION PACKAGES

Why does the remuneration package have to be structured with the aid of fringe benefits? Considering the growing complexity of remuneration packages, and the cost of structuring, administering and financing them, this question is even more important. If all of these fringe benefits were eliminated, compensation management would become much easier and simpler, but not necessarily cheaper, although administration costs would decrease (McCaffery & Harvey, 1997:1).

Compensation is an important factor in the design, implementation and maintenance of organisations. However, compensation includes not only wages paid to employees but also non-wage benefits such as medical insurance and a retirement plan (Weathington & Jones: 2006:292). Wages and benefits together are often the biggest expense incurred by organisations.

2.4.1 The “Old Pay” System

Tropman (2001:7) argued: “Compensation is the “elephant in the living room” of most organisations - large, oppressive, and un-addressed. Attention to pay systems is often non-attention. It falls into what Harvard’s Chris Argyris called “defensive routines” - they are not discussible, and their non-discussibility is not discussible!”

This era of thinking included Tropman’s (2001:7) comment that: “Letting individuals construct some of their own pay packages? Can’t do it! Could never do it! Must have been designed by a professor!” These comments are still relevant when dealing with an employer who still believes in the “one size fits all” philosophy where every employee must be satisfied with the remuneration package that is chosen for him by management. This phenomenon is called “the old pay system”.

Components of the “Old Pay” System

According to Tropman (2001:8), the typical “old pay” system consists of five parts:

- Base pay
- Annual merit raise
- Benefits
- A few perks
- Occasional gratuities

These five elements together form the compensation package, which could be described as a return received in exchange for the employee’s performance and ideas in the organisation. This exchange relationship is summarised in the terms and conditions of the employment contract, which along with the unstated exchange agreement forms the implicit contract.

According to Milkovich and Newman (2005:12), the implicit contract can be explained as: “an implicit contract is an unwritten understanding between employers and employees over their reciprocal obligations and returns; employees contribute

towards achieving the goals of the employer in exchange for returns given by the employer and valued by the employee.”

Problems arising from the “Old Pay” System

Employers often realise that old pay systems create certain problems in the organisation. These problems might include employees feeling that they are entitled to their pay every month. This situation can be compared to that of runners with a stone in their shoe; it irritates them to the edge, but they can't seem to find time to stop and change the situation. According to Tropman (2001:9), there are inherent problems in the way the old pay system is conceptualized:

- **Pay becomes entitlement driven:** In old pay, employees feel they are entitled to their pay, and to raises in pay, unconnected with any accomplishments they produce.
- **Increases cap out:** With old pay, increases are cut off when the employee reaches the top of a job's range. Employers thus “bump” workers to higher job classifications solely to give them more pay.
- **Failure to motivate:** Old pay does not motivate because it is mostly unlinked to the employee's production and contribution. To begin with, base pay (before “merit” adjustment) is frequently unconnected to any results or accomplishments. It is almost as if one is paid a salary just to show up.
- **Annuitized:** With old pay, each raise goes into the base. Hence employees pay year in and year out for last year's accomplishments. This means that employee investments keep costing more without any parallel increase in productivity.
- **Cost of living increase:** This increase comes every year.
- **Increase attached to base:** That is, raises are added to the employee's base pay.

- **Increase largely based on seniority:** Raises are greater for those who have been with the organisation for longer, sometimes because length of service is directly figured in and sometimes because, using a percentage increase model, those who have been there longer make more money and hence receive a bigger base increase.
- **Grade-based promotion:** Promotion to higher salary grades (based on seniority) carries employees to higher pay potential, both in salary and bonus. (Bonuses are typically calibrated as a percent of salary so in this model the more you make, the more you are paid).
- **Trophies:** At various anniversary dates of employment (five years, ten years, and so on) employees are given mementos of their association with the company. Trophies are, of course, more meaningful if they are given for some actual accomplishment rather than just for hanging around.
- **Holiday gifts:** At holiday time, especially Christmas, the company gives employees a gift.
- **Bonuses:** Periodically, but often unconnected or connected only hazily to anything the employee can figure out, a bonus is provided.

2.4.2 The Total Compensation Package

Components of the Total Compensation Package

Tropman (2001:4) asked: “But is pay all there is? The answer is no, because pay is often badly configured and other things besides pay are needed to attract, retain, and motivate employees.”

The total compensation packages consist of various forms of compensation that the employee receives, and sometimes even expects to receive from the employer. This total compensation package can be categorized into total remuneration and

relational compensation. The relational compensation consists of work factors that have a psychological impact on the employee. These factors are often categorized as motivating factors according to Herzberg's (1975) motivational hygiene theory. When these motivating factors are present, the employee will experience job satisfaction. When the motivating factors are absent, the employee will experience dissatisfaction.

The total remuneration consists of hygiene factors that will contribute to the motivation of the employee. When these factors are absent, the employee will not necessarily feel dissatisfied, but not fully satisfied. These factors can be categorized into the cash component and the fringe benefits. The cash component typically consists of components like the basic salary along with the merit increases that the employee receives. The fringe benefits can be a combination of various components like the car allowance, housing allowance, medical aid insurance, pension fund contributions, etc. The layout for the Total Compensation is illustrated in Figure 5 below:

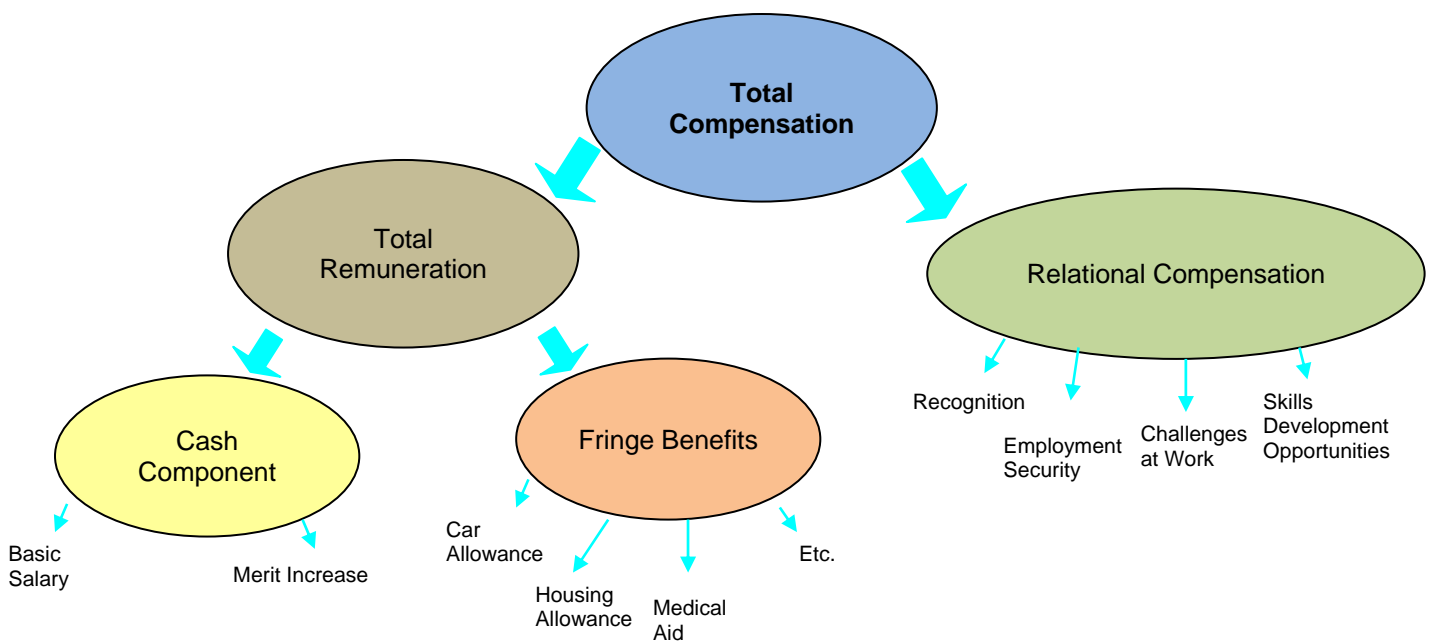


Figure 5 - Total Compensation illustration

The total compensation package consists of many elements which act as important rewards for the employee. These elements overlap, relate to and sometimes integrate with the total compensation package, but are often less tangible.

According to Tropman (2001:37), the five key elements of the work experience are:

- Acknowledgement, appreciation and recognition
- Balance of work/life
- Culture
- Development
- Environment

Tropman (2001:37) also argues that it is the “collective impact of the components” that matters as much as the individual elements.

According to Tropman (2001:14), there are several differences between the “Old Pay” system and the Total Compensation system. Some of the differences are explained by him as follows:

- **Employees have to earn the right to competitive pay:** No more entitlement. No one necessarily is guaranteed anything. Personal pay is driven primarily by performance, which takes into account not only individual contributions but also group and company performance.
- **Self-funded at the unit level:** The profit is shared by profit centres within the organisation. Employees may have several sources of pay, and what they get depends on the performance of the various units.
- **Variable pay:** At the individual level, pay (or salary) becomes somewhat variable. Employees are not entitled to their entire pay unless they meet certain benchmarks; however, if they exceed the benchmark, they can make more than their agreed-upon base.

- **Line of sight:** Most organisations have tried to adopt approaches with a stronger line of sight between the pay individuals receive and the performance results they most directly influence. As a result, many variable-pay arrangements are tied to business-unit results.
- **Unit gain-sharing:** The bonus pool is figured on the gain the unit makes above market average, minus costs and scrap.
- **Firm gain-sharing:** This portion of the bonus comes from the overall firm performance, again, looking at the amount above market.
- **Market adjustment to base:** Base pay is adjusted, overall and for individuals, depending on the market forces, not seemingly random acts of the human resources department.

These differences are critical in the total compensation system. According to Tropman (2001:15), these differences are indeed the basis of, and the drivers for, the total compensation solution.

2.4.3 The Philosophy of Total Compensation

The organisation needs a clear, logical and consistently expressed compensation philosophy. There are three common problems that are frequently associated with the philosophy of an organisation. Firstly, no philosophy is often present, secondly, the wrong philosophy is applied to the compensation structure and thirdly, there are significant gaps between the desired philosophy and the implementation of the philosophy to the compensation structure. The ideal compensation philosophy involves five key components as described by Tropman (2001:38):

- A clear understanding of what we pay employees for
- An understanding of what accomplishments we want from employees
- An understanding that employee compensation consists of both investments and rewards

- An understanding of the need to articulate the compensation philosophy in a compensation policy
- A compensation distribution matrix

As self-explanatory as these points may seem to be, most organisations frequently stumble over them. It is worthwhile to consider the merit of each of these points.

Key steps to formulate a Total Compensation Strategy

According to Milkovich and Newman (2005:36), the development of a total compensation strategy involves four simple steps. These steps might seem simple and easy, but their execution is complex. The implementation process involves trial and error, experience and insight.

Step 1: Assess total compensation implications

This involves the consideration of the organisation's past, present and future. All factors that might influence the business environment of the organisation must be considered as well as their contribution to the organisation's success. Some of these factors are:

Competitive dynamics: The key is to have a clear understanding of the industry in which the organisation has to compete. Factors such as changing customer needs, changing labour markets, regulations and competitive action are important to determine the business environment in which the organisation needs to function.

Culture/Values: The compensation strategy reflects the values that the employer will use as a guideline to manage its employees. The compensation strategy must mirror the company's image and reputation. Factors of importance include personal satisfaction in work accomplished, security, growth opportunities and rewards for company's success.

Social and Political Context: Managers frequently expect that a diverse workforce and a diverse form of pay may contribute to the value of the organisation and would be difficult for competitors to imitate. The social context includes a wide range of factors such as legal and regulatory requirements, cultural differences, changing workforce dynamics and employee expectations.

Employee Needs: The implementation of a compensation strategy often ignores the differences between employees. The individual needs of an employee are often overlooked when formalising a compensation package, which is limited by the contemporary pay system.

The importance of Pay in Overall HR strategy: The compensation strategy is often influenced by other HR systems in the organisation. An example is that when the organisation is decentralised an emphasis is placed on flexibility, and then the organisation cannot make use of a confidential pay system controlled by a few employees at a central business unit.

Step 2: Map a total Compensation Strategy

The total compensation strategy consists of the following five factors:

Objectives: What is the importance of the total compensation system in the overall HR strategy? Is the total compensation system a catalyst, playing a major role in the HR strategy? Or is it used with less importance, playing a subordinate role in the HR strategy?

Alignment: How well does the total compensation package support career growth in the organisation? This will depend on the level of the hierarchy in the organization and the flexibility of the HR strategy in the organisation.

Competitiveness: How does the total compensation package compare relative to what a similar organisation would offer in the market? This is also influenced by the value the employee would place on fringe benefits compared to basic salary. A secondary factor to consider is the balance of work and life for the employee.

Contribution: The preference of the organisation between employee contribution and group contribution.

Management: The impact that an employee can have in terms of ownership, transparency, technology and customisation of organisation structures.

Step 3: Implement the Strategy

This step involves the formulation of a process that would enhance the implementation of the total compensation strategy in practice.

Design system to translate strategy into action: The basic principle of implementing a strategy is to align the total compensation structure to the business strategy.

Choose techniques to fit strategy: A supporting compensation system places less emphasis on evaluating skills and jobs and more emphasis on incentives designed to encourage innovations supporting the overall business strategy.

Step 4: Re-asses the Strategy

This step involves continuous assessment of the compensation strategy to fit changing conditions.

Realign as conditions change: Changing market conditions emphasise the need for a flexible compensation strategy.

Realign as strategy changes: A change in business strategy would imply the management of the different links between the compensation strategy and people's perceptions of market related pay strategies.

2.4.4 Factors Influencing Benefit Choice

Milkovich and Newman (2005:409) provide the following list of factors which they believe will influence the benefits chosen both by employees and employers depending on their different preferences.

These factors are outlined in Table 2 below.

Employer Factors	Employee Factors
Relationship to total compensation costs	Equity, fairness historically and in relationship to what others receive
Costs relative to benefits	Personal needs as linked to: Age Sex Marital status Number of dependants
Comparator offerings	
Role of benefits in:	
Attraction	
Retention	
Motivation	
Legal requirements	

Table 2 - Factors influencing benefit choice

Table 2 indicates that there are a number of factors influencing employer preferences when it comes to the selection of fringe benefits for the employee. It is of utmost importance for the employer to consider the costs of employee benefits as part of the total compensation costs for the organisation. Frequently employees are under the impression that when a certain fringe benefit is fashionable, it should be included into their compensation package, despite the taxable implication of this inclusion.

Table 2 also indicates that the factors influencing employee preferences are mainly based on two groups of factors. On the one hand are the needs of the particular employee, and on the other hand is the perception of that employee about the fairness of his total compensation package. The fringe benefits perceived to best satisfy an unfulfilled need are the most desired benefits at that moment. The second important aspect to consider is the factor of equity or inequity.

No matter how confidential their total compensation packages are, they always surface in conversations between employees. They in turn then discuss and compare their compensation packages and form their own opinion about equity or inequity based on their perceptions. These perceptions can be either a motivating factor for the employee that feels he is sufficiently compensated for his contribution or a de-motivating factor when the employee feels he is not sufficiently compensated.

2.5 CULTURES

A cultural system can be defined as people sharing similar beliefs, customs, norms and “mental programming” (Brislin *et al.*, 2005:88). Most definitions about culture emphasize human-made elements that are shared through communication, which increase the probability of survival resulting in greater satisfaction for those in the community.

In this section, the focus will be mainly on the impact of cultural diversity on the job satisfaction created by remuneration structures. The importance of certain fringe benefits to the employee may be determined by the economic situation in the country and availability of certain luxury items. To better understand why the importance of these benefits may vary, the different cultures and customs in both Ghana and South Africa should be explained.

2.5.1 Culture and Customs in Ghana

Ghana is a former British colony on the Gold Coast of Africa and takes special pride as the first African country to acquire independence from European rule. Due to its colonial history, Ghana is pieced together from various indigenous cultures arbitrarily consolidated. These cultures are also sometimes divided in customs and traditions, depending on the impact made by the European interests. According to the website: (www.everyculture.com); “Ghana is a low income country with a per capita GDP of only \$400 (U.S.) per year. It has many economic and social problems especially in the areas of employment, housing, health, and sanitation.”

Western investment in Ghana was concentrated in the urban areas that emerged within the coastal ports. During the colonial development of Ghana, opportunities for education and employment were created for the local African community, mostly from these coastal communities. This was done mainly for the purpose of staffing as servants of the public and commercial sectors. These privileges were not destined for the rural masses, and they were disadvantaged by the colonial regime. Only the chiefs gained some degree of wealth through the establishment and growth of a lucrative export trade in cocoa, especially in the forest zone.

The social stratification system in Ghana follows both pre-colonial and modern patterns. It is not uncommon to find that most traditional kingdoms are divided into three classes, namely royals, commoners, and slaves. Having said this, slavery does not play a significant role in the modern culture. Traditional royalties are still recognized within the tribes, but are not recognised by the westernised communities. In the modern society of Ghana, social stratification is determined by the level of education and, to a lesser degree, wealth. Both of these factors have led to significant social mobility since independence. Wealth is indicated by the communal rights that most Ghanaians hold in land and are moderated by the obligation to support the extended family. Luxury cars are also a significant indication of wealth. Status is demonstrated in public display, especially in lavish funerals that celebrate both the deceased and their descendants.

Ghanaians' basic diet consists of a starchy staple food eaten with stew or soup. To support their diet, the local communities farm with crops such as plantain, cassava, cocoyam (taro), and tropical yams. Corn and rice is also very popular due to the very fertile ground conditions. In essence, the people of Ghana have to sustain their own basic diet, as money for luxury items and food is not freely available.

Expenditure on western consumer items has become the most dominant status symbol. Expensive western and traditional clothing are an indication of the individual's level of education and wealth. It is customary for most children to attend primary school as these facilities are regularly available. This is, however, not the case for secondary education as facilities are in short supply. The secondary

education system is based on the British tradition and consists mainly of boarding schools which results in very high fees that most people cannot afford. Many young people either enter into apprenticeships in small business operations to learn a trade or for the less fortunate, to take on unskilled employment, such as domestic service, or roadside hawking. According to the Ghana Living Standard Survey 4 (GLSS 4 1998/1999), about 32 percent of all adults have never been to school and a further 25 percent went to school but did not obtain any qualifications.

The medical system in Ghana is funded and administered by local government. In some instances, church groups, international agencies and non-government organisations are in partnership with the government to supply medical services to the community. Medical facilities are predominantly based in larger towns and cities, and to a lesser extent in rural villages. Services in rural villages are mostly restricted to dispensaries, which are successfully staffed by nurses and pharmacists.

2.5.2 Culture and Customs in South Africa

South Africa is one of the most multicultural countries in the world. Ethnic groups in rural areas make up most of the country's population. Apart from the ethnic black people in South Africa, Europeans, Indians, Chinese, Malays and many others have immigrated to South Africa. South Africa is the only nation-state named after its geographic location and the country was established through the 1910 Act of Union that unified two British colonies and two independent republics into the Union of South Africa. "After the establishment of the first colonial outpost of the Dutch East India Company at Cape Town in 1652, South Africa became a society officially divided into colonizer and native, white and non-white, citizen and subject, employed and indentured, free and slave." according to the website (www.everyculture.com). Due to the ethnic diversity in South Africa, it is sometime difficult to describe and generalise on all the South African cultures and customs.

South Africa has many different customs because the country is such a multicultural society. There are 9 provinces and 11 official languages and a large variety of customs and cultures. The official languages are English, Afrikaans, Zulu, Sotho and Xhosa. The country has a democratic government and three capital cities: Cape

Town, the legislative capital, Pretoria, the administrative capital and Bloemfontein, the judicial capital.

Food in South Africa plays a vital role and consists of the traditionally simple fare of meats, starches and vegetables which is characteristic of a farming community. Meat forms a very prominent part of the diet, as trade in cereals was not always favourable. The country's customs are greatly influenced by the British colonial tradition, and are almost the same as in Britain. Afrikaans customs were influenced by Dutch immigrants in the 1820's.

Since Cape Town was founded in 1652 by Jan van Riebeeck, the colour caste system was established and physical indicators of racial origin were formed. Although the system limited the rights of certain ethnic groups due to the colour of their skin, it did not limit the interaction between ethnic groups in terms of interracial sex and procreation. This was fuelled by the shortage of European women and the availability of slave women. This mixed parentage led to the origin of the so called "coloured" people who are indigenous to the Cape Town area. The system of racial separation became gradually more official over the following three centuries, resulting in the disenfranchisement and dispossession of coloured people in the 1960s. This contributed to the process where colour and class became closely identified and this resulted in a situation where darker people became legally confined to a lower social and economic status.

The schooling system in South Africa is much better established than that of Ghana. It is broadly based on the formal western schooling system and is standardised throughout South Africa to include the entire population. Although resources for schools in black areas are limited, educational privilege still exists in the wealthier formerly white suburbs. Expensive private academies and schools were established and maintained by the relatively wealthy Jewish community and are rated among the best in the country. The country is host to more than twenty universities and numerous technical training institutes which makes tertiary education freely available to most South Africans. Although tertiary education is expensive, government and some of the bigger companies do offer bursaries to students on academic merit.

According to the website (www.everyculture.com) “There is a first class but limited modern health care sector for those with medical coverage or the money to pay for the treatment. Government-subsidized public hospitals and clinics are overstressed, understaffed, and are struggling to deal with the needs of a majority of the population that was underserved during white minority rule”. Due to the traditions of some of the ethnic groups, South Africa is also host to a highly developed traditional medical sector of herbalists and traditional healers who provide treatment for physical and psycho-spiritual illnesses to people in the black ethnic groups.

The website (www.everyculture.com) states that: “More than half the people of South Africa are affected by tribal values and customs. Westernization and urbanization are, however, rapidly reducing these tribal influences. Unfortunately tribal life today is a pale shadow of what it was due to the political, social and economic changes transforming South Africa”.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The main objective of this comparative study is to assess whether there is a definite correlation between the type of fringe benefits that are included in the remuneration package of an employee and the level of job satisfaction that the employee experiences at the workplace, as well as the level of engagement the employee displays towards his position and the organisation.

3.2 RESEARCH DESIGN

One of the most popular and effective measurement tools to determine the impact that fringe benefits have on job satisfaction and engagement is a research survey. Therefore, a questionnaire was designed specifically for Orica employees to obtain information regarding their perceptions on job satisfaction, engagement, remuneration and benefits. A questionnaire was developed consisting of four sections. Section A consisted of fifteen questions regarding job satisfaction. Section B consisted of fifteen questions regarding engagement. Section C comprised of fifteen questions about fringe benefits and remuneration. Section D consisted of seven questions regarding the participant's biographical information. The participants, all Orica employees, were informed that the purpose of the questionnaire was to gather responses on how they perceived the impact that remuneration packages and fringe benefits have on job satisfaction and engagement.

3.2.1 Survey Distribution

The survey distribution is limited to the employees of Orica in South Africa and in Ghana. All the employees completed questionnaires, thus representing the full population. The population distribution is as follows:

- All the employees working in the regional office in Johannesburg, South Africa
- All the employees working in the factory in Cape Town, South Africa
- All the employees working in the regional office in Accra, Ghana
- All the employees working in the on-site office in Ahafo, Ghana

3.2.2 Population description

For this study, all employees across all levels in the organisation were requested to complete a questionnaire. In South Africa, the population was divided into two groups:

- The employees in the regional office in Johannesburg
- The employees in the factory in Cape Town

The population of the employees in the regional office in Johannesburg consists mainly of middle management and senior management employees. This group of employees are sub-divided into two groups. The first sub-group is the majority and consists of South Africans, who support the sales and after-sales service of the products in South Africa. The second sub-group consists of foreign employees who represent several countries from all over the world. These employees are involved in the administrative support of the Middle Eastern and African business for the organisation. The regional office in Johannesburg consists of highly educated employees who are specialists in their field of expertise and who are brought to this office for specific functions.

The population of the employees in the factory in Cape Town mainly consists of local employees from that area who are employed in junior positions in the organisation.

The employees build components for the construction of electronic detonators and control equipment, and have limited education. Except for the three people in management positions, these employees do not have any formal tertiary qualifications. The population could also be characterized by some permanent employees and some contract employees who are employed on a six month contract period.

In Ghana, the population was divided into two groups.

- The employees in the regional office in Accra.
- The employees in the on-site office in Ahafo.

The population of the employees in the regional office in Accra consists mainly of middle and senior management employees. This group of employees consists of Ghanaians that support the sales and after-sales service of the products in Ghana. The employees are well experienced and well educated, with the majority having completed at least one tertiary qualification.

The population of the employees at the on-site office in Ahafo consists mainly of Ghanaians who are junior employees in the organisation. These employees perform the labour-intensive operational support of products at the mine, and work on a calendar basis. These employees are poorly educated and apart from the few exceptions, none of them completed their secondary education. They can speak the local language, but are not fluent in English. The whole population was included in the study.

3.2.3 Research instruments

The following research instruments were used.

- Questionnaires
- Structured interviews to assist non English speakers in completing a questionnaire. A local employee from Orica Ghana, capable of translating English into the native languages, assisted with the interviews.

No unstructured interviews were required for employees working in South Africa as all employees completed the questionnaires. A questionnaire was given to every employee in the Johannesburg office for completion. The questionnaire was e-mailed to the factory in Cape Town, where it was printed by the secretary and handed to all employees for completion. The completed questionnaires were scanned and e-mailed back to the author.

A questionnaire was e-mailed to the regional office in Accra to be printed and distributed to all the employees in Ghana. The author visited Ghana to assist all the employees with the completion of the questionnaires, and to ensure that all employees completed a questionnaire.

3.3 QUESTIONNAIRE

Determining the impact that fringe benefits have on job satisfaction and engagement needs to be more than just speculation. A common measurement tool to determine the impact that fringe benefits has on job satisfaction and engagement is a research survey. To find an existing questionnaire that comprises of questions consisting of all three criteria, job satisfaction, engagement and fringe benefits, was virtually impossible. Therefore, a questionnaire was designed specifically for Orica employees to obtain information regarding their perception and opinions on these subjects.

The questionnaire consisted of four individual sections:

- Section A – Job Satisfaction
- Section B – Engagement
- Section C – Fringe Benefits and Remuneration
- Section D – Personal and Demographical Information

Questions were chosen and constructed with particular purpose for this paper. Several questionnaires were studied for background information that assisted with the structuring of the questions.

All questions in Section A, B & C were measured on a Likert scale, where 1 indicated strongly agree, 2 indicated agree, 3 indicated disagree and 4 indicated strongly disagree.

A copy of the questionnaire is provided in the Appendix A.

3.4 STATISTICAL ANALYSIS

A total of 57 questionnaires were distributed to three different demographical areas. Orica management participated in this study and made it compulsory for every employee to participate and complete a questionnaire. All the questionnaires were submitted to the Statistical Consulting Services of the North-West University – Potchefstroom Campus for analysis. The Statistica Version 9.1 (Statsoft, 2005), SPSS (SPSS Inc. 2009) and SAS (SAS Institute Inc., 2005) programmes were used.

The statistical analysis was divided into six sections:

- Frequency distribution and descriptive statistics of the individual items
- Cronbach's Coefficient Alpha for each section
- Descriptive statistics for the selected sections
- Test for correlation between sections
- Test for differences between demographical areas

- Test for differences in gender, age, experience, academic qualifications and level in the organisation

3.4.1 Frequency Distribution and Descriptive Statistics of the Individual Items

A total of 57 questionnaires were distributed to three different demographical areas, Johannesburg, Cape Town and Ghana. Note that the on-site and off-site participants from Ghana were considered together in the analysis. All the questionnaires were completed and the representation for the three areas is shown in Figure 6 below:

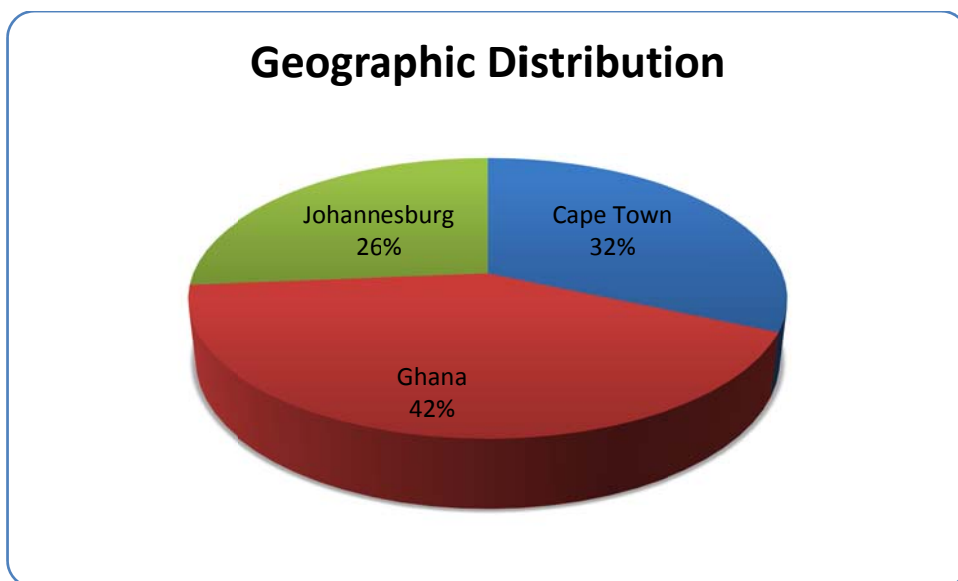


Figure 6 - Geographic Distribution

The population was divided according to gender, and the representation is indicated in Figure 7 below. The majority of the population was male, being represented by 82% against the 16% representation of the female participants. There was one participant who did not indicate his/her gender on the questionnaire.

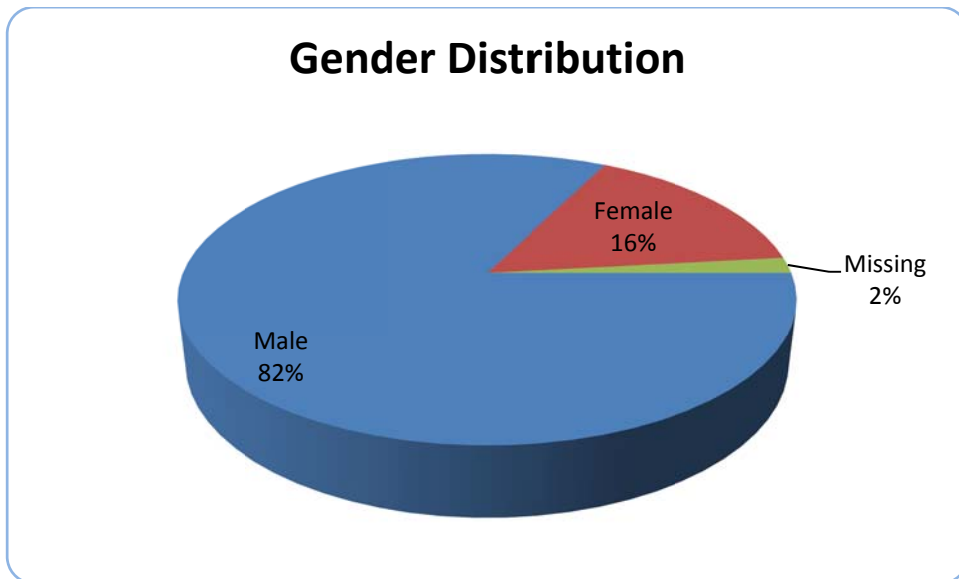


Figure 7 - Gender Distribution

According to the analysis of Section D of the questionnaire, the representation for each of the sub-sections is indicated in the tables below. Each table displays the percentage of participants who indicated the relevant criterion, as well as the number of participants who did not answer the question.

Nationality					
Coloured	African	Asian	White	Other	Number Missing
21.1%	47.4%	0.0%	28.1%	1.8%	1

Table 3 – Nationality Distribution

Age Distribution				
20-25	26-30	31-35	36-40	41-45
10.5%	15.8%	22.8%	28.1%	8.8%
46-50	51-55	56-60	61-65	Number Missing
5.3%	7.0%	0.0%	0.0%	1

Table 4 – Age Distribution

Academic Qualification			
Did not complete Matric	Completed Matric	Post Matric Qualification	Number Missing
28.1%	10.5%	57.9%	2

Table 5 – Academic Qualification Distribution

Years of Service				
Less than 1 Year	1-5 Years	6-10 Years	11-20 Years	Number Missing
22.8%	66.7%	8.8%	1.8%	0

Table 6 – Years of Service Distribution

Job Level in the Organisation				
Executive	Senior Management	Middle Management	Junior	Number Missing
5.3%	5.3%	21.1%	64.9%	2

Table 7 – Job Level in the Organisation Distribution

Sections A, B and C of the questionnaires are summarised in Table 8 below. For each of the questions, the percentages of the participants who indicated each of the criteria have been indicated, as well as the mean and standard deviation for each question.

Frequency Distribution								
		% Answered						
Section	Question	Strongly Agree	Agree	Disagree	Strongly Disagree	Number Missing	Mean	Standard Deviation
A	1	36.8	54.4	3.5	1.8	2	1.691	0.635
A	2	29.8	61.4	1.8	1.8	3	1.741	0.589
A	3	21.1	64.9	14.0	0.0	0	1.930	0.593
A	4	31.6	61.4	3.5	0.0	2	1.709	0.533
A	5	26.3	57.9	10.5	1.8	2	1.873	0.668
A	6	10.5	33.3	47.4	3.5	3	2.463	0.745
A	7	26.3	50.9	19.6	1.8	1	1.964	0.738
A	8	19.3	38.6	35.7	5.4	1	2.268	0.842
A	9	22.8	59.6	15.8	0.0	1	1.929	0.628
A	10	24.6	66.7	7.0	0.0	1	1.821	0.543
A	11	22.8	42.1	26.3	5.3	2	2.145	0.848
A	12	7.0	29.8	42.1	15.8	3	2.704	0.838
A	13	28.1	66.7	3.5	0.0	1	1.750	0.513
A	14	33.3	63.2	3.5	0.0	0	1.702	0.533
A	15	21.1	61.4	14.0	1.8	1	1.964	0.660
B	1	47.4	45.6	3.5	0.0	2	1.545	0.571
B	2	31.6	38.6	19.3	8.8	1	2.054	0.942

Frequency Distribution								
Section	Question	% Answered				Number Missing	Mean	Standard Deviation
		Strongly Agree	Agree	Disagree	Strongly Disagree			
B	3	21.1	49.1	24.6	5.3	0	2.140	0.811
B	4	22.8	54.4	14.0	7.0	1	2.054	0.818
B	5	26.3	59.6	10.5	0.0	2	1.836	0.601
B	6	33.3	56.1	5.3	1.8	2	1.745	0.645
B	7	17.5	49.1	21.1	8.8	2	2.218	0.854
B	8	15.8	38.6	22.8	17.5	3	2.444	0.984
B	9	24.6	64.9	8.8	0.0	1	1.839	0.565
B	10	7.0	57.9	26.3	3.5	3	2.278	0.656
B	11	31.6	49.1	10.5	7.0	1	1.929	0.850
B	12	17.5	56.1	22.8	0.0	2	2.055	0.650
B	13	22.8	66.7	7.0	0.0	2	1.836	0.536
B	14	10.5	38.6	42.1	3.5	3	2.407	0.740
B	15	28.1	67.9	3.6	0.0	1	1.750	0.513
C	1	50.9	29.8	10.5	1.8	4	1.604	0.768
C	2	47.4	28.1	15.8	8.8	0	1.860	0.990
C	3	56.1	29.8	7.0	1.8	3	1.519	0.720
C	4	21.1	10.5	44.6	22.8	1	2.696	1.060
C	5	3.5	28.1	31.6	33.3	2	2.982	0.892
C	6	24.6	21.1	26.3	26.3	1	2.554	1.143
C	7	14.0	35.1	36.8	10.5	2	2.455	0.878
C	8	17.5	33.3	35.1	14.0	0	2.456	0.946
C	9	38.6	36.8	17.5	3.5	2	1.855	0.848
C	10	5.3	31.6	35.1	26.3	1	2.839	0.890
C	11	43.9	28.1	19.3	5.3	2	1.855	0.931
C	12	29.8	35.1	24.6	7.0	2	2.091	0.928
C	13	40.4	26.3	28.1	5.3	0	1.982	0.954
C	14	3.5	28.1	42.1	21.1	3	2.852	0.810
C	15	38.6	45.6	10.5	3.5	1	1.786	0.780

Table 8 – Frequency Distribution

3.4.2 Cronbach's Coefficient Alpha for each of the Sections

This test was performed to test for consistency in responses in the individual sections. A Cronbach's coefficient alpha value of greater than 0.7 indicates an internal consistency of the answering pattern of the participants in the section, which indicates reliability of the section (subscale) (Nunnally, 1978: 295).

Interrelated items may be summed to obtain an overall score for each participant. Cronbach's coefficient alpha estimates the reliability of this type of scale by determining the internal consistency of the test or the average correlation of items within the test (Nunnally, 1978: 295).

Some of the questions were reversed-phrased to test if the participant actually did read and understand the implications of the question. The scores of these questions needed to be reversed for the calculation of Cronbach's alpha coefficient (Field, 2009:675). The reversed phrased questions were:

Section A – Questions 6, 8 and 12

Section B – Questions 8 and 10

Section C – None

For Section A, with all questions included, the Cronbach's coefficient alpha value was 0.642. After the removal of questions 5, 6 and 8, the Cronbach's coefficient alpha value increased to 0.792, which indicated an internal consistency within the answering pattern for the remainder of the questions. It is interesting to note that questions 6 and 8 were reversed phrased and therefore their scores were also reversed. The fact that these questions did not show an internal consistency with the other questions may indicate that respondents did not read the questions well.

For Section B, with all questions included, the Cronbach's coefficient alpha value was 0.819. This indicated an internal consistency within the answering pattern for the remainder of the questions; however, questions 8 and 10 (after reversing their scores) were negatively correlated to the remainder of the questions. These questions were removed and the Cronbach's coefficient alpha value increased to

0.867. Once again, it is interesting to note that questions 8 and 10 were reversed phrased and therefore their scores were also reversed. The fact that these questions did not show an internal consistency with the other questions may indicate that respondents did not read the questions well.

For Section C, with all questions included, the Cronbach's coefficient alpha value was 0.736. This indicated an internal consistency within the answering pattern for the remainder of the questions; however, questions 5, 10 and 14 were little or negatively correlated to the remainder of the questions. These three questions indicated a high correlation with one another. After the exclusion of these questions, Cronbach's coefficient alpha value increased to 0.799. Due to the high correlation amongst the three questions, the decision was made to keep questions 5, 10 and 14 as a separate section with a Cronbach's coefficient alpha value of 0.860. Section C was thus divided into two sub-sections; Section C _{fringe benefits} and Section C _{remuneration}.

3.4.3 Descriptive statistics for the selected sections

After the Cronbach's coefficient alpha was calculated and the necessary questions removed to obtain reliable subscales, the descriptive statistics for each section were statistically calculated as indicated in Table 9 below.

Descriptive Statistics			
Section	Number of participants	Mean	Standard Deviation
Section A	57	1.879	0.354
Section B	57	1.948	0.442
Section C _{fringe benefits}	57	2.067	0.496
Section C _{remuneration}	57	2.897	0.761

Table 9 – Descriptive Statistics

Given the scale used in the questionnaire, ranging from 1 to 4, where 1 indicated strongly agree, 2 indicated agree, 3 indicated disagree and 4 indicated strongly disagree, a mean value of 1.879 indicates a notion of agreement by participants in Section A. In Section B, a mean value of 1.948 also indicates a notion of agreement with the questions raised in the questionnaire. Section C indicated a mean value of

2.067, which also indicates that the participants are mostly in agreement with the questions raised about fringe benefits. The mean value of 2.897 indicates that participants are mostly in disagreement with the questions raised about remuneration. The standard deviation gives an indication of the variability of the responses. The answers of Section C_{remuneration} show the largest variability of all sections.

3.4.4 Test for Correlation between Sections

Correlations were calculated for:

- Job Satisfaction and Engagement
- Job Satisfaction and Fringe Benefits
- Job Satisfaction and Remuneration
- Engagement and Fringe Benefits
- Engagement and Remuneration

Because all the questionnaires represented the population and not just a sample, only a test to determine practically significant correlation was performed. In other words, exploration of statistically significant correlations (p-values) is not relevant, since no generalisation from a sample to the population is needed. For the purpose of the correlation test, the Nonparametric Spearman's correlation coefficient (r) was used. This correlation coefficient does not depend on the assumption of normality and is based on ranks of the data (Field, 2009:180).

For practically significant correlation, a correlation coefficient of 0.1 indicated a small, non-practically significant correlation. A correlation coefficient of 0.3 indicated a medium, practically visible correlation. A correlation coefficient of 0.5 indicated a large, practically important correlation (Steyn, 2009:4).

The results for Spearman's Nonparametric correlation coefficients are shown in Table 10 below:

Non-parametric Correlations					
		Section A	Section B	Section C fringe benefits	Section C remuneration
Section A	Correlation Coefficient	1	0.623	0.165	0.249
Section B	Correlation Coefficient		1	0.187	0.188
Section C fringe benefits	Correlation Coefficient			1	-0.261
Section C remuneration	Correlation Coefficient				1

Table 10 – Nonparametric Correlation

The correlations between the individual sections are as follows:

- **Job Satisfaction and Engagement: $r = 0.623$**

The correlation coefficient of 0.623 indicates a highly important correlation. Thus a high level of job satisfaction will imply a high level of engagement and vice versa.

- **Job Satisfaction and Fringe Benefits: $r = 0.165$**

The correlation coefficient of 0.165 indicates a low to medium correlation. Therefore, these two variables show a low practically significant correlation. This can indicate that the level of job satisfaction of an employee is not dependent on the fringe benefits an employee receives from the organisation.

- **Job Satisfaction and Remuneration: $r = 0.249$**

The correlation coefficient of 0.249 is close to 0.3, indicating a practically significant correlation. This can indicate that the level of job satisfaction an employee experiences in the organisation is influenced by his remuneration package.

- **Engagement and Fringe Benefits: $r = 0.187$**

The correlation coefficient of 0.187 indicates a low to medium correlation. Therefore, these two variables show a low practically significant correlation. This can indicate that the level of engagement of an employee is not dependent on the fringe benefits an employee receives from the organisation.

- **Engagement and Remuneration: $r\text{-value} = 0.188$**

The correlation coefficient of 0.188 indicates a low to medium correlation. Therefore, these two variables show a low practically significant correlation. This can indicate that the level of engagement of an employee is not dependent on the remuneration an employee receives from the organisation.

3.4.5 Test for differences between demographical areas

A test for differences was done between the three different geographical areas and each individual section. This was done to determine whether there were any differences in the levels of job satisfaction, engagement, fringe benefits and remuneration for the employees working in Johannesburg, Cape Town and Ghana. The ANOVA test was performed to test for differences. This test consists of the Omnibus test which is an analysis of variance and tests whether all the groups are the same, as well as post hoc tests which make pair-wise comparisons between the groups. The results for the Omnibus test are shown in Table 11 below. Note that the p-values are reported and interpreted in and below this table for completeness. However, since the study was conducted on the entire population, p-values (statistical significance) are actually not relevant (Ellis & Steyn, 2003:51). For the post hoc tests effect sizes (practical significance) are calculated and reported, which can be interpreted for a study of an entire population, where generalization from a sample to a population is not necessary.

Omnibus Test Results	
	p value
Section A	0.352
Section B	0.137
Section C <small>fringe benefits</small>	0
Section C <small>remuneration</small>	0.014

Table 11 – Omnibus test results

A p-value of less than 0.05 indicates that the three demographic areas did not answer the questions in each section in the same manner. In the context of p-values, only Section C for both the fringe benefits and the remuneration indicated a statistically significant difference between the three demographic areas in the answered questions. Post hoc tests will be applied to compare pair-wise the demographic areas and determine where the differences lie. Because the questionnaires represent the complete population, it will indicate the effect sizes of the post hoc tests will be given (i.e. p-values of post hoc tests will not be reported). The effect size is indicated by Cohen's d-value. A d-value of 0.2 indicates a small – non-practically significant difference. A d-value of 0.5 indicates a medium – practically visible difference. A d-value of 0.8 indicates a large – practically important difference (Ellis & Steyn, 2003:51).

Job Satisfaction						
	P-Values			Effect Sizes		
	Cape Town with	Johannesburg with	Ghana with	Cape Town with	Johannesburg with	Section A Mean
Cape Town		0.963	0.566			1.922
Johannesburg	0.963		0.461	0.085		1.956
Ghana	0.566	0.461		0.303	0.426	1.801
Engagement						
	P-Values			Effect Sizes		
	Cape Town with	Johannesburg with	Ghana with	Cape Town with	Johannesburg with	Section B Mean
Cape Town		0.240	0.215			2.120
Johannesburg	0.240		0.996	0.576		1.861
Ghana	0.215	0.996		0.511	0.028	1.875

Fringe Benefits						
	P-Values			Effect Sizes		
	Cape Town with	Johannesburg with	Ghana with	Cape Town with	Johannesburg with	Section C fringe benefits Mean
Cape Town		0.846	0.000			2.356
Johannesburg	0.846		0.000	0.189		2.422
Ghana	0.000	0.000		2.078	2.470	1.628
Remuneration						
	P-Values			Effect Sizes		
	Cape Town with	Johannesburg with	Ghana with	Cape Town with	Johannesburg with	Section C remuneration Mean
Cape Town		0.264	0.424			2.880
Johannesburg	0.264		0.023	0.572		2.467
Ghana	0.424	0.023		0.419	0.989	3.181

Table 12 – Effect sizes for Demographic areas

When the effect sizes for the job satisfaction are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is; $d = 0.084$, which is small, and indicates a small, non-practically significant difference. This implies that the two demographical areas have answered the questions in the section about job satisfaction in the same manner. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d-value of 0.303, which is between the small and medium intervals on the scale. The value is closer to the small, non-practically significant difference. For the purpose of this study, this difference is too small to be considered practically significant. The effect size for Johannesburg with Ghana indicates a d-value of 0.426. This d-value is closer to the practically visible difference value and can be considered practically visible for the purpose of this paper. The mean values for the three demographical areas indicate that the employees in Ghana are experiencing an ever so slightly higher level of job satisfaction than the employees in Johannesburg and Cape Town.

When the effect sizes for engagement are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is $d = 0.576$, which indicates a medium, practically visible difference. This implies that the two demographical areas answered the questions in the section about engagement in two different manners. When the same effect size for Cape Town with Ghana is reviewed, it indicated a d -value of 0.511, which again indicates a practically visible difference. The effect size for Johannesburg with Ghana indicates a d -value of 0.028. This d -value is small and indicates a non-practically significant difference. The mean values for the three demographical areas indicate that the employees in Cape Town experience a lower level of engagement than the employees in Johannesburg and Ghana.

When the effect sizes for the fringe benefits are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is; $d = 0.188$, which indicates a small, non-practically significant difference. This implies that the two demographical areas experience the same level of motivation from the fringe benefits on their job satisfaction and engagement. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d -value of 2.078, which is extremely high on the effect size scale and indicates practically important difference. The effect size for Johannesburg with Ghana indicates a d -value of 2.469. This d -value again indicates a high practically important difference. The mean values for the three demographical areas indicate that the employees in Ghana experience a higher level of motivation from their fringe benefits than the employees in Johannesburg and Cape Town.

When the effect sizes for the remuneration are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is; $d = 0.572$, which indicates a medium, practically visible difference. This implies that the two demographical areas experience the difference level of motivation from their remuneration packages on their job satisfaction and engagement. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d -value of 0.419, which again indicates practically visible difference. The effect size for Johannesburg with Ghana indicates a d -value of 0.989. This d -value is high, and indicates a high practically important difference. The mean values for the three demographical areas indicate that the employees in Johannesburg experience a lower level of motivation from their remuneration packages than the employees in Cape Town and Ghana.

3.4.6 Test for differences in gender, age, experience, academic qualifications and level in the organisation

Gender

A t-test was conducted to test whether males and females responded differently to the sections. The p-value and d-values (effect sizes) of the t-test are shown in Table 13 below. Once again, p-values are reported and interpreted for the sake of completeness. However, emphasis in interpretation and conclusions should be placed on the effect sizes (d-values). The questionnaire was completed by 47 males and 9 females.

	Gender	Quantity	Mean	Std. Deviation	d - values	p - values
Section A	Male	47	1.932	0.349	0.675	0.017
	Female	9	1.696	0.219		
Section B	Male	47	2.003	0.439	0.595	0.083
	Female	9	1.742	0.370		
Section C <small>fringe benefits</small>	Male	47	2.006	0.447	1.112	0.011
	Female	9	2.503	0.447		
Section C <small>remuneration</small>	Male	47	2.911	0.770	0.067	0.841
	Female	9	2.963	0.676		

Table 13 – T-Test for Differences according to Gender

From the p-values in Table 13 for gender, it can be concluded that for section A and Section C fringe benefits, the p-values are smaller than 0.05, indicating that the participants answered the questions in a statistically significantly different manner. For section B and section C remuneration, the p-values are greater than 0.05, thus indicating the participants answered the questions in a statistically significant similar manner.

The effect sizes were calculated for the differences between males and females on each of the sections. When the effect sizes for section A is reviewed, it can be noted that Cohen's d-value is 0.675, which indicates a medium, practically visible difference. The effect size for section B is $d=0.595$, indicating a medium, practically visible difference. The effect size for section C fringe benefits is $d=1.112$, indicating a high, practically important difference. The effect size for section C remuneration is

$d=0.067$, indicating a small, non-practically significant difference. These effect sizes indicate that the male and female participants had the same opinion about remuneration, but different opinions about job satisfaction, engagement and fringe benefits.

Age, experience, academic qualifications and level in the organisation

Tests for differences were done between the various categories of the five sub-sections within section D: Age, Academic Qualification, Years' Experience, Level in the Organisation and Gender. This was done to determine whether there were any differences in the levels of job satisfaction, engagement, fringe benefits and remuneration for the employees answering the questionnaires with different age, academic qualifications, years' experience, level in the organisation and gender. These criteria did not form part of the main focus of the study, thus, they will not be reported to the same level of detail as the demographical areas. The ANOVA test was performed to test for differences for age, academic qualification, years' experience, and level in the organisation. This test consists of the Omnibus test which is an analysis of variance for which a p-value is given. A p-value of less than 0.05 indicates that the participants did not answer the questions for each section in the statistically significant similar manner. Recall that these p-values should be interpreted with care, since this study is not based on a random sample from a population, but on the entire population. Post hoc tests were then conducted to pair wise compare the different groups. Effect sizes were calculated for the post hoc tests, which indicate practically significant differences for the population. The results for the Omnibus test are shown in Table 14 below.

	Age	Academic Qualification	Years' Experience	Level in the Organisation
	p-value	p-value	p-value	p-value
Section A	0.208	0.012	0.719	0.027
Section B	0.493	0.036	0.928	0.462
Section C <small>fringe benefits</small>	0.500	0.011	0.085	0.006
Section C <small>remuneration</small>	0.773	0.003	0.001	0.026

Table 14 – Omnibus Test results

From the p-values in Table 14 for age, it can be concluded that for all three sections, the p-values are greater than 0.05, thus suggesting the participants answered the questions in the same manner. This was confirmed in the post hoc tests. The p-values for academic qualifications are all smaller than 0.05, thus suggesting a difference in the manner in which the participants answered the questions. This was confirmed in the post hoc tests. The p-values for the years of experience, indicate a value of greater than 0.05 for Sections A and B, but smaller than 0.05 for Section C fringe benefits and Section C remuneration. This suggests that the participants answered the sections about job satisfaction and engagement in the same manner, but that they had different opinions about fringe benefits and remuneration. Once again, the post hoc tests confirmed this.

The p-values for the level of the participant in the organisation were smaller than 0.05 for section A, C fringe benefits and Section C remuneration. These p-values suggest that the participants answered the questions for engagement in the same manner, but questions for job satisfaction, fringe benefits and remunerations with different opinions. This was confirmed in the post hoc tests. The results of the post hoc tests are presented in Appendix B.

3.5 CONCLUSION

A total of 57 questionnaires were distributed to three different demographical areas, Johannesburg, Cape Town and Ghana. Orica management participated in this study and made it compulsory for every employee to participate and complete a questionnaire. This contributed to the study of a complete population and not just a sample. The statistical analysis was divided into six sections:

- Frequency distribution and descriptive statistics of the individual items
- Cronbach's Coefficient Alpha for each section
- Descriptive statistics for the selected sections
- Test for correlation between sections
- Test for differences between demographical areas

- Test for differences in gender, age, experience, academic qualifications and level in the organisation

The distribution of the participants was: 15 from Johannesburg, 18 from Cape Town and 24 from Ghana. The questionnaires were completed by 47 males and 9 females from all three demographical areas. The Cronbach's coefficient alpha was calculated to determine whether there was consistency in the manner in which the participants answered the questions for each individual section of the questionnaire. Some questions had to be removed to obtain a Cronbach's coefficient alpha of greater than 0.7, which was needed to determine an average mean value for the question in the sections.

Given the scale used in the questionnaire, ranging from 1 to 4, a mean value of 1.879 indicates a notion of agreement by participants in Section A. In Section B, a mean value of 1.948 also indicates an agreement with the questions raised in the questionnaire. Section C indicates a mean value of 2.067, which also indicates that the participants are in agreement with the questions raised about fringe benefits. The mean value of 2.897 indicates that the participants are in disagreement with the questions raised about remuneration.

Correlations were calculated to determine if there was any correlation between the individual sections of the questionnaire. The evaluation for the correlations between the individual sections is as follows:

- **Job Satisfaction and Engagement:** r-value = 0.623, indicating a highly important correlation. Thus a high level of job satisfaction will imply a high level of engagement and vice versa.
- **Job Satisfaction and Fringe Benefits:** r-value = 0.165, indicating a low to medium correlation. Therefore, these two variables show a low practically significant correlation. This can indicate that the level of job satisfaction of an employee is not dependent on the fringe benefits an employee receives from the organisation.

- **Job Satisfaction and Remuneration:** r -value = 0.249, indicating a practically visible correlation. This can indicate that the level of job satisfaction an employee experiences in the organisation is influenced by his remuneration package.
- **Engagement and Fringe Benefits:** r -value = 0.187, indicating a low to medium correlation. Therefore, these two variables show a low practically significant correlation. This can indicate that the level of engagement of an employee is not dependent on the fringe benefits he receives from the organisation.
- **Engagement and Remuneration:** r -value = 0.188, indicating a low to medium correlation. Therefore, these two variables show a low practically significant correlation. This can indicate that the level of engagement of an employee is not dependent on the remuneration he receives from the organisation.

ANOVA-tests were conducted to test if the three demographical areas responded differently. Omnibus tests tested if the geographical areas responded in the same manner. The post-hoc test indicates the effect sizes of pair-wise comparisons for the three demographical areas, and are represented by Cohen's d -value. When the effect sizes for job satisfaction are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is $d = 0.084$, which is small, and indicates a small, non-practically significant difference. This implies that the two demographical areas answered the questions about job satisfaction in the same manner. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d -value of 0.303, which is between the small and medium intervals on the scale. The value is closer to the small, non-practically significant difference. For the purpose of this study, this difference is too small to be considered practically significant. The effect size for Johannesburg with Ghana indicates a d -value of 0.426. This d -value is closer to the practically significant difference value and can be considered practically significant for the purpose of this paper. The mean values for the three demographical areas

indicate that the employees in Ghana experience an ever so slightly higher level of job satisfaction than the employees in Johannesburg and Cape Town.

When the effect sizes for the job engagement are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is; $d = 0.576$, which indicates a medium, practically significant difference. This implies that the two demographical areas answered the questions in the section about engagement in two different manners. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d -value of 0.511 , which again indicates a practically significant difference. The effect size for Johannesburg with Ghana indicates a d -value of 0.028 . This d -value is very small and indicates a non-practically significant difference. The mean values for the three demographical areas indicate that the employees in Cape Town experience a lower level of engagement than the employees in Johannesburg and Ghana.

When the effect sizes for fringe benefits are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is; $d = 0.188$, which indicates a small, non-practically significant difference. This implies that the two demographical areas experience the same level of motivation from the fringe benefits on their job satisfaction and engagement. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d -value of 2.078 , which is extremely high on the effect size scale, and indicates practically important difference. The effect size for Johannesburg with Ghana indicates a d -value of 2.469 . This d -value again indicates a very high practically important difference. The mean values for the three demographical areas indicate that the employees in Ghana experience a higher level of motivation from their fringe benefits than the employees in Johannesburg and Cape Town.

When the effect sizes for the remuneration are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is $d = 0.572$, which indicates a medium, practically significant difference. This implies that the two demographical areas experience a different level of motivation from their remuneration packages on their job satisfaction and engagement. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d -value of 0.419 , which again indicates

practically significant difference. The effect size for Johannesburg with Ghana indicates a d-value of 0.989. This d-value is high, and indicates a high practically important difference. The mean values for the three demographical areas indicate that the employees in Johannesburg experience a lower level of motivation from their remuneration packages than the employees in Cape Town and Ghana.

A test for differences was done between the five sub-sections within section D: Age, Academic Qualification, Years' Experience, Level in the Organisation and Gender. This was done to determine whether there were any differences in the levels of job satisfaction, engagement, fringe benefits and remuneration for the employees answering the questionnaires with similar age, academic qualifications, years' experience, level in the organisation and gender. These criteria did not form part of the main focus of the study, thus, they were not analysed to the same level of detail as the demographical areas.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

4.1 CONCLUSIONS AND RECOMMENDATIONS

This chapter discusses the conclusions that can be drawn from the literature review and provides recommendations to improve job satisfaction and engagement that an employee experiences in the organisation.

4.2 CONCLUSIONS

Most well-known theories on motivation revolve around the idea that an employee's needs influence his motivation. An employee's needs could be characterised as physiological or psychological deficiencies that trigger specific behaviour. The needs of employees could vary over time and place and are subject to the influence of external and environmental factors. This implies that people will react to satisfy unsatisfied needs (Kreitner & Kinicki, 2007: 236).

The level, to which these employee needs are satisfied, will have an impact on the level of job satisfaction and engagement that that employee will experience in the organisation. The organisation thus needs to strive towards customizing the remuneration packages of the employees to such an extent that the level of job satisfaction and engagement is maximised for the particular employee.

According to Milkovich and Newman (2005:272), some of the advantages of a successful compensation structure are:

- People join a firm because of pay structures
- People stay in a firm because of pay structures
- People agree to develop job skills because of pay
- People perform better on their jobs because of pay

Compensation is an important factor in the design, implementation and maintenance of organisations. However, compensation includes not only wages paid to employees but also non-wage benefits such as medical insurance and a retirement plan (Weathington & Jones: 2007:292). Wages and benefits together are often the biggest expense incurred by organisations.

The aim of this paper is to investigate and determine the correlation between the remuneration package and the level of job satisfaction and engagement. This was approached by focussing on the following specific objectives:

- To determine the importance of fringe benefits amongst employees
- To determine the impact of fringe benefits on the level of job satisfaction of the employee
- To determine the impact of fringe benefits on employee engagement
- To understand the cultural differences between South Africa and Ghana
- To gain better knowledge of the structuring of remuneration packages in South Africa
- To gain better knowledge of the structuring of remuneration packages in Ghana

These specific objectives were investigated by means of a specifically drafted questionnaire that was distributed amongst all the employees of Orica employed in South Africa and Ghana. A total of 57 questionnaires were distributed and returned for analysis. Orica management participated in this study and made it compulsory for every employee to participate and complete a questionnaire. This contributed to the study of a complete population and not just a sample. The statistical analysis was divided into six sections:

- Frequency distribution and descriptive statistics of the individual items
- Cronbach's Coefficient Alpha for each section
- Descriptive statistics for the selected sections
- Test for correlation between sections
- Test for differences between demographical areas

- Test for differences in gender, age, experience, academic qualifications and level in the organisation

The distribution of the participants was 15 from Johannesburg, 18 from Cape Town and 24 from Ghana. The questionnaires were completed by 47 males and 9 females from all three demographical areas. The Cronbach's coefficient alpha was calculated to determine whether there was consistency in how the participants answered the questions for each of the individual sections of the questionnaire. Some of the questions were reverse-phrased to test if the participants actually read and understood the implications of the question. The scores of these questions needed to be reversed for the calculation of Cronbach's alpha coefficient (Field, 2009:675). These questions had to be removed to obtain a Cronbach's coefficient alpha of greater than 0.7, which was needed to determine an average mean value for the question in the sections (Nunnally, 1978: 295).

Given the scale used in the questionnaire, ranging from 1 to 4, where 1 indicated strongly agree, 2 indicated agree, 3 indicated disagree and 4 indicated strongly disagree, a mean value of 1.879 indicates a notion of agreement by participants in Section A. In Section B, a mean value of 1.948 also indicates an agreement with the questions raised in the questionnaire. Section C indicated a mean value of 2.067, which also indicates that the participants are in agreement with the questions raised about fringe benefits. The mean value of 2.897 indicates that the participants are in disagreement with the questions raised about remuneration.

Because all the questionnaires represented the population and not just a sample, only a test to determine practical correlation was performed. For the purpose of the correlation test, the Nonparametric Spearman's correlation coefficient (r) was used. For practical correlation, a correlation coefficient of 0.1 indicated a small, non-practically significant correlation. A correlation coefficient of 0.3 indicated a medium, practically visible correlation. A correlation coefficient of 0.5 indicated a large, practically important correlation (Steyn, 2009:4).

- **Job Satisfaction and Engagement:** r-value = 0.623, indicating a highly important correlation. Thus a high level of job satisfaction will imply a high level of engagement and vice versa.
- **Job Satisfaction and Fringe Benefits:** r-value = 0.165, indicating a low to medium correlation. Therefore, these two variables show a low practically visible correlation. This can indicate that the level of job satisfaction of an employee is not dependent on the fringe benefits an employee receives from the organisation.
- **Job Satisfaction and Remuneration:** r-value = 0.249, indicating a practically significant correlation. This can indicate that the level of job satisfaction an employee experiences in the organisation is influenced by his remuneration package.
- **Engagement and Fringe Benefits:** r-value = 0.187, indicating a low to medium correlation. Therefore, these two variables show a low practically significant correlation. This can indicate that the level of engagement of an employee is not dependent on the fringe benefits an employee receives from the organisation.
- **Engagement and Remuneration:** r-value = 0.188, indicating a low to medium correlation. Therefore, these two variables show a low practically significant correlation. This can indicate that the level of engagement of an employee is not dependent on the remuneration an employee receives from the organisation.

Note that the p-values are reported and interpreted in and below this table for completeness. Since the study was conducted on the entire population, p-values (statistical significance) are actually not relevant (Ellis & Steyn, 2003:51). For the post hoc tests effect sizes (practical significance) are calculated and reported, which can be interpreted for a study of an entire population where generalization from a sample to a population is not necessary.

The ANOVA test was performed to test for differences. This test consists of the Omnibus test which is an analysis of variance and which tests whether all the groups are the same, as well as post hoc tests which make pair-wise comparisons between the groups. A p-value of less than 0.05 indicates that the three demographic areas did not answer the questions in each section in the same manner. For the purpose of this paper, only Section C for both the fringe benefits and the remuneration indicated a significant difference between the three demographic areas in the answered questions. Post hoc tests were applied to pair-wise compare the demographic areas and determine where the differences lie. Because the questionnaires represent the complete population, will indicate the effect sizes of the post hoc tests will be given (i.e. p-values of post hoc tests will not be reported).

When the effect sizes for job satisfaction are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is $d = 0.084$, which is small, and indicates a small, non-practically significant difference. This implies that the two demographical areas answered the questions in the section about job satisfaction in the same manner. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d-value of 0.303, which is between the small and medium intervals on the scale. The value is closer to the small, non-practically significant difference. For the purpose of this study, this difference is too small to be considered practically significant. The effect size for Johannesburg with Ghana indicates a d-value of 0.426. This d-value is closer to the practically significant difference value and can be considered practically significant for the purpose of this paper. The mean values for the three demographical areas indicate that the employees in Ghana experience an ever so slightly higher level of job satisfaction than the employees in Johannesburg and Cape Town.

When the effect sizes for job engagement are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is $d = 0.576$, which is indicates a medium, practically significant difference. This implies that the two demographical areas answered the questions in the section about engagement in two different manners. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d-value of 0.511, which again indicates a practically significant difference. The effect size for Johannesburg with Ghana indicates a d-value of 0.028. This d-

value is small and indicates a non-practically visible difference. The mean values for the three demographical areas indicate that the employees in Cape Town are experiencing a lower level of engagement than the employees in Johannesburg and Ghana.

When the effect sizes for fringe benefits are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is $d = 0.188$, which indicates a small, non-practically significant difference. This implies that the two demographical areas experience the same level of motivation from the fringe benefits on their job satisfaction and engagement. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d -value of 2.078, which is extremely high on the effect size scale, and indicates practically important difference. The effect size for Johannesburg with Ghana indicates a d -value of 2.469. This d -value again indicates a high practically important difference. The mean values for the three demographical areas indicate that the employees in Ghana experience a higher level of motivation from their fringe benefits than the employees in Johannesburg and Cape Town.

When the effect sizes for remuneration are reviewed, it can be noted that the effect size for Cape Town with Johannesburg is; $d = 0.572$, which indicates a medium, practically significant difference. This implies that the two demographical areas experience a different level of motivation from their remuneration packages on their job satisfaction and engagement. When the same effect size for Cape Town with Ghana is reviewed, it indicates a d -value of 0.419, which again indicates practically visible difference. The effect size for Johannesburg with Ghana indicates a d -value of 0.989. This d -value is high, and indicates a high practically important difference. The mean values for the three demographical areas indicate that the employees in Johannesburg experience a lower level of motivation from their remuneration packages than the employees in Cape Town and Ghana.

A test for differences was done between the various categories of the five sub-sections within section D: Age, Academic Qualification, Years' Experience, Level in the Organisation and Gender. This was done to determine whether there were any differences in the levels of job satisfaction, engagement, fringe benefits and remuneration for the employees answering the questionnaires with different age,

academic qualifications, years' experience, level in the organisation and gender. These criteria did not form part of the main focus of the study, thus, they will not be reported to the same level of detail as the demographical areas.

4.3 RECOMMENDATIONS

The effect sizes for the job satisfaction between Cape Town and Johannesburg indicate a small, non-practically significant difference. The effect size between Cape Town and Ghana indicate a small, non-practically significant difference. The effect size for Johannesburg with Ghana indicates practically significant. The mean values for the three demographical areas indicate that the employees in Ghana experience an ever so slightly higher level of job satisfaction than the employees in Johannesburg and Cape Town. These indicators can be used and examined to determine this is so and to carry these learning events over to Johannesburg and Cape Town.

The effect sizes for job engagement between Cape Town and Johannesburg indicate a medium, practically significant difference. The effect size between Cape Town and Ghana indicates a practically significant difference. The effect size between Johannesburg and Ghana indicates a non-practically significant difference. The mean values for the three demographical areas indicate that the employees in Cape Town experience a lower level of engagement than the employees in Johannesburg and Ghana. These indicators can again be studied to identify the drivers behind the higher levels of engagement. These drivers can then be applied to promote higher levels of engagement in Cape Town.

The effect sizes for fringe benefits between Cape Town and Johannesburg indicate a small, non-practically significant difference. The effect size between Cape Town and Ghana indicate a practically important difference. The effect size between Johannesburg and Ghana indicates a high practically important difference. The mean values for the three demographical areas indicate that the employees in Ghana experience a higher level of motivation from their fringe benefits than the employees in Johannesburg and Cape Town. These indicators can be analysed to determine the fringe benefits that cause the employees in Ghana to be more

satisfied. The remuneration packages of the employees in Johannesburg and Cape Town can then be amended with the fringe benefits similar to that of the employees in Ghana.

The effect sizes for the remuneration between Cape Town and Johannesburg indicate a medium, practically significant difference. The effect size between Cape Town and Ghana indicates a practically visible difference. The effect size between Johannesburg and Ghana indicates a high practically important difference. The mean values for the three demographical areas indicate that the employees in Johannesburg experience a lower level of motivation from their remuneration packages than the employees in Cape Town and Ghana. These indicators can again be studied to determine if the employees in Johannesburg are under the impression that they receive market related salaries. These indicators can be compared with those of the employees of Ghana and Cape Town to determine if changes will be possible in the remuneration of the employees in Johannesburg.

From the statistical data it can be concluded that all Orica employees seem to be overall satisfied with their fringe benefits and the way that they are structured to the total cost-to-company packages that are offered to the different demographical areas. The statistical data also indicates that all Orica employees are overall motivated with an acceptable level of job satisfaction and engagement. The proposed area that needs to receive additional focus is that of the cash component of the remuneration package.

In general, the survey report showed that HR professionals perceive several factors to be more important to employees than the employees did (Meisinger, 2007:8).

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Appendix A

**THE IMPACT OF FRINGE BENEFITS ON JOB SATISFACTION AND ENGAGEMENT
QUESTIONNAIRE**

The purpose of this questionnaire is to obtain a general overview of the impact of fringe benefits on job satisfaction and engagement within the organisation. Please read each statement carefully and answer by choosing one of the possible four responses. Please be as honest as possible. This is an anonymous questionnaire, and all responses will be treated as confidential.

A. JOB SATISFACTION

1. I had a good idea of what this position entailed before I was hired

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
2. I feel that my Supervisor treats me fairly

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
3. The training I received was adequate to prepare me for doing this job

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
4. I enjoy the work that I am doing

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
5. This position demands a high level of emotional and mental resilience

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
6. Prior to being hired, I understood very little about this position

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
7. The induction programme prepared me well for this position

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
8. This position contributes significantly to the pressure and anxiety in my personal life

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
9. The job that I am doing makes me happy

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
10. I receive adequate support from my Line Manager

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
11. After I joined the company, and I felt that I needed more training, my Line Manager would arrange it for me

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
12. I feel that the responsibilities of my position overwhelms me

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
13. My work activities are meaningful to me

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
14. I have confidence in the leadership of my Line Manager

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
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15. Before I accepted this position, I understood all the expectations of the job

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
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B. ORGANISATIONAL COMMITMENT

1. I find that the job I am doing is meaning to the organisation

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
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2. In my position, I have the opportunity to learn and grow within the organisation

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
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3. I tell my friends about the great organisation I work for

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
4. I find my job to be challenging and rewarding for me

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
5. I am proud to say that I work for this organisation

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
6. I feel that my Line Manager appreciates the effort I put into my work

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
7. I regularly receive praise or recognition for a job well done

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
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8. I find it difficult to detach myself from work

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
9. I am proud of my accomplishments at work

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
10. I feel absorbed in my work situation

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
11. I am confident that I am working for the best organisation in this field

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
12. My Line Manager encourages my personal development at work

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
13. I feel that my work is appreciated within the organisation

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
14. We have regular feedback sessions at work regarding our performance

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
15. Accomplishments in my work, makes me happy

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
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C. REMUNERATION AND BENEFITS

1. I would prefer to have a medical aid contribution by the employer

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
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2. The organisation assists me with a monthly allowance to buy or rent accommodation

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
3. I would prefer to receive an allowance from the organisation to purchase my own vehicle

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
4. The organisation provides me with accommodation

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
5. I feel that for the amount of work I do, the pay is sufficient

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
6. The organisation assists me and my immediate family with education expenses

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
7. I would prefer to use a vehicle supplied by the organisation

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
8. The organisation provides us with the opportunity for in-house education

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
9. I prefer the company to reimburse all my medical expenses

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
10. I am satisfied with my remuneration package

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
11. It is important for me that the organisation assists me to give education to my immediate family

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
12. It is important to me that the organisation assists me with a vehicle to perform my duties

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
13. It is important for me to get assistance from the organisation to buy or rent accommodation

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
14. My remuneration package compare well to others in this field

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
-------------------	----------	-------------	----------------------
15. It is important to me that the organisation assists me with medical expenses

1. Strongly Agree	2. Agree	3. Disagree	4. Strongly Disagree
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D. PLEASE TELL ME ABOUT YOURSELF

1. Gender

1. Male	2. Female
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2. Nationality

1. Coloured	2. African	3. Asian	4. White	5. Other
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3. Age Group

1. 20 - 25	2. 26 - 30	3. 31 - 35	4. 36 - 40	5. 41 - 45
6. 46 - 50	7. 51 - 55	8. 56 - 60	9. 61 - 65	10. Older than 65

4. Academic Qualifications

1. Did not complete Matric / Grade 12	2. Completed Matric / Grade 12	3. Post Matric Qualification (Certificate/Diploma / Degree)
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5. Where do you stay?

1. Ghana	2. Cape Town	3. Johannesburg
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6. Years of service at Orica?

1. Less than a year	2. 1 - 5 years	3. 6 - 10 years	4. 11 - 20 years	5. More than 20 years
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7. Job Level

1. Executive	2. Senior Management	3. Middle Management	4. Junior
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Appendix B

	Section A Effect Size	Section B Effect Size	Section C (Fringe Benefits) Effect Size	Section C (Remuneration) Effect Size
Academic Qualification				
Did not complete Matric with Completed Matric	0.551	0.597	0.470	0.583
	Practical significant difference	Practical significant difference	Practical significant difference	Practical significant difference
Did not complete Matric with Post Matric Qualification	0.569	0.286	0.551	1.055
	Practical significant difference	Non- practical significant difference	Practical significant difference	Practical important difference
Completed Matric with Post Graduate Qualification	1.210	1.323	1.261	0.180
	Practical important difference	Practical important difference	Practical important difference	Non-practical significant difference
Years of service with Orica				
Less than a year with (1-5) years	0.082	0.118	0.243	0.801
	Non- practical significant difference	Non- practical significant difference	Non- practical significant difference	Non-practical significant difference
Less than a year with (6+) years	0.310	0.060	0.739	0.689
	Non- practical significant difference	Non- practical significant difference	Practical important difference	Practical significant difference
(1-5) years with (6+) years	0.327	0.059	0.931	1.474
	Non- practical significant difference	Non- practical significant difference	Practical important difference	Practical important difference
Job Level				
Senior Management with Middle Management	1.024	0.118	0.379	0.720
	Practical important difference	Non- practical significant difference	Practical significant difference	Practical important difference
Senior Management with Junior Employees	0.436	0.299	0.781	0.461
	Practical significant difference	Non- practical significant difference	Practical important difference	Practical significant difference
Middle Management with Junior Employees	1.009	0.404	1.033	1.075
	Practical important difference	Practical significant difference	Practical important difference	Practical important difference

Table 15 – Effect sizes for Academic Qualifications, Years' Service, and Job Level