The Impact of the Reward Systems on employee motivation: The Case of a Department Store

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Abstract

The aim of this research is to study the impact of reward systems used within a city centre department store on employee motivation. At its core the research looks to discover whether intrinsic or extrinsic motivation is the strongest, uncover if pay is a motivator and how to enhance motivation through pay and reward management. According to the literature review previous studies suggest that organisations use reward systems and strategies to motivate their employees, increase individual performance and to improve business performance. The literature review analyses current practises used in the department store to analyse benefit and limitation factors. The research was undertaken via a single case study at a department store and adopted the use of quantitative data via a questionnaire and qualitative data via structured interviews. The research found that although extrinsic rewards were present, intrinsic remains the dominant motivating factor amongst individuals, and that even within this individuals had different intrinsic motivators.

Keywords

Rewards; Motivation; Retail

Introduction

Leonard (2014) recognises effective management of performance in an organisation requires an understanding of the context in which the process of performance management occurs. The rewards system therefore should start with the strategic objectives and core values of the organisation and should drive the content of the performance management system. Hendry (2000) is supportive of this, stating 'developing and operating a performance management process is fraught with pitfalls' and so a performance management diagnostic framework was developed by Remuneration Research Centre to help overcome these pitfalls. The Case Organisation are experiencing problems with the rewards system, to uncover these issues the performance management diagnostic can be used to identify issues that can be resolved with an effective rewards strategy put into place to improve organisation performance and impact positively on employee motivation.

Beardwell (2010) suggests that employee motivation is the increase in the employees' work ethic in order to perform to a specific personal achievement. Torrington et al (2009) refers to motivation as a 'desire' to achieve 'continuous improvement' driven by an individual to achieve more than the individuals 'expectations.' Thus these two authors suggest that motivation primarily internal forces. It is also said that the factors that drive the individual are internal rather than external. Intrinsic motivation comes from inside the individual employee it is inclusive of 'skills development' 'responsibility' and 'achievements'

There are different types of rewards developed with organisational strategy, policy and business objectives in mind. Armstrong (1999) states that where the rewards may fail as a motivator is finding a way that combines the organisations policies and procedures and employee's skill, willingness and competence. Given that motivation is a largely studied area with a range of findings, this research concentrates on a particular department store and its approach to reward management.

Literature Review

Kanfer et al. (2012) describe motivation in the work sense as a set of processes which are ultimately used to determine a person's actions, and which actions they will use to achieve a desired outcome. This is the notion of how employees are rewarded for their contribution will have an effect on individual direction, intensity and persistence. In support of this, Armstrong (2015) and Baron (cited in CIPD, 2009) define performance management (PM) as 'a systematic and continuous process for improving organisational performance by developing the performance of individuals and teams', based on the assumption that there is an alignment between employees and the organisational goals, there are methods in place to develop staff members and a process in place to review the progress of employee development. DeNisi (2006) defines performance management as various activities aimed at improving employees' performance this definition is supportive of Armstrong based on the assumption an organisation has methods in place to develop employee performance. These definitions therefore warrant the need to have an effective reward strategy and structure in place within the organisation as it is crucial for the growth of performance and engagement of employees and these rewards systems should be based on what is needed to achieve the desired level of performance and motivation. Significantly Bratton et al. (2010) importantly suggests 'in the context of mobilising the motivation of employees in order to achieve the organisation's objectives, rewards emphasise a core facet of the employment relationship'.

Motivation

Motivation is often referred to as the internal forces that impel action and the external factors that can act as inducements to action (Locke and Latham 2004). Pinder (1998) differs and describes motivation as an invisible, internal hypothetical construct. In support of this, Shields (2007) recognises motivation is difficult to measure; this is an issue management face as it is a state of mind which cannot be observed but only inferred after an observation and analysis of behaviour.

Content theorists focus on what motivates people by looking at what 'needs' need to be fulfilled by the organisation. The most commonly used theorist is Maslow (1954; cited in Hutchinson, 2013) of the hierarchy of needs. Classical content theory surrounding motivation has been subject to critique. Wilson (2010) provides a critique of these theories that analysed classical content theory in her article believing they lack empirical support. Wilson recognises that Maslow himself sees there may be flaws to the research as 'nobody have repeated it, tested it or really analysed it.' Other theorists have since modified Maslow's approach such as; Alderfer (1972; cited in Armsrtong 2015) his model and suggests motivation is split into 3 sections. In contrast to Maslow it suggests an individual may become frustrated and regress instead of reaching the next level, if there is no opportunity to develop skills or progress. Despite this claim research has since been unable to support this, Hall and Nougaim (1968; Cited in Wilson, 2010) discovered that when managers advance from on stage the safety needs become less important and that higher needs became the focus to progress. Further criticism from Cullen (1997) also disagrees with Maslow & Alderfer as the methodology did not consider social class, occupation or age differentiation. Armstrong (2015) recognises that in order to make informed decisions on reward systems the 'use an evidence-based approach' should be used to gather evidence and understanding rather assumptions based opinion.

Intrinsic and Extrinsic Motivation

Intrinsic motivation is defined by Ryan and Deci (2000) as carrying out a task for 'its inherent satisfactions rather than for some separable consequence', thus meaning when intrinsically motivated an individual is engaged in activity for the 'fun or challenge' not from external factors of 'pressures, or rewards' Christopher (2000) supports that these types of goals enhance performance, as self-rewards/ achievements may be something simple or intangible such as mentally congratulating oneself for an important accomplishment (Christopher, 2006). Research by Hull (1943; cited in Ryan and Deci, 2000) investigated what characteristics of a task made it interesting the results found that behaviour was driven by individual's physiological needs.

Extrinsic motivation is a construct that pertains whenever an activity is done in order to attain some separable outcome (Ryan and Deci, 2000). Extrinsic motivation thus contrasts with intrinsic motivation, but some employees are more intrinsically and others more extrinsically motivated (Furnham et al., 1998) This is conflicting of Bratton et al's (2010) ideology that employees are intrinsically motivated. Management can use various tactics to increase extrinsic motivation using process theory to reinforce high employee engagement through 'promotions' 'pay' 'recognition or more negative constructive criticisms and appraisals. Armstrong (2008) recognises that this form of motivation is short lived as there is more interest in getting the end result rather than reaping the satisfaction of the task. It is difficult to change the mind set of an employee and therefore cannot predict individual motivation triggers of employees.

Process Theory

According to e-reward survey (2014) the main features of process theory in organisations are goal setting, personal development plan, performance appraisals, expectancy theory and performance Process theory attempts to explain the changes in behaviour of why an individual acts in certain way within the workforce dependant on individual needs (Perkins and White, 2008) rating understanding the content theory of motivation enables organisations to incorporate process theory into reward structure.

Goal Setting

Goal setting theory Locke and Latham (2007) is formed on the assumption that motivation is based on goals. It is thought that individuals set smaller goals have lower motivational levels, whereas employees set larger goals have greater motivation to achieve them. This means goal setting needs to be clear for employees to know what is expected. Beardwell (2010) is supportive of this method however, recognised that feedback back from the goal setting task needs to be given in a timely manner as a positive reinforcement. The feedback from the task offers an intrinsic reward though the increased feeling of achievement and positive sense of personal responsibility within the work environment.

Goal setting theory has been subject to criticism. Tosi (1994) recognises that personality traits differ amongst employees and factors such as self-esteem and willingness may have an impact on the goals being achieved. Sometimes specific, difficult goals do not lead to better performance than simply urging people to do their best (Seijts & Latham, 2001). Drach-Zahavy and Erez (2002) also critic this theory as they discovered that when the task was changed some viewed the task as a threat rather than a challenge and began to lose interest resulting in lower performance.

Kramar and Syed (2012) agree with these critics, group rewards or incentives are more likely to harvest a collective approach to performance and consequently be more effective in reaching shared goals. It is also argued that group incentive schemes may influence more organisational participation from employees compared to those schemes of an individual nature due to the joint effort it entails, such as within the retail environment to encourage teamwork and department sales (Bent, 1997). A low risk approach to incorporating goals to performance would be to present a team based recognition strategy which should aim to adapt team work culture. This will allow organisations to increase positive working relationship and a positive working culture, this form of reward is intrinsic as it serves to offer recognition of contribution amongst team members. Thorpe & Homan, (2000) recognise that thought may need to be given on assessing whether a larger growth in benefits would be seen from later from specific team based pay or incentives.

Reward Systems

Performance Management can impact in a total reward system, this requires each reward element to be linked together and treated as an integrated or coherent whole (Armstrong, 2015). These are inclusive of base pay, merit or performance-related pay, employee benefits and non-financial rewards – intrinsic rewards from the work itself. Aguinis (2013) suggests reward systems are employee’s compensation and can be extrinsic (tangible) and intrinsic (intangible) these can be explained as inherit satisfiers (intrinsic) or external influence (extrinsic).

Appraisals

Armstrong (2008) defines a performance review also known as performance appraisal as an analysis of how an employee has performed in order to achieve business goals. However, CIPD (2015) views the process is strategic, to obtain long-term goals, it integrates a number of aspects of the business, people management, individuals and teams.

Appraisals are formally conducted by line management annually once a year to support administrative decisions such as pay raises promotions and logistics to ensure alignment with business goals (Spence, 2011). Critics claim they can be heading for failure from the start if there is no clear established performance criterion. Ambiguity of job descriptions and values may disrupt the turn out of the appraisal as it causes confusion, as weak communication between organisation and employees leads to failure. Strong two way communication is needed between management and general employee as a poor working relationship with a management may create a "cloud of credibility" over the performance appraisal (Gomez-Mejia, 1990). Others criticise its link to performance, Baron (2000) believes linking them to reward spoils the appraisal as it makes the process feel judgmental and places stress on the employee and stress on the appraiser who takes on the role of executioner. Latham et al (2007) denies this as ongoing performance management is more effective than one appraisal annually as they bring positive changes in an employee's behaviour and engagement because they know they will have another review however, he does state that the context needs to be taken into account.

Pay

Rewards management is not directly associated with pay, however it is often assumed to be so (Armstrong, 2015). Armstrong and Baron (2004) found that 42% of respondents with performance management had merit or rewards pay. Pay is a benefit that is received in return of the employee's contribution, it is finance that encourages an employee to actively look for work or be in employment. Pay can also be seen as a de-motivator; for example, if an employee is on minimum wage or working within a commission based environment mandatory pay may not be enough to retain an employee into an organisation, if an employee is unsatisfied by the with the rest of the rewards package they have to offer, they may decline in the recruitment and retention of good employees (Lazear, 2004). Pay is also recognised as a hygiene factor by Herzberg (cited in Lucey, 2005) which, alone do not motivate but prevent dissatisfaction alongside motivators. Although different to Maslow it is clear they support the idea that an individual is motived through the use of basic needs and higher needs.

Performance related pay

Performance-related pay (PRP) is a way of managing pay by linking salary progression to an assessment of individual performance, usually measured against pre-agreed objectives. Wage increases awarded through PRP as defined here are normally combined into basic pay, although sometimes they involve the payment of non-consolidated cash lump sums (CIPD, 2015). Suff et al (2007) disagrees with PRP as it fails to recognise the holistic employment relationship and the degree to which financial reward can act as a long-term satisfier and Criticises PRP as being coercive and can encourage the wrong type of behaviour, for example, by focusing on individual effort at the expense of team working (Suff et al, 2007).

Criticisms

Furnham (2006) states that the big misconception is that there is a clear correlation between pay and motivation 'this is not nor ever has been true' in fact it can 'demotivate' e.g. the effects of a pay rise can decline quickly and therefore the improvements are 'temporary'. Furham also found it is less about basic salary, but more about competitive salary, supported by CIPD (2015) he uses the example if salary were to increase dramatically, but so does that of the comparative group there is no change in employee behaviour. It was also found that many would be happy with more time off or more job security.

Summary

To summarise, Motivation is a construct that in neither tangible nor visible, the two ideologies of motivation are that people are motivated intrinsically or extrinsically, extrinsic motivation is frequently given through financial means. There has been much debate over which of these ideologies is the strongest. Pay although not directly linked to motivation is often assumed to be, but there is argument over whether pay in fact motivates an individual or whether is a demotivate factor. It is thought that motivation can be enhanced through reward and pay. Therefore, study of this topic is necessary for any business.

Methodology

This research is a case study of a single department store on analysing the impact of rewards systems on employee motivation Yin (2003) states a case study can be used when the nature of the research is to understand ‘how’ and ‘why’ something is happening, in this case how rewards systems are impacting on employee motivation and to understand why it has that particular effect, in order to gain this knowledge the research will consist of quantitative and qualitative data as mentioned previously. The data was collected for the case study in a cross sectional time frame.. It has been argues that validity and reliability are not relative to case studies (Thomas, 2006) In contrast to this Yin (2003) implies there is too much focus on statistical generalisation, while case studies allows data to be analytically generalised , in support of this claim Tsang (2013) argues theoretical generalisation of case studies in the context they are conducted in. Using both a qualitative and a quantitative approach allowed for a more critical analysis. When assembled together they can work to create a larger picture to permit ‘interpretation’ and ‘solve a puzzle’ Bryman (2006).

The research used the total population (all employees) Employees were contacted though internal mail within the organisational postal system receiving a questionnaire providing information outlining the study. This method was used to ensure each employee had equal opportunity to take part in the study to increase response rate. This is open to criticism as participants may believe management have sent out the questionnaires and therefore may not be truthful when answering the questions (Phellas et al, 2011). 217 questionnaires were distributed via email to employees with 183 responses being returned giving a response rate of 84.3%.

The questionnaire was designed to ensure clarity. Dividing the questionnaire into 5 sections ensures efficiency in storing the data for later analysis;

1. Personal information such as; gender, age, contract,
2. The attitudes the participants have towards the reward strategies.
3. The rewards strategies that most and least motivated them individually.

Interviews were carried out on 4 employees and 1 manager on differing employment contracts. A skeleton of the interview questions can be found in figure 5a and 5b in the appendices.

Interviewee	**Background**
A	Female, 35, Full time and has work for the store for 8 years
B	Female, 48, Part Time and has worked for the store for 3 years
C	Male, 20, Weekend and has worked for the store for 1 year
D	Female, 16, Casual and has worked for the store for 6 months

An interview was also held with the Head of Operations to gain an understanding of how they feel current rewards are operating and how they are currently being used (figure 5b).

Interviewee	**Background**
Head of Operations	57, Full time, and has worked for the store for 27 years

The interviews were conducted using a structured interview technique with a series of standardised open ended questions (Walliman, 2011).

The interviews took place outside of the work place in a neutral environment to avoid distraction and maintain anonymity.

Findings
Respondent Overview

The findings show the characteristics and demographic of the respondents within the organisation categorised into age, gender and contractual agreement (Full time part time, weekends and casual) the age of employee's is shown on table 1 is the responses from the questionnaire.

Table 1 – The Participants' Age

Age (Yrs)	Frequency	Percentage (%)
16-25	82	44.8
26-35	20	10.9
36-49	45	24.6
50 and above	36	19.7
Total	**183**	**100**

"Participants were asked about their age. The table shows that there is a large range in the age of employees with the largest segment being the employees who are aged between 16-25yrs with 44%. Employees aged 36-49 and 50+ were the next most represented brackets with 24.7% and 19.7% respectively. The smallest proportion was those aged 26-35yrs with 20%. Despite the wide range in ages, all of the age brackets are well represented

Table 2 – The Participants' Gender

Gender	Frequency	Percentage (%)
Male	49	26.8
Female	131	71.6
Preferred not to Say	3	1.7
Total	**183**	**100**

However, Table 2 shows the genders of the employees and there is a much greater divide. 71% of employees are female which a high proportion of employees. Males accounted for 26% of employees and 3 participants preferred not to say. Given that the majority of people working at the store are female (71%) under the age of 35 (64%) and this may impact the delegation of targets and rewards, Interviewee C suggested they 'think management targets financial rewards or incentives for targets to women because there are more women than men in the store because the menswear department is so small, but women do work on the department too'. The questionnaire also discovered that those less satisfied with current reward systems were Males on a Part Time or Weekend contract.

Table 3 - The number of respondents on differing work contracts.

Contract	Frequency	Percentage (%)
FT	54	30
PT	34	18.6
Weekend	42	23
Casual	53	29
Total	**183**	**100**

Of the respondents 30% were full time employees also being the largest segment of employees, therefore representable. This was tightly followed by Casual employees with 29% response rate, Part time accounting for 23% and finally, weekend employees that represent 18.6% of responses. Interviewee D a Weekend member of staff recognises that what motivates employees is dependent on life stages and factors such as age and contractual agreement.

Employee Satisfaction

The second section of the questionnaire was created to measure whether employees in the store valued rewards, whether thee employees felt they were given out fairly, whether management try an increase motivation on the shop floor, employees attitude towards work, whether they promote team work, if the individual prefers financial or non-financial rewards and the overall satisfaction of the rewards system.

At present, 20.2% of respondents disagreed with the following statement '*I feel rewarded by management for my contribution*' 6% of respondents strong disagreed, this is significant as collectively 26.5% are unsatisfied equating to over a quarter of the workforce. Further results showed 28.4% felt rewards were not handed out fairly whereas 71% felt satisfied by the fairness of the distribution of rewards. In support of this data Interviewee A felt rewards are given out more to *'younger employees and the girls on cosmetics'* and stated they are given *'daily goals and targets to get rewards'* and *'I would put more effort in if I was given targets more often but I'm not'*. Interviewee D was also unsatisfied *'I don't get anything other than the chance of a permanent job, but that's ok because I want more hours, but my friends get a bonus for the same work'*. It was found management recognised this 'we give frequent individual targets to the departments with a higher footfall' and 'we focus rewards on younger employees to keep them within the store'

'There is a good balance of financial and Non-Financial rewards' 66.1% agreed, 10.4% strongly agreed whereas collectively 23.5% felt the balance was not strong. However, 3 of the 4 employees did not recognise an appraisal as a reward interview C finding them 'intimidating' and nerve-racking'. It could be that non-financial rewards such as this cause confusion or are not used often by management as they can be time consuming.

42% strongly agreed that financial awards increased their work effort 37.1% agreed, on the other hand 19.2% disagreed with this 1.1% strongly disagreed that this reward increased their effort. When asked *"When being rewarded with money, do you prefer a lump sum or an accumulative pay attached to your salary?"*, all 4 of the interviewees stated they would prefer a lump sum of money as a pose to an accumulative payment as 'if it is on the end of pay it wouldn't be a benefit anymore' (interviewee A) 'I want to feel rewarded straight away' (Interview C) 'it wouldn't be rewarding is I got used to having the money' (interview D)

Interviewee B said they would prefer the 'lump sum'' to buy something' they would 'appreciate'. In contrast 96% increased their work effort to gain feedback and self-achievement Interviewee A 'I love that feeling of recognition and feeling I have succeeded in something so I like to meet target for that reason', 'I think it is important to set yourself targets each day it makes work interesting' (Interviewee C).

The rewards strategies that most and least motivated employees

Table 4- The rewards respondents found most motivating

Reward	Frequency	Percentage (%)
Pay Rise	63	34.4
Bonus	32	17.5
Gift Card	7	3.8
Promotion	31	16.9
Appraisals	1	0.5
Time off/ Early Finish	19	10.3
Letter of Recognition	0	0
Training/development schemes	29	15.8

Table 5 – The rewards respondents found least motivating

Rewards	Frequency	Percentage (%)
Pay Rise	0	0
Bonus	0	0
Gift Card	19	10.4
Promotion	0	0
Appraisals	83	45.3
Time off/ Early Finish	7	3.8
Letter of Recognition	74	40.4
Training/development schemes	0	0

The above table shows employees were most motivated by financial extrinsic rewards (72.6%) in support of this 89.5% found intrinsic non-financial rewards least motivating when asked in the questionnaire. In contrast to this interview results show financial rewards were preferred however, it was also recognised that without the 'feedback' and 'training' the financial rewards would not be as rewarding, despite the result from the questionnaire Interviewee D stated 'appraisals make me feel good when they are positive because I want a permanent job' then later states 'I want to improve myself to earn more money'

All of the interviewees understood what a reward is and why it is given. Responses to question 5 discovered that management 'set individual goals', 'handed out frequently to high footfall departments', 'very competitive' 'normal daily targets' 'usually seasonal' 'different on departments' and 'create competition'.

To summarise, from these results Financial and non-financial rewards are thought to work best together meaning pay is a motivator but is not enough on its own. Males do not feel like rewards are best suited to them and feel in satisfied with the quality. Employees feel current rewards need to be changed to suit the individual.

Discussion
This section will discuss information gathered from the interviews carried out using the statistical information from the previous section to offer support and a holist view on reward systems.

The finding from the research gave awareness of differentiation between motivation and different ages, genders and contracts through segmentation of the data (Field, 2005; cited in KenPro, 2012)

Rewards
"How would you describe to the term reward?"

Participant	How participant described reward
A	'Something that is given for performing well at work and achieving results. It is also good because I get good feedback.
B	Positive reinforcement
C	Extra money or stuff for doing my job right
D	I think it is something you get when you do more than what is expected to help achieve goals and daily targets and weekly targets

This question was asked to see whether employees recognised what a reward is, why it is given and the possible impacts it had. Although the interviewees recognised it is given in return of an employee's contribution it was not mentioned it was inclusive of, nor was it described at a motivational tool; Bratton et al. (2010) importantly suggested that 'in the context of mobilising the motivation of employees in order to achieve the organisation's objectives, rewards emphasise a core facet of the employment relationship'- this indicates that employees may not always see rewards as increasing work effort as Pinder (1998) describes motivation as an invisible, internal hypothetical construct.

Intrinsic and extrinsic motivation
The questionnaires showed employees were most motivated by financial extrinsic rewards (72.6%) in support of this 89.5% found intrinsic non-financial rewards least motivating.

It was discovered through interviews that there is evidence of Herzberg theory of motivation (cited in Lucey, 2005). An interviewee D, an employee on a casual contract wanted a permanent position within the store and that pay is what is keeping the employee there at this time. Pay is a 'hygiene factor' and the reason an employee comes to work, but it is not enough on its own to keep an employee, it was found the 'motivation factor' of the prospect of an 'opportunity for promotion' to a permanent position and 'growth' within the organisation would add to her 'personal achievement' thus creating employee engagement Herzberg (cited in Lucey, 2005).

Fairness of goal setting may be an issue as it may intrinsically demotivate an employee if their needs are not being met in order to self-motivated, they may be intrinsically motivated, but not be given the change to use this potential. In support of this, 28.3% of respondents from questionnaires believed rewards are not handed out fairly, therefore management need to get together and discuss the need to improve current practices to ensure they are delegated jobs fairly to reap rewards and keep employees satisfied. It could be some managers are giving out rewards for certain tasks that a manager of another department does not do resulting in other employees feeling underappreciated for the same task.

Locke and Latham's (2007) theory of goal setting was evidential throughout this research and deemed to be the main use of process theory, Interviewee C uses goals to make work 'interesting'. This keeps them on task and engaged this is evidence or intrinsic motivation and in support of Ryan and Deci (2000). In contrast, interviewee A felt goals were 'pressured' when they are used during peak 'seasonal' periods and make her feel 'unmotivated' due to the quick pace and the 'quantity' of tasks. This is evidence of Hull (1943; cited in Ryan and Deci, 2000) the contrast of goals on motivation between Interviewee C and A is an indication that motivation is subject to the individuals physiological needs.

'When I first entered the company I did my best to achieve goals to impress my manager' (interviewee A) Interviewee later states 'I now feel pressured at seasonal times' and describes the work environment as being 'competitive and causes the employee to 'switch off' This supports Drach and Zahavy (2002) theory as it is indicating her motivation is 'short lived' and is only interested in the end results. This is likely to do with the quantity of goals as mentioned previously or the nature in which the goals are implemented around high season with a high footfall. It was stated in the interviews that the goal setting in the store is 'competitive' and 'group goals' or incentives were only implemented at 'Christmas.' The head of operations commented employees are usually more 'engaged' during the 'Christmas period' as 'targets are higher.' They use group goal setting at Christmas as a 'department meal is up for grabs' explaining that each department in divided into 4 teams and the wining team with the highest percentage of sales and positive feedback has a group Christmas meal paid for by the store. The head of operations stated 'most letters of recognition are delivered over the Christmas period 'each year the team effort has a positive impact in sales' This is supportive of Bent (1997) as it is evidence of group goals encouraging team work and increasing department sales, thus effective in reaching shared goals (Kramar and Syed, 2012)

Pay

Managers currently understand the use of intrinsic and extrinsic motivation and provide a range of financial and non-financial rewards which collectively 76.5% of the work force felt the store had a good balance. Interviewee B stated throughout her time, she has been rewarded with 'money and experience'. The results also indicated that 79.1% of the workforce felt rewards through financial means motivated them the most, This was also the case when asked *"from the following which do you believe increases your motivation and why"* Interviewee C stated that he wanted a 'weekend position' so that he could 'afford games and save for a holiday' he specified 'I don't want to work in retail after I finish university so stuff like a promotion isn't relevant'. This is supportive of Ryan and Deci (2000) and Furham (2006) that work effort will increase with the prospect of some separable outcome available. When asked *"Would you say you are motivated by self-achievement or financial reward"*, Interviewee B stated ' when I was about 18 to 21 pay and money was my main interest' 'it was something extra I could spend on myself, as I got older and thought about my career and I felt promotions and training made me work harder' she later adds 'now my children are older and are at Uni and working part time I am back here for the money to spend on myself and treats'. On the other hand, interviews gave more insight and suggested that although extrinsic rewards are preferred they would not feel fully satisfied without feedback. Interviewee D indicated from this question that if they were rewarded with 'money' or pay given ‘without feedback’ on ‘progress’ and where they can ‘improve next time’ they would not feel fully recognised for their efforts.

Appraisals

The results from the questionnaire revealed that 45.3% found appraisals are the least motivating for employees. Therefore the following question was developed for the interviews gain reasoning to see why this particular reward is not working.

Do you think appraisals work well as a form of reward?

Interviewee B ‘I wouldn’t think of them as a reward’, ‘I dread them, I feel judged not thankful’ ‘they are a waste of time.’

Interviewee A ‘we don’t have them often, I don’t reckon I’ve had one for 2 years or more’ ‘they just tell us about our performance’ ‘they are a slap on the wrist if you aren’t performing’

Interviewee C ‘I had them often when I first started, they were ok’ ‘I wouldn’t have seen them as a reward though but more for my manager to know me more’ ‘my manager knows I am leaving in a few months so I don’t think she is bothered because I don’t want to stay working in retail’

Interviewee D also agreed that she did not see an appraisal as a reward, however this was later contradicted as she did state that when she knows an appraisal is coming up ‘I really push myself to achieve better to get positive feedback’ ‘ I want a job here for a long term so if I get a good feedback I can improve’ – here interviewee D is using the reward as intrinsic motivation and self-satisfaction, yet misunderstands the idea of them being rewarding, this also goes in hand with interviewee D’s answer that she feels motivated by pay but it is not enough on its own, arguably this could be the same with appraisals, they are feeling the intrinsic motivation, but still wanting to gain something tangible to satisfy their needs.

It was argued by Baron (2000) that the idea of linking performance to reward spoils the appraisal, this was evidential as Interviewee B found them to be ‘judgemental’ and ‘dread’ them and interviewee A described them as a ‘slap on the wrist’. It is clear from these results appraisals are not working as they should be and this process needs to be improved. Appraisals may fail due to the ambiguity of the job description and failure of communication between employee and the appraiser. Communication needs to be strong to maintain a calm environment in which the appraisal should be conducted and the employee relationship with management should be comfortable, to avoid a ‘cloud of credibility’ (Gomez – Mejia, 1990). It could be advised that appraisals be carried out more frequently to decrease negative connotations of the appraisal, this may lead to employees finding them rewarding rather than stressful and the changes in employees behaviour would be visible (Latham et al, 2007).

The interview with the Head of Operations revealed appraisals ‘aim to be carried out once a year’ ‘this is not always possible’ ‘we have tried to push them in the past’ ‘management could do with more training’. These responses support the above as it could be down to how management are approaching and conducting the appraisals and not the appraisal method itself.

Conclusion

To conclude,' in the context of mobilising the motivation of employees in order to achieve the organisation's objectives, rewards emphasise a core facet of the employment relationship' - Bratton at al (2010) therefore it is necessary for an employer to find what motivates employees to enhance business performance and reach business objectives. Intrinsic motivation develops personal achievements and satisfaction – this is very difficult to change someone mind set, but is not impossible. Extrinsic motivation comes from factors that are not the attitudes and feelings of an individual. Pay was found to be a motivator in this circumstance; however it is preferred alongside feedback thus indicating that intrinsic is the strongest as it had an impact over the value of the financial extrinsic reward and if an individual has the attitude of not wanting to set goals, then any extrinsic motivator would be difficult to kick start them.

The research suggests that effective pay and rewards enhances employee motivation and capability to improve business performance. In regards to the research carried out, there is evidence that the organisation needs to evaluate the needs of their employees' when implementing reward strategy. Head of Operations commented that due to the' family nature' of the business it can be 'old fashioned', this factor may continue to have a knock on effect if they do not adjust rewards to meet the needs of the external environment rather than solely based on business goals and this will carry on resulting in employees leaving for better job benefits if they are not satisfied. Employees should have an influence in developing the new process. This could be done through the use of a feedback form to ensure the rewards are meeting the employee needs, this is something quick that can be done by floor managers by form or appraisals to then discuss in managerial meetings.

The use of goal setting operates for individual motivation. However, rewards to stimulate team work motivation were found to be used only once a year, at Christmas. It has encouraged the management to incorporate team incentives into their rewards system more frequently as not only does this encourage positive working relationships amongst employees and management, Head of Operations finds that when during the Christmas period, the team work benefits the organisation through sales increase as departments are working in unity to increase their sales.

The use of appraisals in terms of reward is not having the expected impact, as stated. There are many reasons as to why this may be. It is recommended management undergo training to utilize the benefits appraisals have, if the management are unsure of how carry out appraisal or shy away from conducting them, the negative connotations are likely to be influenced onto employees through a top down approach. Sufficient training in these areas hopes to ensure the efficiency of the process. After training, the store should carry out appraisals more frequently to build a profile of their employee, which shows their progress over time, makes appraisals feel like the norm rather than 'dread them' or 'judgemental' and helps employees to devise a development plan to satisfy intrinsic motivation.

Feedback has been found vital to performance and reward in this research, although pay seemed to be the main motivator it was commented that they would prefer feedback. Therefore it is advised when handing out rewards to staff, they should be taken aside to be praised for their efforts to explain why they have been given the reward and how they can continue to strive, Thus encouraging intrinsic motivation.

These changes should be implemented to change current practises and see whether it increases employee performance, motivation and business objectives over a period of time. After this time the process can be reviewed.

Further Research

This study would have been interesting to see whether there is a contrast between each branch and how they operate, however, there was limited time for the research, geographical difficulties and could result in being costly.

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