

UNIVERSITY OF KWAZULU-NATAL

**Pay for Performance Compensation Models: Assessing Service Consultant's
Perceptions at Momentum Health Durban**

by

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Declaration

I, Melissa Mahabeer declare that:

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Abstract

The modern world of work is constantly shifting and naturally so is the way in which individuals are remunerated. Performance based compensation models are rising in popularity in recent years. The aim of this study was to explore the perceptions of Service Consultants at Momentum Health Durban who are remunerated using a Pay for Performance (PFP) compensation model.

The target population of the study was 139. The study was conducted using a sample of eight Service Consultants at Momentum Health in Durban. The subjects were chosen using a non-probability sampling method known as quota sampling to ensure that there is a stratified representation in terms of level of earners, demographic details and length of service. The study was qualitative in nature where data was collected using in-depth face-to-face interviews (questions were pre-determined in line with the research objectives of the study). The data was analysed according to thematic analysis to emphasize, examine and record patterns within the data revealed during in-depth interviews with the Service Consultants.

The aim of the study was to unfold the perceptions of Service Consultants who are remunerated using the PFP model and to ascertain whether these individuals believe this compensation method is meaningful, administered equitably and sustainable in terms of their earning stability. Comparisons were made with the findings from this study to that of other researchers in this area of study. Recommendations were made to add to the body of knowledge as well as limitations discussed.

Based on the results of this study, the researcher concluded that there is care to be taken to the genuine trend in concerns regarding open-communication and participant involvement in the composition of the compensation model. The study also highlighted the strong organizational culture in the participating organisation which should be nurtured as it is a driving force of good performance.

The study recommends additional dimensions and components to be added to PFP models to be a mutually beneficial motivating tool and efficiency mechanism in modern organisations.

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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 Introduction

In 21st century organisations, multi-layered factors exist in either sustaining or derailing motivation of the workforce. The movement of employees from a 100% fixed salary scheme to a Pay for Performance (outcomes-based remuneration) scheme has been one of the attempts to remain competitive and keep employees motivated (Armstrong, 2015). This stems from the mere fact that in a highly unpredictable and competitive business environment, many organisation's look to their employees to improve productivity (Hurwich, 2016, p.81).

The study aims to address the research objectives in terms of what the goals of the PFP model are and whether the subjects of the study feel they are attainable; whether the subjects view the outcomes of the model as meaningful; to better understand the subjects view on the equity in the application of the model as well as whether the model is a motivator of performance amongst the subjects of this study.

Above all else, the study intended to ascertain the effectiveness of Momentum Health's adoption of the PFP model amongst their Service Consultants and whether these employees view it as a bane or blessing.

This study focuses on an exploration of the perceptions of Service Consultants at Momentum Health Durban regarding the PFP model they are remunerated using. This chapter starts by presenting a brief overview regarding the background of the study, mentioning the industry in which the study is set and providing context of the origin of the model. The chapter also provides a brief discussion of the theoretical framework underpinning the study, the research methodology used as well as an outline showing the specific direction of this dissertation.

1.2 Background to the Study

The managed healthcare industry is a complex environment. It is highly regulated and constantly under pressure to deliver excellent holistic client services as well as remain beneficial in terms of its cost. In 2016, Momentum Health was ranked first in an independent consultant survey with a score of 83% in the South African Customer Satisfaction Index in terms of medical aid claims administration (Shreuder, 2017). However, in the same year, an internal report noted that over 30% of the turnover rate in the Service Centre were due to employees seeking a more stable pay cheque elsewhere and who felt the PFP model was not valuable or administered in accordance with the level of their work outputs (Naidu, 2016, p.23). These same employees are expected to keep customer satisfaction levels high as they are the first point of contact for any member of the medical aid.

The rising pressure from maintaining a good position in the competitive environment has forced the administration of the PFP model amongst Service Consultants at Momentum Health to be more stringent. Service Consultants are expected to record their every action, be it a visit to the rest room, a walk to the printer or being a minute late from a lunch break. During many check-in discussions with Human Resources and team meetings, there has been a voicing of opinions of these Service Consultants explaining that they feel a fixed salary would yield the same results in terms of their outcomes and that they do not feel the PFP model is necessary (Naidu, 2016, p.24).

History

Momentum Health is a division of MMI Holdings Limited, a South African based financial services group listed on the South African stock exchange, the JSE (Johannesburg Stock Exchange) who are in pursuit of financial wellness for its clients as well as employees. The core businesses of MMI are long and short-term insurance, asset management, savings, investment, healthcare administration, health risk management, employee benefits, and rewards programmes. MMI conducts its business through operating brands Metropolitan, Momentum, Guardrisk and Eris Properties (Web 1, 2017).

This study focuses on the Momentum Health business unit and specifically its Service Centre in the Cornubia offices, Durban, KwaZulu-Natal. This business unit is solely focused on the administration of the groups medical aid product.

In 2013, the Momentum Health Durban business unit sought to transform the pay structure of its Service Centre employees from a cost to company model to a pay-for-performance model (hereafter referred to as 'PFP'). PFP is an outcomes-based remuneration system that was first introduced at Momentum Health in 2008. The basic components of a PFP model are:

- A guaranteed basic salary
- Production earnings
- Leave points
- Production bonus/penalty
- Quality bonus/penalty

The employees at the Momentum Health Durban business unit were first introduced to the notion of PFP in 2009 where a general apprehension towards the model sprouted from. The employees at the time felt that this payment structure was not beneficial or equitable in its administration.

The rationale for the implementation of this model was one for pushing quantity and quality by the executives of MMI Holdings and where the outcomes of each transaction of a Service Consultant interacting with their members could become more tangible and mutually beneficial (Naidu, 2013, p. 30).

Eventually, after many proposals and much consultation, the PFP model piloted for the first time in early mid-2009. Employees at the time had a three-month trial period in which they were afforded the opportunity to view their CTC earnings in relation to their 'potential' PFP earnings (Naidu, 2013, p.31). Naturally, for some; the results were optimistic – for others, it proved clearly that their length of service and not their productivity had clearly translated into the package they had been earning.

The 2017 model has definitely grown in leaps and bounds since the models initial inception with more of a focus on the 'client centricity, excellence and growth' philosophy Momentum Health (and MMI Holdings) has since adopted as its strategic pillars.

Despite Momentum Health's recruitment strategy aiming at appointing Service Consultants who possess a person-job fit in order to easily adopt and remain motivated through the PFP model, employees continue to perpetuate feelings of mistrust towards the model and questions its effective implementation. Although there are some 'star' performers on the PFP model

(those who score above 95% for all their multipliers), there are many who lag and remain stagnant in their mediocre performance and in turn, salary. Therefore, the study explored the adoption of the PFP model amongst Service Consultants at MMI Health and whether these employees view its implementation as meaningful, motivating and valuable to their levels of employee engagement or if it is just a means to an end. If this study is not conducted, the Service Consultants at Momentum Health will continue to leave in their masses without the organisation analysing their true contentions towards the model and having a starting block for improvement.

1.3 Problem Statement

Keeping the workforce engaged and motivated in 21st century organisation means evolution and adaption of ways and means to do so (Robinson and Morley, 2015). At Momentum Health, the attempt to achieve the aforementioned has translated into the adoption of a ‘Pay for Performance’ compensation structure. This study seeks to understand the rationale behind the model and the perceptions of the Service Consultants who are expected to reap the reward or conversely, suffer the ramifications of this payment model.

1.4 Purpose and Aims of the Study

The purpose of this research study was to explore the perceptions of Service Consultants at Momentum Health Durban who are remunerated in accordance to said PFP model using a qualitative research design to obtain more a more in-depth understanding of their views.

1.5 Research Questions

The research questions underpinning this study are:

- What are the goals of the PFP model for Service Consultant’s at Momentum Health Durban?
- Are the outcomes of the PFP model valued and deemed as meaningful for Service Consultants at Momentum Health Durban?
- Is there equity in the application of the PFP model amongst Service Consultants at Momentum Health Durban?

- What motivated the Service Consultants at Momentum Health Durban to do well on the PFP model?

1.6 Research Objectives

- To determine to what extent the Service Consultant's at Momentum Health Durban feel the goals of the PFP model are attainable
- To establish whether the Service Consultant's at Momentum Health Durban view the outcomes of the PFP model as meaningful
- To understand the Service Consultant's at Momentum Health Durban view on equity of the PFP model
- To determine whether the PFP model is a motivator of performance amongst the Service Consultants at Momentum Health Durban

1.7 Study Outline

The layout of the research study is divided into seven chapters as presented below.

Chapter 1: Introduction and Background

The chapter provides the background to the research problem, research questions, theoretical framework, research design and methods and definition of concepts.

Chapter 2: Literature Review

The chapter deals with the literature review and theoretical framework underpinning the study (expectancy theory and equity theory).

Chapter 3: Research Methodology

The chapter provides the research design, methods, sampling techniques employed and the criteria used in the choice of the sample size. The chapter gives full details of the data collection process; gaining access to the subjects, data collection and analysis techniques used. The chapter also highlights issues of reliability, validity, and limitations in the data.

Chapter 4: Presentation of the Data and Discussion of Results

This chapter presents data elicited using in-depth and focus group interviews. The chapter presents the sample and its characteristics. The chapter presents data on the main trends and patterns in the data with reference to the research questions. This chapter draws the presentation together highlighting the main themes on the perceptions of the PFP model at Momentum Health by its Service Consultants. The chapter also discusses the main trends and patterns in the data with reference to the research questions.

Chapter 5: Conclusion and Recommendations

This chapter presents the conclusions and recommendations. It discusses the main findings obtained drawing together results from previous chapters. It shows how results and conclusions relate to the literature and theory in the area of the study, and discusses anomalies and findings that deviate from expectations. This helped to show the relevance and value of the study and showing where there are still gaps and uncertainties in the value and use of the PFP model at Momentum Health in Durban.

1.8 Conclusion

The objectives of the study have been motivated in this chapter. The study will provide an opportunity to learn more about the perceptions of the PFP model of Service Consultants at Momentum Health Durban. The literature review presented next in chapter two will highlight the rationale behind PFP models as well as discusses the theoretical framework underpinning the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The question of how modern organisations can best manage all its human capital in order to build and sustain a long-term competitive advantage is still an ongoing conundrum. The notion that human capital as an investment to be cultivated, as opposed to a bottomless resource that can be tapped on demand, represents one of the most significant shifts in corporate thinking in recent years. As economic conditions continue to shift, effective human capital management may become the single most important driver of long-term financial success and shareholder value creation.

Given that compensation is often an organisation's largest controllable expense, Makinson (2014, p.44) reports that it would seem rational that Human Resources Management and senior executives would calculate the return on investment for annual merit budgets, incentive pay plans, health and welfare benefit programmes, and equity programmes. This is, however, not the case as many professionals lack the instruments needed to assess their reward programmes. It therefore must be questioned how human resource professionals can believe their programmes are effective without knowing if these pay programmes provide a reasonable return on investment. Incentive and reward programmes can and ought to produce a good return on investment, but that investment return is largely dependent on how well the incentive programme is designed as well as the organisation's definition of return (Schmidt, Trittel and Muller, 201, p.49). This chapter unfolds and explores the dimensions of pay for performance compensation systems, its composition and rationale and the theoretical framework which underpins a performance based compensation model, namely, equity theory and expectancy theory.

2.2 The Concept of Pay For Performance (PFP)

Paying for performance or variable pay is defined as a compensation scheme that links employee performance to pay where the system of remuneration in which an individual's increase in salary is solely or mainly dependent on their appraisal or merit rating against his/her

deliverables (Reimink and Cole, 2017, p.14). Armstrong (2015) defines it more comprehensively as the process of providing a financial reward to an individual which is linked directly to the individual, group or organisational performance. However, Schuler (2016) maintains that a variable pay system is not limited to financial rewards and that non-financial rewards such as recognition, can also constitute pay for performance. At a basic level, the rationale for a variable pay model are performance enhancement for competitive advantage and equity (De Swardt, 2013, p.48).

2.3 Best Practices in Paying for Performance

According to Chingos (2012) there are several key themes that form the foundation of any success payment programme which encompass a roadmap to the design and implementation of an effective pay-for-performance system.

2.3.1 Vision

At the forefront of any strategy is vision. For Chingos (2012) the core significance of vision in this context is a clear sense of purpose. To be an effective part of the pay-for-performance process, a corporate vision needs to represent a clear understanding of where it would like to be in the immediate, middle and long term (Yong and Shen, 2012).

2.3.2 Alignment

Should an organisation's overall vision represent a destination, it still must figure out how to get from Point A (current state) to Point B (desired state). Appropriate alignment of performance based pay programmes are critical because it helps ensure that the behaviours the organisation is rewarding are the same behaviours that will assist in achieving the desired results (Ogundeji, 2015). Alignment, however, goes beyond simply identifying desired behaviours. It also requires proper calibration of compensation programmes to ensure that the levels of pay delivered are in line with the level of performance that are achieved (Kessler and Purcell, 2012, p.56).

2.3.3 Holistic Approach

Human Capital frameworks succeed when there is an holistic reward strategy that links pay programmes, benefits and career opportunities whilst understanding the relationships between these various reward components (Chatbury, Beaty and Kriek (2011). According to Porter (2012) an effective human capital framework recognises several elements that go beyond traditional compensation and benefits programmes, including people, work processes, management structure, information and knowledge and decision making. By understanding the role that each of these diverse elements plays in executing the overall business strategy, one can begin to develop an optimal rewards mix that motivates, develops and drives an organisation's talent as efficiently as possible (Yong and Shen, 2012). Such a holistic approach to reward strategy in conjunction with a robust pay- for-performance programme can have a significant impact on both human capital decisions and overall business results (Lazzara, 2007).

2.3.4 Managerial Commitment

Even a suitably aligned, holistic rewards programme will disappoint if it lacks commitment from the highest levels of the organisation. When a CEO demonstrates, in both words and actions, that he or she is truly committed to a pay-for-performance philosophy, that sense of commitment will cascade throughout the organisation (Hurwich, 2016, p.33).

2.3.5 Accountability

Personal accountability is in many ways the hallmark of an effective pay-for-performance programme. A well-aligned programme with a rigorous performance evaluation process means nothing if, at the end of the year, individuals are not held accountable for meeting agreed-upon goals (Collier, Idensohn and Atkins, 2012). This can only be achieved through consistent measuring of targets against performance.

2.3.6 Balance

One of the most challenging aspects of any pay-for-performance programme is striking the right balance among various compensation elements and performance measures (Collier *et al.*, 2012). As organisations grow and become increasingly complex, their multiple objectives are not always compatible (Kohn, 2013). Measuring of performance should be done in industry context as no single approach is deemed correctly balanced unless the rationale behind the development of a holistic rewards programme is applied.

2.3.7 Rewarding Top Performers

Another delicate balancing act involves rewarding top individual performers when the company is not performing optimally. Failure to deliver rewards to top performers in difficult times can result in retention problems that exacerbate the problem further because those top performers are most likely to be coveted by the company's competitors as well (Shaw, Gupta and Delery, 2012).

De Swardt (2013) describes the key focus of a variable remuneration model to be participant involvement. Therefore, the way in which the remuneration model is perceived by its consumers is of high importance in terms of its optimisation.

'Congruency' refers to the extent and level of understanding, or belief in and practice that behavioural changes leads to achievement of business goals. 'Performing' is the extent to which the level of effort is determined, not only through rules and policies, but also by a widely supported performance culture, leadership and management practices. 'Instrumentality' is the extent to which participants believe that they will be rewarded if they perform as agreed. 'Employee involvement' as a moderating variable refers to the notion that the successful design and implementation of any variable pay plan hinges on active participation by employees in the funding and distribution of payouts (De Swardt, 2013).

The following 11 dimensions were identified by De Swardt (2013, pp. 256–280) as requirements for a successful variable pay scheme:

- Performance management, which is defined as 'the extent to which performance management principles are practised in the business'.
- Performance culture, which is defined as 'the extent to which the business is managed and led to deliver successful outcomes'.
- External alignment, which is defined as 'the extent to which the different elements of the business and leadership align with the scheme'.
- Internal alignment, which is defined as 'the extent to which the internal scheme elements are aligned'.
- Communication, which is defined as 'the extent to which information about the scheme and performance is communicated'.

- Continuous improvement, which is defined as ‘the extent to which the scheme is continuously reviewed and improved’.
- Efficacy/goal difficulty alignment, which is defined as ‘the self-belief of participants that they will be able to achieve the contracted goals’.
- Certainty, which is defined as ‘the extent to which the game rules are certain’.
- Trust, which is defined as ‘the extent to which a trusting relationship exists between the participants and the custodians of the scheme’.
- Exclusivity, which is defined as ‘the extent to which participation in the scheme is reserved only for those people who make a material contribution to the outcome of the scheme’.
- Business risk, which is defined as ‘the extent to which uncontrolled business risks prevent desired scheme outcomes from being attained’.

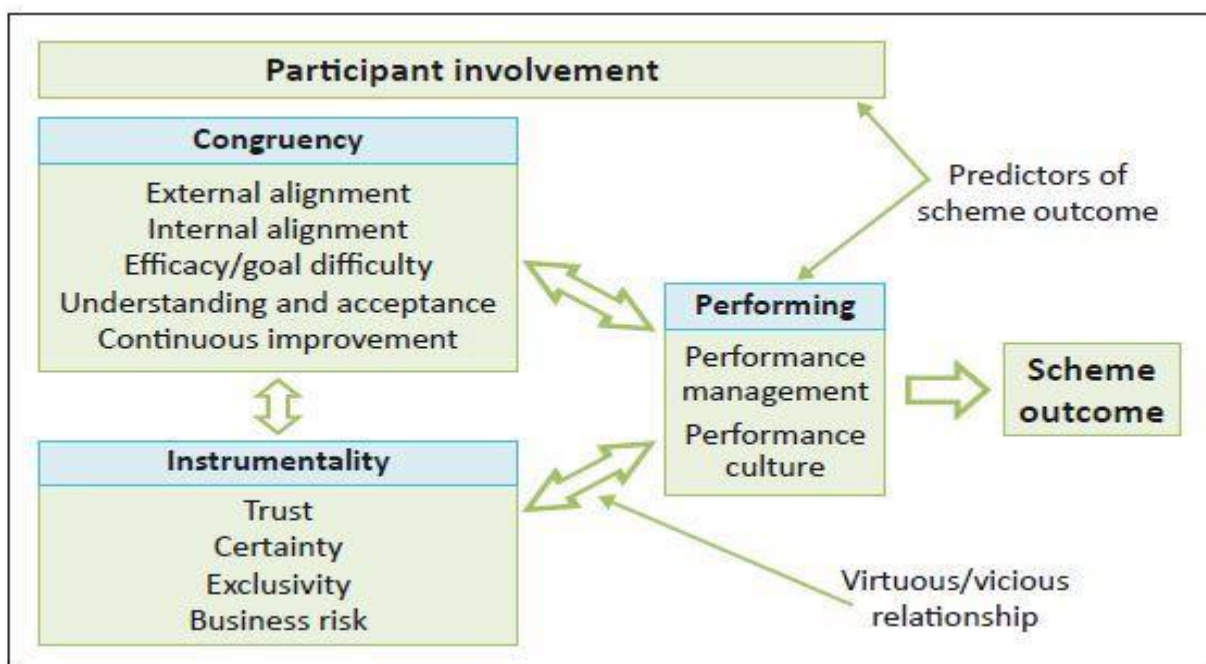


Figure 2.1 – Variable Remuneration Model (De Swardt, 2013, p. 37)

The focus of the research topic was on individual performance as the compensation model adopted by Momentum Health focuses on individual performance rather than group in terms of remuneration.

According to Yong and Shen (2012), Individual Performance Plans focus on base pay outs in accordance to an individual’s performance with a special emphasis on financial yields.

The approaches used in Individual Performance Plans include Management by Objectives (where performance is rated against predetermined objectives), it is output-based and there are incentives involved (Murphy, 2015). Although the overarching theme of an Individual Performance Plan is to motivate a well-rounded employee, there are some considerations to bear in mind to sustain the model. These include but aren't limited to (Murphy, 2015):

- Reinforcement of performance culture
- Narrow vision
- Wide variations of pay
- High levels of administration

Park and Sturman (2012, p. 249) place an emphasis on the “how” and “way” you pay an employee. For these authors, for a PFP model to be valuable to employees, there must be a strong sense of buy-in from the employees from the onset. The way the employees view the model and translate it to them personally for their gain is critical in keeping them motivated and ultimately trusting the model (Park and Sturman, 2012, p. 349).

Kessler and Purcell (2012, pp. 6,7,8) describe variable pay compensation models as a form of control as the structure in itself seeks to align employee and organisational needs. At a very basic level, there are two distinguishing factors of a variable pay compensation model, or in the context of this study, a Pay for Performance model, namely:

- Payment is added to a base salary or is a once off payment
- Performance aspects determine the payment

In terms of this study, the payment of Service Consultants takes a somewhat hybrid form in that it combines a base salary plus performance incentive. With variable pay, there is a relationship between the pay (that is the amount of money the employee receives) and individual or collective performance (Ogundeji, 2015, pp. 39, 48). This approach can assist in cutting costs and bring more consistency to organisational reward practices.

Gilbreath and Harris (2012, p. 314) suggests that many of the best companies use several motivational tools, including performance-based pay, to motivate workers. Few experts would recommend that organisations use one motivational tool to the neglect of others; a combination of effective selection practices, pay practices, job-design techniques and leadership approaches are needed for maximum effectiveness (Porter, 2012, p. 49). The PFP model at Momentum

Health is at present the only extrinsic motivating factor for Service Consultants. Their level of understanding of the PFP model is of importance in allowing them to perform best and in return, earn their best.

Reilly (2016, p.67) advises that for variable-based pay to be a key motivator of performance, employees must fully understand the intricacies of the payment model and be able to identify where their performance efforts link to the payment they receive (Porter, 2012, p. 47). This study will attempt to research the level of understanding of the PFP model amongst Service Consultants at Momentum Health and whether they believe their inputs are equal to their outputs (payment).

Good design, and even more importantly, good implementation of a PFP model, will make the difference between success and failure (Murphy, 2015, p. 20). Therefore, even before implementation, an involving process will tend to gain employee understanding and commitment (Bunker, Alban and Lewicki, 2014). This suggests that change in remuneration should be positioned as something that will produce real and not synthetic benefits to staff (Lawson, 2013). Fay (2013, p. 423) found in his earlier research that process must fit objectives and objectives have to resonate with the workforce. He also argued that reward approaches needed to align with broader business aims. At the strategic level, as Porter's model founded in 1985, pointed out if your business objectives are cost containment then the HR systems, including reward should reflect this. If business imperative is to innovate, your reward approach will be very different (Lawson, 2013). In complex organisations, this reinforces the point that different business units may use different remuneration strategies. Therefore, this study will seek to understand whether the administration of the model is viewed by Service Consultants as fair and equitable and whether they find the model valuable in terms of their production levels.

2.4 Reasons for PFP Models

Although the concept of variable pay is not entirely new in the corporate environment, it has recently received emphasis as organisations continue to be subjected to the post-2008 economic challenges.

Despite the complexity of adopting such a model, a PFP model which is maintained and implemented correctly is of sound strategic value. Organisations no longer live in a vacuum

and every division needs to be cross-functional to stay relevant in the erratic corporate jungle where only the strong survive. An integrated corporate microcosm means perpetuating a sound objective which echoes in each function and model adopted by the organisation which links overall to the business strategy and goals (Doloi, 2009).

The role of the PFP model in the achievement of the business goals are seen in its attempt to align the business goals→business strategy→staffing requirements→HR strategy→Total Rewards Plan→variable pay (Bob, 2012, p. 25).

Momentum Health's business strategy is that of client-centricity, excellence and growth. The implementation of the PFP model has aimed to align with this business strategy to achieve these objectives through focusing on the client experience through the quality and efficiency of their interaction with Service Consultants (a client's first point of contact).

There are numerous ranges of intrinsic and extrinsic benefits for both the organisation and employee in terms of an effective PFP model, however, Kirunda (2014, p. 49) highlights the below traits as being the most beneficial:

- Creates a focus on the required results
- Motivates desirable behaviours in line with organisational culture
- Facilitates ideas and improvements
- Allows the sharing of success and converts failures into learnings
- Improves performance and retention overall

From an expectancy theory perspective (discussed in detail in theoretical framework section), a basic effect expected would be that performance-based pay systems have on employees would be an improvement in perceptions about instrumentalities and expectancies (Lawson, 2013, pp. 34,45). Makinson (2014, pp. 3, 5) believes this is the primary, critical mediator between performance-based pay systems and performance outcomes. The performance-based pay system should increase the likelihood that a "carrot" or valued reward (e.g., a bonus) can be achieved. If the carrot is effective, the possibility of receiving more pay stimulates the employee, and the outcome--it is hoped by designers of performance-based pay systems--is greater effort and better performance. This study endeavoured to understand whether the Service Consultants at Momentum Health are adequately motivated by the PFP model and find

its constructs valuable in remaining motivating and achieving organisational goals or if it is just another way of earning a salary.

Although in an ideal corporate world the pros of the model should outweigh any other considerations, the reality of implementation contains many con's, such as (Hewitt, 2011, p. 87):

- Competition is encouraged rather than collaboration amongst teams
- It is inequitable by its definition
- There is room for bias in terms of unquantifiable measurables such as quality of service
- It removes individuality as employees will all perform in the 'same way' = a jumping – hoops mentality
- The cost of implementing the system is large
- Employees become motivated by money and not by their role
- Not everyone enjoys not knowing what their salary will look like each month

2.5 Goals of a PFP Compensation Model

According to Jenkins, Mitra, Gupta and Shaw (2015), the key sentiments of a PFP compensation model are aiming to achieve motivated employee performance where the outcome of their efforts are reproduced in a tangible manner, i.e: their monetary reward each month.

For Pearce (2014), the goals of a PFP compensation model go far beyond a simple input-output interaction but is also an integral component in terms of employee attraction and retention, assisting in the fair treatment and equity of individuals and in regulating costs and making trade-offs. Improved role clarity is another crucial aim in a PFP model. One way in which this is achieved is that performance-based pay clarifies standards and measures job responsibilities (Schay, 2017) This in turn, results in a reduction of stress and misguided effort, which, in turn, should increase productivity. In some settings, the implementation of performance-based pay is aimed at improving managerial performance by requiring managers actively do a better job of managing employee performance (Schay, 2017).

It can be agreed that if the above are all executed in its optimal manner, the positive goals of a PFP model are attractive and mutually beneficial. However, realities of contemporary organisations mean that there is an ongoing risk inherently involved if the model itself is not managed in an appropriate manner (Hartog, Schippers, Koopman and Paul, 2012).

2.6 Theoretical Framework

Much of research related to Pay for Performance models or plans are derived from the empirical study of work motivation (Gerhart, Minkoff and Olsen, 201, pp. 96, 100). Due to the nature of this topic, there are a plethora of theorems available for use of explanation, however, this study will focus on two main theories, namely equity theory and expectancy theory.

The researcher has chosen two theories in its totality to focus on for this study as both focus on vital and inherent components of a PFP model and its motivating factors for employees to perform well.

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2.6.1 Equity Theory

The equity theory was first created by workplace and behavioural psychologist J. Stacy Adams in the 1960's and sought to explain how employees seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and outputs (Murphy, 2015, p. 84). Therefore, according to this theory, an individual's motivation, performance and satisfaction depends on his/her subjective evaluation of the effort/reward ratio in relation to other employees in a similar situation.

There are three main assumptions in equity theory, namely:

- People develop beliefs regarding what is considered a fair reward for one's contribution, i.e.: an exchange (Edmans and Gabaix, 2013, p. 486).
- People compare their exchanges with their employer to that of exchanges with others i.e.: insiders and outsiders called referents (Cheng and Indjejikian, 2011, pp. 102, 105, 120).
- If an employee believes their treatment is inequitable compared to others, they will be motivated to do something about it i.e.: seek justice (Makinson, 2014, pp. 3, 5, 7).

The equity theory clarifies dissatisfaction as it focuses on people's feelings of how fairly they are being treated in comparison with the treatment received by others (Adams, 1963). This is further illustrated as I_s/O_s versus I_r/O_r ; that is:

- O = Outcomes (the type and amount of rewards received) (Porter, 2012, p. 94).
- I = Inputs (the employee's contribution to employer) (Schmidt, 2011, pp. 149,151).
- R = Referent (comparison person) (Thorpe, Homan and Prentice Hall, 2013, pp. 73,82).
- S = Subject (the employee who is judging the fairness of the exchange) (Porter, 2012, p. 95).

Further to this, Li, Liu and Li (2012: 89) attribute four components of the equity theory which are pertinent to performance based pay systems:

- **The equity of allocation:** the private person is not only concerned about the absolute amount of payment which is acquired through one's endeavour but is also regardful of the relationship between the input-output of one's own and other's.
- **The equality of process:** a focus on the methods which lead to the desired results and the level of satisfaction thereof.
- **The equality of interaction:** the fair sense the employees felt during the working process and how their leader treated them whilst explaining their performance decision to them.
- **The equality of information:** the level of access to information the employee has from his leader regarding his performance.

The equity theory considers the exchange scenarios of employees under a pay for performance compensation model and the relationship between the perceptions of employees regarding the model being fair and the extent to which that perception is leveraged in order that motivation is sustained (Collier, Idensohn and Adkins, 2012, pp. 84, 88, 102).

2.6.2 Expectancy Theory

Developed by Victor H. Vroom in 1964, the expectancy theory helps to explain the behavioural process as to why individuals choose one behaviour over another (Glassman, 2012, pp 234, 235, 236). Expectancy theory has three components, namely, expectancy, instrumentality

and valence. These elements are important in understanding beginning and end of satisfaction in terms of employee input and output where (Kohn, 2013, p. 59):

- Expectancy: effort → performance (E→P) (Will my effort lead to high performance?)
- Instrumentality: performance → outcome (P→O) (Will performance lead to outcomes?)
- Valence: V(R) outcome → reward (Do I find the outcomes desirable?)

The above is better depicted in Figure 2.2.

According to Duffhues and Kabir (2012, p. 49), expectancy theory predicts that employee motivation will be enhanced, and the likelihood of desired performance increased when the following conditions are met:

- Employees clearly understand the planned performance goals and view them as achievable given their own skills, abilities, restrictions in terms of task structure and other aspects of the organisational context.
- That there is a clear link between performance and pay increases that is consistently communicated and followed through; and
- Employees value pay increases and view the increases associated with a plan as meaningful (that it is large enough to justify the effort required to achieve the plan performance goals).

Locke's (1968) goal-setting theory complements expectancy theory regarding the link between pay and performance by further describing the conditions under where employees see plan performance goals as achievable (Porter, 2012). For Locke (1968), goals must be specific, moderate, challenging and accepted by the employees. In addition, feedback, supervisory support and pay for performance plans must make a meaningful increase (Porter, 2012). Taken together, expectancy and goal-setting theories predict that pay for performance plans can improve performance by directing employee efforts toward organisationally defined goals (Yong and Shen, 2012, p. 340).

Explained differently, employees will decide to apply effort to tasks they find attractive and which they believe are within their capacity and skill set (Gielen, Kerkhofs and Ours, 2012). The attractiveness of a task depends on the extent to which one believes accomplishment will lead to the desired outcome (Holman, Chissick and Totterdell, 2012).

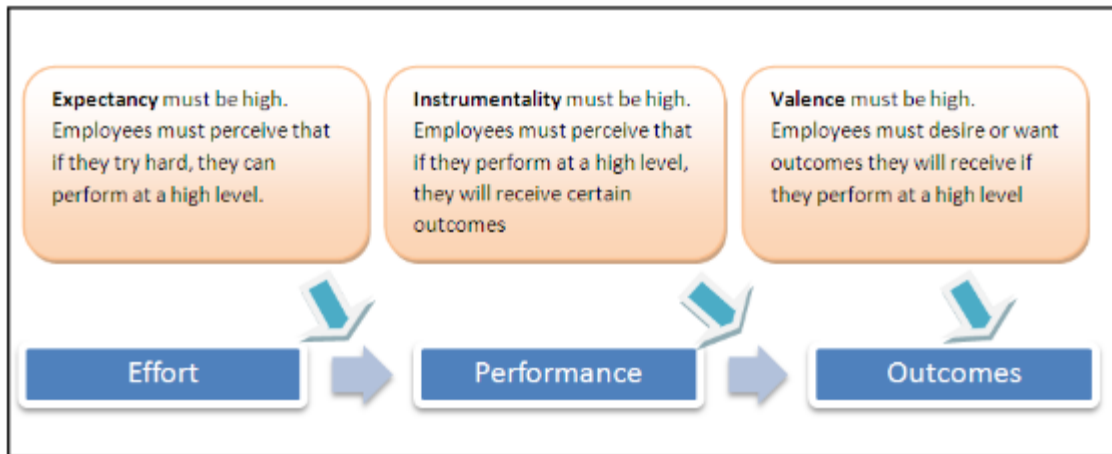


Figure 2.2 – Expectancy Theory (Pappas and Flaherty, 2015, p. 31)

2.7 Constructs and Dimensions in PFP

2.7.1 Performing

De Swardt (2013, p. 254) defines the construct *performing* as “the extent to which high-performing leadership and performance management practices exist in the company”. The construct is made up of two dimensions, namely performance management and performance culture.

2.7.1.1 Performance Management

Performance Management refers to “the extent to which performance management principles are practised in the organisation” (Uriesi, 2013).

For an organisation to meet its objectives, there is a need for measurement of employee, team and organisational performance. When a variable pay plan is implemented, there should be a proper plan according to which performance will be set, tracked, measured and rewarded. Tosh (2013) indicates that high performing organisations need to build a culture of performance, which starts with an effective performance management system. His model is aligned to the principles and domains of De Swardt’s approach (Figure 2.1) in that effective variable plans need to be built on processes containing several key components such as:

- Training both employees and managers on the processes;
- Clear alignment with business strategy and goals;
- Objectively defining performance standards;
- Continuous feedback and two-way communication; and
- Managers are held accountable for effectiveness of plans through participants

Sibson (2014) conducted a study that emphasised that effective performance management starts with senior leaders being champions of the cause. The study found that, along with supporting difference in salary increases, companies want performance management to support greater employee accountability (good for the organisation) as well as better talent development (good for the employee) programmes, as illustrated below.

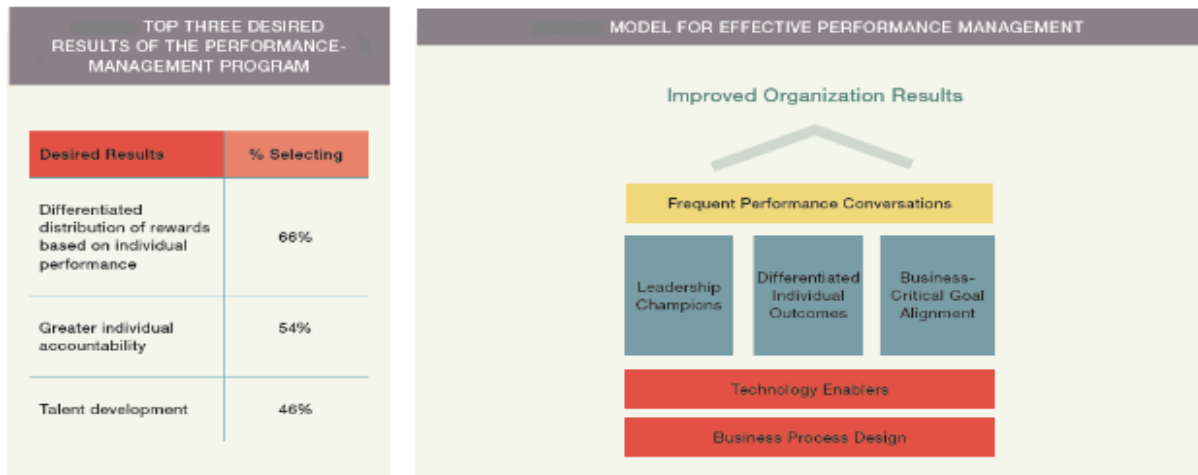


Figure 2.3 – Performance Management (Sibson, 2014, p.11).

Sibson’s model laid the foundation regarding how organisations can build effective performance management systems by stating that driving performance starts with business process design and technology enablers (Ferriera, 2013). Business processes are the fundamentals but not the drivers of effective results. Drivers, according to Robin, Renard and Venter (2013) include:

- leadership champions – individuals who drive motivation,
- differentiated individual outcomes - encouraging individualisation, and
- business-critical goal alignment and support of effective performance management – cascading of organisational goals to departmental goals and a performance-driven philosophy entrenched in the culture of the organisation.

Given the amount of research in this domain, one should agree with Frels, Onwuegbuzie, Leech and Collins (2012) proposition that a strong performance management system must be characterised by the following:

- The factors being measured are the most important ones;
- The definitions are clear, which enables valid and reliable measurement;
- The targets are difficult but attainable;

- Employees who are being rated understand both the factors being measured and the way in which they are assessed;
- The degree of difficulty should be comparable across the organisation for similar positions and jobs;
- For individual plans, the individuals should be able to achieve the stated performance based on their own efforts within the stated period. For group plans, the team members should be able to at least significantly impact the results;
- Employees should receive regular feedback on their progress;
- Raters should be objective;
- The performance measurement plan should be successfully tested prior to implementation;
- The performance measurement plan should be cost-effective.

2.7.1.2 Performance Culture

A performance culture is defined as “the extent to which the business is managed and led to deliver successful outcomes” (De Swardt, 2013, p. 256). An organisation that regards variable pay as a driver of the bottom line must be supported by a performance architecture that rewards employees only for outcomes related to the objectives. Milkovich, Newman and Gerhart (2013) states that a performance culture is not imperative or appropriate for all organisations. It is a culture that recognises and rewards employees for specific skills, behaviours, competencies, and desired actions that are vital to the organisation’s success (Milkovich *et al.*, 2013). If the organisation does not recognise and reward the employees, there is no longer motivation for the employees to display specific skills, behaviours, competencies, or desired actions (Herkenhoff, 2014). Similarly, if the employee does not demonstrate that he/she has what the organisation needs to be successful, the organisation will not reward that employee.

Herkenhoff (2014) postulates that establishing a performance culture is a two way process involving both the employee and the organisation as follows:

- Organisation: the organisation needs to establish an effective performance management system by determining a way to evaluate employees (or teams) with minimal subjectivity on pre-established goals and behaviours (Herkenhoff, 2014).

- Employees: employees must understand how they fit into the organisation and how their individual (or team) contribution can directly affect the bottom line (Herkenhoff, 2014).

2.7.2 Congruency

De Swardt (2013, p. 262) defines congruency as “the extent to which participants understand, believe in and practise behaviour that leads to the achievement of business and variable remuneration goals.” Congruency is made up of 5 dimensions, which are discussed below.

- External Alignment: is defined as “the extent to which the different elements of the business and leadership align with the scheme” (De Swardt, 2013, p. 265).
- Internal Alignment: refers to “the extent to which the internal scheme elements are aligned” (Bussin, 2014).

According to De Swardt (2013), "line of sight" is the “congruency between the external environment, the internal business environment, the business strategy, the remuneration strategy, the variable remuneration scheme, the implementation of the scheme, and the leveraging of the scheme. Bussin (2014) defines “line of sight” as “...an employee’s perceived ability to influence the size of the incentive award.” Employees are motivated to change their behaviour as the line of sight between their performance and reward becomes more apparent, and are less likely to change their behaviour if their line of sight becomes blurred, assuming no change in the size of the potential reward. Bussin therefore proposes that at least two situations are required to prompt a change in behaviour, namely:

- The individual needs to believe that a change in behaviour will result in an outcome; and
- The individual values that outcome

In another study conducted by WorldatWork and Loyola University, it was noted that two of the top three improvement areas in an organisations' variable pay programmes are more effective communication of programme objectives and creating a better line of sight between organisational objectives and individual employee contributions (Armstrong *et al.*, 2015).

In the same study, it was also noted that, frequently, managers do not spend much time ensuring the clarity of the internal contract amongst employees. Creating internal alignment refers

to helping employees see the connection between their role and the organisation's performance. This is important because it gives more meaning to employees' work, which drives engagement and discretionary effort. Bryson, Freeman and Lucifora (2013) state that the importance of internal and external alignment as the underlying principle of the design of incentive schemes cannot be over-emphasised. Organisations should link an individual's incentives to performance contributions, making every effort to identify objective measures in areas that the individual controls. Claxton, Rae and Panchal (2015, p. 35) view is that "organisations are aligned when their strategies and culture support and correspond with each other, so that its values correlate with its strategic goals; its practices support its objectives; and its behaviours complement its tasks – and vice versa". The alignment viewpoint is also supported by Park and Sturman (2012, p. 9) who states that employees will be motivated if they perceive that performance results in rewards and is achievable, and that the rewards are valuable.

2.7.3 Understanding and Acceptance

This is defined as the extent to which information about the scheme and performance is communicated (De Swardt, 2013). It is fundamentally important that any variable pay scheme must be reduced to terms that are clearly understood by participants. Complex designs effectively capture the nuances of a situation or strategy; however, excessively complicated programme metrics can have unintended consequences, including misunderstanding, miscommunication, controversy over the criteria or level of pay-outs, and the way this is disclosed in annual financial reports (Makinson, 2014). While complexity may be worth the trade-off against clarity in some situations, it is important to keep programme designs as simple as possible, particularly in an uncertain economy, where forecasting performance beyond two months is a challenge (Suff, Gupta and Delery, 2012, p. 56).

2.7.4 Continuous improvement

Continuous improvement is defined as "the extent to which the scheme is continuously reviewed and improved" (De Swardt, 2013, 47).

According to Boachie-Mensah and Dogbe (2012) high-performing companies place greater emphasis on performance targets and updates on projected results. This indicates that continuous review of current schemes according to changes in the external and internal

environments is critical. For example, if economic changes negatively impact the probability of participants achieving their contracted targets, employees will be unable to see a link between their efforts and reward – an idea supported by the Expectancy Theory (Valle, Varas and Ruz, 2012). It is also common for the operating environment of an organisation to change through statutory changes or company-specific decisions. If an organisation, for example, moves through the life stages from growing through acquisitions and mergers to cost optimisation, reward components, and strategies must also be aligned to reflect the new strategic objectives (Boachie-Mensah and Dogbe, 2012).

2.7.5 Efficacy/Goal Difficulty Alignment

Efficacy/goal difficulty alignment is “the self-belief of participants that they will be able to achieve the contracted goals” (De Swardt, 2013, p. 272). Goals for individual employees must be aligned to the objectives of the programme. According to Gerhart et al. (2011) one of the challenges in setting goals for incentive programmes is the ability to forecast company performance and set goals at the right level, especially for periods longer than 12 months. They reiterate that employees become motivated, increasing the likelihood of desired outcomes as encouraged by incentive plans, when the following conditions are met:

- An understanding of performance goals and a perception of achievability; and
- A clear link between performance and reward

Goals must be discussed with line management to ensure that they are set appropriately, otherwise, cautions Gerhart *et al.* (2011) they can result in negative consequences. Whereas goals that are set too high may not motivate employees, as they know there is little likelihood of achieving the targets, easy goals may send the message that superior performance is not necessary to receive an incentive pay-out. The key to an effective variable pay programme is therefore the ability to create meaningful goals and to effectively communicate the programme to employees (Hewitt, 2014). Although most organisations do not have formal criteria for individual performance objectives, those that do, often encourage employees to adopt the SMART (specific, measurable, attainable, realistic, and timely) approach to goal setting (Duffhues and Kabir, 2012). Duffhues and Kabir further recommend the MASTERY approach, explained as follows:

- Metric-based – rather than just ensuring that the objective is specific, an objective

used for variable pay should be an established business metric - a key performance indicator.

- Aligned strategically – variable pay objectives must link.
- Stretch performance – while objectives must be achievable, it is important that they reflect substantial improvement on past accomplishments; maximum pay-outs should be tied to a “breakthrough” level of performance.
- Time-bound – set goals need to have a start and end date.
- End results – business success is driven by results, not activity, which is the key distinction between SMART and MASTERY.
- Yardstick – results are scored on a rating scale.

The Goal-setting Theory of motivation strongly supports the motivating power of challenging but achievable goals, a clear and short line of sight between level of effort exerted and achievement, and participation of employees in setting performance targets (Edmans and Gabaix, 2013). Trochim and Donnelly (2008) indicate that employees are more likely to take ownership of the goals if they are involved in the setting thereof. Different approaches can be adapted to setting goals, which include:

- absolute approach goals are set based on the company’s year-on-year performance, and budgets are developed assuming the projected growth of the company,
- relative approach – goals are focused on how a company performs relative to its competitors or peers (Collier, Idensohn and Adkins, 2012). A relative or external approach measures the company against direct competitors that are impacted by similar macro-economic factors (such as economic output, unemployment, inflation, savings and investment).

2.7.6 Instrumentality

Instrumentality is “the extent to which participants believe that they will be rewarded if they perform as agreed” (De Swardt, 2013: 274) and is made up of four dimensions, namely certainty, exclusivity, trust, and business risks, which are discussed in the sections below.

2.7.7 Certainty

Certainty is defined as “the extent to which the game rules are certain” (De Swardt, 2013, p. 276). It may happen that variable pay rules are manipulated to secure a pay-out or that the

rules are not clear enough to drive employee effort (Glassman, 2012). To achieve a high level of understanding, rules must be documented through policies for ease of reference. To achieve fairness, supporting processes, e.g., performance management, must be fully functional. If, for instance, employees perceive the performance rating and scoring of the appraisal system to be unfair, they will doubt the credibility of the rules and their consistent application to other participants (Glassman, 2012).

Gielen et al (2012) define job insecurity as the “insecurity arising from one’s job continuity.” Research has shown that job security has a negative impact on both job attitudes and organisational attitudes, and on employee performance. If employees can manipulate a variable pay scheme, a potentially successful scheme can be compromised and eventually fail (Boachie-Mensah and Dogbe, 2012).

2.7.8 Trust

Trust is defined as “the extent to which a trusting relationship exists between the participants and the custodians of the scheme (De Swardt, 2013, p. 277). Where trust is high, participants believe the promises and accept them in good faith” (De Swardt, 2013, p.277).

One of the key factors of a successful remuneration programme is the trust between employees and leadership (Ogundeji, 2015). In the research study conducted by Murphy (2015) trust and trustworthiness are recognised as central to the functioning of relationships in general, especially within organisations.

In another study conducted by Robin et al (2013), management trust emerged as significant in predicting performance and job satisfaction. Despite the complexity of schemes and the level of understanding thereof amongst participants, if employees strongly trust in the objectives of the scheme and the anticipated rewards, they will exert much effort in achieving the objectives. Employees should trust the design legitimacy and objectives of the scheme as well as the performance assessments (Robin *et al.*, 2013).

Schmidt *et al.* (2011) states that employees generally respond to information received during the appraisal process and alter their behaviour to receive promised rewards (promotion, pay, etc.). Supervisors, on the other hand, use the processes to identify employee needs for development and fitness for promotion or additional pay. If employees and supervisors

do not accept the performance appraisal process as legitimate, its purposes are thwarted, regardless of the quality of the instrument or the processes supporting it (Schmidt *et al.*, 2011).

2.7.9 Exclusivity

Exclusivity is “the extent to which participation in the scheme is reserved only for people who make a material contribution to the outcome of the scheme” (De Swardt, 2012, p. 278).

One of the motivational theories that support the exclusivity dimension is the Equity Theory. Tosh (2013) defines “social loafing” as “freeloading when a person is placed in a group and removed from individual accountability.” Variable pay participants will view a scheme as illegitimate when there is a strong perception that employees who have minimal influence on the scheme objectives (and effectively the pay-out) have been included in the participant pool (Tosh, 2013). A successful remuneration scheme should therefore carefully select participants who have a direct impact on the scheme to minimise free riding (Tosh, 2013).

For example, a sales group that sells the organisation’s product should ensure that specific pre-sale documents are ready and accurate before the actual sale takes place. Normally, such documents are prepared by non-sales roles and would technically be a partial input factor in a successful transaction. It could therefore be argued that they do not sell the product itself, and should therefore be excluded from the pay-out. Most organisations compromise by applying a larger weighting to direct sales roles and a smaller weighting to non-sales roles (Tosh, 2013).

2.7.10 Business Risk

Business risk is the extent to which uncontrolled business risks prevent desired scheme outcomes from being attained (De Swardt, 2013, p. 280).

To ensure that compensation plans are properly constructed to avoid encouraging employees to take unreasonable risks while motivating behaviour that provides a reasonable return to shareholders, Reimink and Cole (2017) suggested the following:

- Defining the different forms of risk to be managed;
- Outlining the ways, a prudent organisation can best manage risk;
- Identifying observable phenomena that can indicate a possible disconnect between incentives and prudent risk management; and

- Describing the characteristics of compensation plans that optimise the risk/return relationship

2.8 Trends in PFP

Although variable pay is utilised by most organisations and its prevalence continues to rise, research indicates that there is a lack of validated instruments to assess how such plans add value to the bottom line (Schuler, 2016).

2.8.1 Factors Affecting Variable Pay

According to Mathis and Jackson (2012) the success of variable pay plans is affected by a variety of factors. Their model (illustrated below) is comprised of ten correlated factors that are categorised as:

- organisation fit factors;
- behaviour outcome to plan alignment factors, and
- administration factors

Each of the below dimensions falls under the three dimensions as explained above.

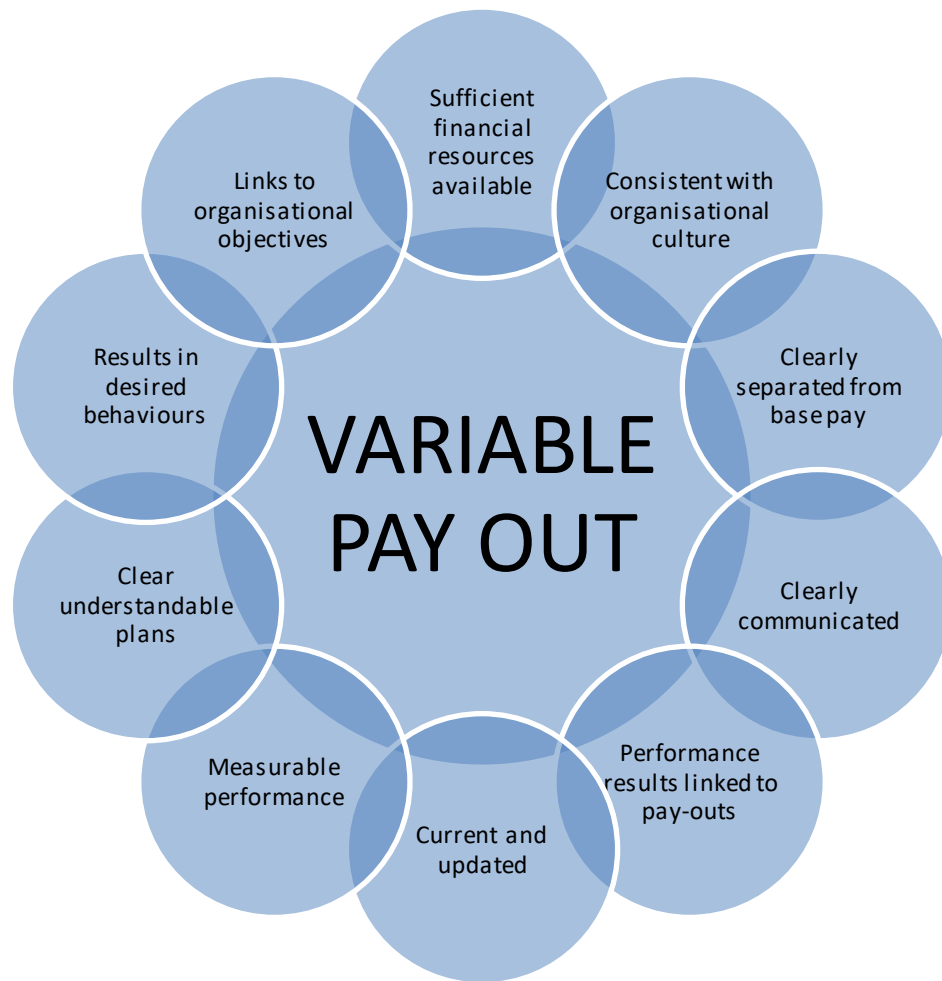


Figure 2.4 – Variable Pay Out (Mathis and Jackson, 2012, p. 39).

Organisation fit factors

The concept of organisation fit factors implies that the success of any plan depends on the level of understanding and customisation. This is supported by Thorpe *et al.* (2013), who states that, “there is no ideal, one-size-fits-all compensation plan.” As organisations evolve over time and their strategies change, so does their incentive compensation need to be customised to reflect their life stage. If a plan has worked well for one organisation, it does not necessarily mean that it that it will work for another (Emery and Barker, 2007).

Mathis and Jackson (2012) list the following considerations when assessing the fitness of a variable pay plan to the organisation:

- Availability and sufficiency of financial resources
- Consistency with organisational culture; and

- Linkage with organisational objectives

Design-related factors are the various inputs considered relevant to the design of the variable pay plan during the pre-implementation phase of the plan (Mathis and Jackson, 2012). From the model above, these factors relate to:

Performance-related factors

This refers to the relationship between employee effort and plan objectives, addressing the existence of line of sight between effort and reward (whether financial or non-financial) (Thorpe *et al.*, 2013). From the model above, these factors relate to:

- Linkage between performance results and pay-outs meaningfulness (Mathis and Jackson, 2012);
- The extent to which performance is measurable in a fair manner (Mathis and Jackson, 2012); and
- Plan design relationship with desired behaviours (Mathis and Jackson, 2012).

Administration factors

This category refers to the operational aspects of a scheme (Mathis and Jackson, 2012). A variable pay scheme can hardly be successful if employees do not understand what they must do to be rewarded (Engelbrecht and Chamberlain, 2015). Amongst others, the following are important considerations (Yong and Shen, 2012):

- Clear communication of the variable pay plan;
- Current and updated variable pay plans;
- Clear, understandable plan details; and
- Clear separation from base pay

Reilly (2016) supports this viewpoint. His literature, however, lists the following nine important dimensions for consideration when designing variable pay plans:

- Eligibility – who qualifies for the plan;
- Participation – the level at which each participant is potentially rewarded;
- Measurement – how criteria are quantified to determine payouts;
- Goals – how goals are set and assessed;
- Funding – how the plan payouts will be funded;

- Timing – the length of the measurement period and when payouts occur;
- Benefits – impact of payouts on salary programmes such as retirement contributions and health insurance;
- Administration – the way and the extent to which the plan is managed; and
- Evaluation – criteria used to review and evaluate plan success

2.9 Motivational Influences for Individual's Remunerated on a PFP Compensation Model

At a basic level, the chief motivating factor for individuals remunerated on a performance-based model is the monetary reward (Surujlal and Zhang, 2009). According to Rynes, Gerhard and Sieben and De Grip (2014) there are multiple contingency factors which ultimately drill down to the individual difference and situational contingencies. This is illustrated in the table overleaf.

Table 2.1 - Illustrative Examples of Contingency Factors Affecting Pay Importance

Individual Difference Contingencies	Situational Contingencies
1. Pay is more important to extroverts than to introverts.	1. Pay is more important in job choice when pay varies widely across employers than when pay is relatively more uniform.
2. Receiving performance-based pay is more important to high academic achievers than to others. Receiving higher pay than their co-workers is more important to extroverts and individuals with a history of social achievements.	2. There is a declining marginal utility to additional increments of pay. This means that, dollar for dollar, being “under market” has a stronger deterrent or demotivational effect than the positive effect of paying above market. People often reject low- paying job offers on the basis of pay alone, without considering other factors.
3. High-performing employees appear to be particularly sensitive to whether their higher performance is rewarded with above-average pay increases, while low performers prefer low-contingency pay systems.	3. The salience or “importance” of pay is likely to rise after changes are made to pay systems. Employees are particularly sensitive to pay cuts. For example, Greenberg (1990) showed substantial increases in employee theft when employees were subjected to pay cuts.
4. Pay appears to be more important to men than to women.	4. Employee reactions to changes in pay depend heavily on communication of the reasons for pay policies and changes. For
5. People with high need for achievement and higher feelings of self-efficacy prefer pay systems that more closely link pay to	5. Pay is probably more important in job choice than in decisions to quit, in part because pay is one of the few characteristics
	6. Pay will do little to motivate performance in systems where people receive similar pay increases regardless of individual or firm

Rynes, Gerhard and Minette (2014, p. 401)

Bonner and Sprinkle (2013) argues that even if people were principally concerned with their salaries, this does not prove that money is motivating. According to them there is no firm basis for the assumption that paying people more will encourage them to do better work or even, in the long run, more work. Although it is reasonable to assume that if someone's take-home pay was cut in half, his or her morale would suffer enough to undermine performance. However, they do not necessarily follow that doubling that person's pay would result in better work (Schleeter, Strauss and Jacoba, 2008).

Christensen (2015) offers three reasons why incentive systems are counterproductive; first, rewards encourage people to focus narrowly on a task, to do it as quickly as possible and to take fewer risks. Second, extrinsic rewards can wear down intrinsic interest and third, people come to see themselves as being controlled by a reward (Christensen, 2015).

According to Park and Sturman (2012) both:

- the degree to which the reward links pay and performance and;
- the financial characteristics of the reward influence the effectiveness of a PFP plan.

Consequently, all PFP plans are not equal. Variety of theories supporting and criticising extrinsic rewards suggests that the role of PFP as a motivator is complex and challenging. Money is not the only motivator and it is not the primary motivator. However, there is overwhelming evidence that money is an important motivator for most people (Quader, 2011). Further, there is ample evidence that surveys asking people to rank order money and other motivators do not accurately reflect the important effects that changes in pay levels or the way pay is determined have on people's decisions to join and leave organisations (Summers, 2015).

Thus, while managers will (and should) consider both financial and non-financial tools for attracting, motivating, and retaining employees, it would be a mistake to conclude, based on general surveys, that monetary rewards are not highly important. (Rynes *et al.*, 2014).

The success and failure of PFP compensation often depends on multiple factors and the environment it is being used in as well as other organisational processes and policies. According to De Silva (2012) it is essential to pay attention to aspects which are equally -

perhaps even more - important than the rewards themselves, such as: - reorganisation of work processes - training - employee involvement and participative decision-making - opportunities to contribute ideas and knowledge - non-monetary recognition - career development - goal setting (De Silva, 2012, pp. 10, 11.)

Trust and fairness and the perception of fairness and justice is equally as essential in compensation and can affect how satisfied employees are about their pay and the overall compensation system. In general, perception of fairness also affects employees' general commitment, work satisfaction and well-being (Kohn, 2011). While perception of fairness and justice is in principle a subjective experience of a person, researchers have identified 3 types of fairness that can affect this experience: fairness of distribution, fairness of procedures and fairness of interaction (Marks, Mathiea and Zaccaro, 2011).

2.10 Pay for Performance in South Africa

In the South African context, the trend towards PFP models is higher in the private sector as opposed to the public. One explanation may be that incentives in the public sector could simply be optimally low since high-powered incentive models (such as PFP) may induce excessive competition whereas public service employees require cooperation (Osborne, 2014). Another reason is that it is more difficult to measure output in the public sector: teamwork, multiple objectives, multiple principals and difference in objectives are among the main features that reduce incentive based pay (Stazyk, 2012).

Additionally, it is generally argued that public sector employees have higher "intrinsic" motivation and are relatively more risk-averse, such that pecuniary incentive and variable pay may even be counter-productive (Meier, 2014).

In the month of October 2017, the cost of living in Durban, South Africa summarised as below (Web 1, 2017):

- Four-person family monthly costs: **23,119.62 ZAR** without rent
- A single person monthly costs: **6,602.87 ZAR** without rent.
- Cost of living rank **413th out of 519** cities in the world.
- Durban has a cost of living index of **41.96**.
- Average monthly net salary (after tax) **15,000.00 ZAR**

With the cost-of-living statistics in South Africa this high, the motivation of a PFP salary as well as the risks involved in the lack of financial security and comfort pose a conundrum for a country where unemployment is on the rise. In the case of Service Consultants under this study, the uncertainty regarding their pay cheque is to be explored in terms of whether the gamble is something they are comfortable with or not in an unstable economic environment.

2.11 Conclusion

This chapter provided insights into the historical background of the proposed research by summarising the theoretical assumptions behind the study as well as previous research in this field. The primary objective of the chapter was to provide the knowledge basis through which this study was focused and to explain the main variables of the research study. In summary, the available literature studies on variable remuneration still leave much to be desired. It is evident that a gap exists in the knowledge regarding the way in which variable remuneration programmes are operated, and that a need exists for effective instruments that have an impact on an organisation's bottom line.

The following chapter will discuss the operational guides of the research, that is, the research parameters that enabled the collection and presentation of data.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The success of any study needs to be grounded in an approach which can be empirically tested. The research design is the overall plan for obtaining answers to the research questions guiding the study. Leech and Goodwin (2013, pp. 92) describe research as a systemised effort to gain new knowledge and a voyage of discovery from the known to the unknown. Research involves a series of well-thought-out and carefully executed activities that will enable one to know how organisational problems can be solved or at least minimised (Mingers, 2011). Research thus encompasses the processes of inquiry, investigation, examination and experimentation. These processes have to be carried out systematically, diligently, critically, objectively and logically. The expected results would be to discover new facts that would help to deal with the problem situation.

This chapter considers the research methodology relevant to this particular study the type of approach undertaken, the sampling method utilised, the research design and its development, the collection of data and how the data was analysed and assessed. The methodology chosen guides the study and its outcomes.

3.2 Objectives of the Study

- To determine to what extent the Service Consultant's feel the goals of the PFP model are attainable.
- To establish whether the Service Consultant's view the outcomes of the PFP model as meaningful.
- To understand the Service Consultant's view on equity of the PFP model.
- To determine whether the PFP model is a motivator of performance amongst the Service Consultants.

3.3 Research Design

3.3.1 A Qualitative Research Approach

From a theoretical standpoint, this study took a qualitative approach that focused on the individual perceptions of Service Consultants at Momentum Health who are remunerated according to the PFP model. The study avoided close-ended questions that prompt particular types of responses and that are more appropriate for quantitative studies, opting instead for open-ended questions which allow what researchers Kilburn, Nind and Wiles (2014) call the rich insights of qualitative data to emerge.

The goal was to study the perceptions of Service Consultants who are remunerated on the PFP model at Momentum Health Durban, their views, opinions and whether they felt this remuneration model was in fact a bane or blessing.

A qualitative research method enabled an in-depth understanding into the Service Consultants perceptions, understanding and experiences in a South African private sector context. According to Leedy and Goodwin (2013, p. 88), a qualitative approach is appropriate if the reality to be studied is that of people's subjective experiences. This, they say, leads to a subjective relationship between the researcher and participant. This stands in sharp contrast to the more detached approach adopted in quantitative research.

Table 3.1 - Qualitative vs Quantitative Research

Basis for Comparison	Qualitative Research	Quantitative Research
<i>Meaning</i>	Qualitative research is a method of inquiry that develops understanding on human and social sciences, to find the way people think and feel.	Quantitative research is a research method that is used to generate numerical data and hard facts, by employing statistical, logical and mathematical technique.
<i>Nature</i>	Holistic	Particularistic
<i>Approach</i>	Subjective	Objective
<i>Research Type</i>	Exploratory	Conclusive
<i>Reasoning</i>	Inductive	Deductive
<i>Sampling</i>	Purposive	Random
<i>Data</i>	Verbal	Measurable
<i>Inquiry</i>	Process-oriented	Result-oriented
<i>Hypothesis</i>	Generated	Tested
<i>Elements of analysis</i>	Words, pictures and objects	Numerical data
<i>Objective</i>	To explore and discover ideas used	To examine cause and effect
<i>Methods</i>	Non-structured techniques	Structured techniques such as
<i>Result</i>	Develops initial	Recommends final course of action

Adapted from: Cooper and Shindler (2011)

As mentioned above, qualitative research was used to achieve the objectives of this study. Qualitative research focuses on participants' experiences or perceptions and the manner these make sense of their lives (Bloom, Frankland and Thomas, 2011). Qualitative research is effective for studying subtle nuances in attitudes and behaviours and valuable in assessing

processes over time. The main strength of qualitative research lies in the depth of comprehending the phenomenon under study (Kitzinger, 2014, p. 29). Qualitative research also allows flexibility where the field research plan can be modified at any time. In addition, researchers are always ready to engage in research as there is little preparation needed compared to quantitative research in which researchers need adequate preparations to initiate a survey or conduct an experiment (Kitzinger, 2014, p. 20).

Qualitative research enables researchers to collect data about the human side perspective of the research problem (Silverman, 2014, pp. 6). Qualitative research was also used because of its rigorous nature in exploring, describing and producing temporary explanations about perceptions of the PFP model at Momentum Health in Durban. Specifically, the study used qualitative research because of its ability to discover the attitudes and feelings Service Consultant's have towards the PFP model utilised at Momentum Health in Durban. Instead of analysing numbers, qualitative research allows researchers to use language and behaviour of the study population. The researcher used qualitative research design because it can be conducted within a short period of time. In addition, qualitative research can generate new perspectives of comprehending a phenomenon from the view of an insider and grasping the significance of the local situation (May, 2011). Therefore, the strengths of qualitative research design: ability to explore the depth of a phenomenon and bring new perspectives, flexibility, and other qualities mentioned above made the design suitable to this study.

3.3.2 Descriptive Research Design

This study will use a descriptive research design. A descriptive research design was used as it seeks to describe the current status of the identified variable – in the case of this study, the perceptions and adoption of the PFP model amongst Service Consultants. Three main purposes of research are to describe, explain and validate findings. Description emerges following creative exploration, and serves to organize the findings to fit them with explanations and then test or validate those explanations (Tashakorri and Teddlie, 2013, p. 39). Many research studies call for the description of natural or man-made phenomena such as their form, structure, activity, change over time, relation to other phenomena (Sekran and Bougie, 2012). The description often illuminates knowledge that we might not otherwise notice or even encounter.

The researcher chose a descriptive design in that it will provide systematic information about a phenomenon (perception and adoption of the PFP model). This study is aimed at exploring

a detailed contextual analysis of the Service Consultant perceptions of the PFP model of Momentum Health in Durban using qualitative methods. Preliminary literature reveals that there is no research that has been conducted on the PFP model at Momentum Health Durban or nationally.

3.3.3 Study Site

The study site is the physical demographic area where the study is to be conducted so as to collect the desired data (Henning, 2014, p. 74). In this study, the study site is Momentum Health offices in Durban. Momentum Health is a subsidiary of MMI Holdings, a South African financial services group listed on the South African stock exchange, the JSE. The study was conducted in the Service Centre of Momentum Health Durban, an area of the business which contains only Service Consultants, Service Managers and the Head of Service.

3.3.4 Target Population

Sunday and Van Wyk (2016, p. 45) defines a target population as the group of people to whom we want our research results to apply or the collection of units or people with specific characteristics the researcher is interested in. The target population for this study were the Service Consultants at Momentum Health in the Durban offices. Momentum Health has about 650 employees in Durban; 120 of which are Service Consultants. The role of a Service Consultant is to answer a specified number of inbound calls per day as per their Service Level Agreement with the scheme and to provide excellent customer service with each incoming calling member in terms of quality and first call resolution. The rationale behind this target population is that the study focused only on individuals who are remunerated using the PFP model and this is the only department in the Durban office that does so.

3.3.5 Sample

A sample is a subset of the entire population from which data is collected by a researcher (Crotty, 2015). In other words, a sample is a subset of the population being studied. A sample represents the larger population and is used to make inferences about that population (Crotty, 2015). Corbin (2012, p. 3) states that a sample is a widely used research technique to gather information about a population without having to study the entire population (see also Creswell

2014). The sample for this study was selected at Momentum Health Durban in its Service Centre department. The sample for this study will be eight Service Consultants who are remunerated using the PFP model.

3.3.6 Sampling Method

There are two methods of selecting a sample (probability and non-probability) from a given population, from simple to complex (Gray, 2009). Since this study used a qualitative research design therefore non-probability was employed to help select participants for inclusion in the sample. In non-probability sampling, units or people are selected based on the judgement of the researcher (Oakley, 2015, p. 45).

The three main types of data collected and analysed in qualitative research include in-depth interviews, direct observation, and written documents. There are three main types of qualitative sampling: purposeful sampling, quota sampling, and snowballing sampling. The following descriptions describe the reasons for choosing a particular method (Sekran and Bougie, 2015).

- **Purposeful Sampling** is the most common sampling strategy. In this type of sampling, participants are selected or sought after based on pre-selected criteria based on the research question. For example, the study may be attempting to collect data from lymphoma patients in a particular city or county. The sample size may be predetermined or based on theoretical saturation, which is the point at which the newly collected no longer provides additional insights (Sekran and Bougie, 2015)..
- **Quota Sampling** is a sampling technique whereby participant quotas are preset prior to sampling. Typically, the researcher is attempting to gather data from a certain number of participants that meet certain characteristics that may include things such as age, sex, class, marital status, HIV status, etc. (Sekran and Bougie, 2015).
- **Snowball Sampling** is also known as chain referral sampling. In this method, the participants refer the researcher to others who may be able to potentially contribute or participate in the study. This method often helps researchers find and recruit participants that may otherwise be hard to reach (Sekran and Bougie, 2015).

Owing to this study using qualitative research methodology, non-probability sampling will be adopted in order to analyse a phenomena of a few select cases (people, places, objects, etc) in this case, the adoption and perception of the PFP model amongst Service Consultants.

The aim of non-probability sampling is that the judgement of the investigator controls how data is collected and analysed. The major advantage of non-probability sampling is that – compared to probability sampling – it is much more cost and time effective (Sekran and Bougie, 2015).

The quota sampling method will be used in this study. Quota sampling is a type of purposive sampling in that it ensures that certain groups are adequately represented in the study. This method of sampling is considered to be a form of proportionate stratified sampling, in which predetermined proportions of people are sampled from different groups but on a convenience basis (Sekran and Bougie, 2015, p. 278). Using this method, the researcher will proportionally determine a sample of male and female Service Consultants on the PFP model taking cognizance of being representative in terms of race, length of service and PFP earnings.

3.3.7 Sampling and Sample Size

According to Leech and Goodwin (2013, p. 6,7), sampling is a finite part of a statistical population whose properties are studied to gain information about the whole while a sample size is the total number of units or people selected to participate in the study. Momentum Health's Service Centre comprises of 165 employees, 139 of which are Service Consultants who are on paid on the PFP model. Initially the researcher intended to obtain a sample size of 10 participants. However, two of the participants chosen had to drop out of the study at the last minute and due to the nature of the Service Centre at Momentum Health Durban, the resource planner could not allocate two more participants at such short notice. Hence, eight participants were studied. Sensitivities had to be remained and respected around the fast-paced nature of the service environment the participants formed part of and requesting for an additional two participants to attend at the eleventh hour was an unreasonable request. Instead, it was decided to obtain quality interviews from the remaining eight participants and intensely explore their perceptions and attitudes towards the PFP model.

As discussed earlier, the sample was selected using a non-probability sampling method known as quota sampling which is purposive in nature. The subjects for this study were proportionally selected using the following logic:

Table 3.2 - Sample Selection Process

Description	Total Number	Proportionate Sample Needed
Male	50	3
Female	89	5
Total	139	8

Table 3.3 - Target Population Composition (Female)

Description	Total Number	Proportionate Sample Needed
Black	54	2
Coloured	12	1
Indian	20	1
White	3	1
Total	89	5

Table 3.4 - Target Population Composition (Male)

Description	Total Number	Proportionate Sample Needed
Black	23	1
Coloured	5	1
Indian	22	1
White	0	0
Total	50	3

The proportionate sample above were chosen in terms of the numbers within the target population in relation to each category within that target population.

It was investigated as to who the average high, middle and bottom earners compensated on the PFP model over a 3 month period (this data was provided by and after obtaining permission from the Head of the Service Centre at Momentum Health in Durban). Once this information was received, the researcher purposively attempted to select a sample according to the Service Consultant's average earnings (selecting a sample that reflected all levels of earners) as well as taking cognisance of their race, age and length of service within the organisation.

Due to the qualitative nature of this study, a smaller sample size was needed. Therefore, eight Service Consultants who are remunerated on the PFP model were interviewed using quota sampling methods. According to Creswell (2012) there are no specific rules when determining an appropriate sample size in qualitative research.

3.3.8 Research Participants

Research participants can also be referred to as "units of analysis". According to Creswell (2014), a unit of analysis is the "who" or "what" is being studied or investigated. Ulmer and Wilson (2011) states that units of analysis are the things researchers examine so as to generate short descriptions of and illustrate differences among them. There is no limit to the number of unit of analysis a study can pursue. When dealing with units of analysis, Noor (2013) argue that researchers should think in advance what conclusions they wish to draw in regard to each unit of analysis. Units of research widely used include individuals; social groups; social artefact; and social interactions.

The researcher chose 8 units of analysis (participants) from the selected organisation (Momentum Health) in Durban. The selection criteria were that the participants are working in the capacity of a Service Consultant and are currently remunerated according to the PFP model that are male and female. The researcher approached staff members (who were selected in a stratified manner using quota sampling techniques) after having attained permission from management in order to ask the employees to participate in the study.

3.3.9 Sample Description

Table 3.5 – Participant Demographics

Description	Alias	Gender	Age Bracket	Race	Length of Service	Average Earning Class
Interviewee 1	Thembi	F	25 – 30	Black	1 – 2 years	Low
Interviewee 2	Mbali	F	25 – 30	Black	3 – 4 years	High
Interviewee 3	Chantelle	F	30 – 35	Coloured	1 – 2 years	Middle
Interviewee 4	Megan	F	35 – 40	White	5 – 6 years	Middle
Interviewee 5	Serisha	F	25 – 30	Indian	3 – 4 years	Middle
Interviewee 6	Kavir	Male	25 – 30	Indian	3 – 4 years	High
Interviewee 7	Senzo	Male	25 – 30	African	1 – 2 years	Low
Interviewee 8	Jordan	Male	35 – 40	Coloured	5 – 6 years	Middle

The participants within the study ranged in the ages 25 – 40. The length of service in the organisation varied amongst the participants. The sample was representative in terms of race, age, length of service and average earnings over a three-month period.

3.3.10 Data Collection and Research Instrument

Data is defined as information collected in the process of research while data collection instruments refer to devices used to collect data (Legard, Keegan and Ward, 2015). To collect data, semi-structured in-depth interviews were held with the selected eight participants.

The outcome of the research design is highly dependent on the method in which the data was collected. There are several data collection methods, each with advantages and disadvantages where the choice depends on the facilities available, the degree of accuracy required, the expertise of the researcher, the time span of the study and other costs and resources associated

with and available for data gathering (Cooper and Schindler, 2011, pp. 34, 37, 45). This study will use semi-structured in-depth interviews with Service Consultants in order to make its findings. An interview schedule is attached (Appendix 1). Semi-structured interviews allowed for the PFP model to be explored in a natural context “in the form of a conversation with a purpose” (Hesse-Biber, 2014, p. 20). The flexibility of semi-structured interviews were also valuable to the study as the aim was to examine the perceptions of the Service Consultant’s and thus participants were given the freedom to discuss their perspectives.

In-depth Interviews:

In-depth interviews as mentioned above are categorised under field research and proceed as confidential and secure conversations between interviewers and participants (Corbin and Morse, 2011, p. 94). In-depth interviews were used as they are appropriate in gaining insights into individual perceptions of specific issues. In particular, semi-structured in-depth interviews were used and specifically designed to collect data on the Service Consultant’s at Momentum Health Durban who are remunerated using the PFP model.

In order to realise the objectives of this study, semi-structured in-depth interviews were used to make the study benefit from the advantages of using unstructured and structured interviews. Semi-structured interviews were used due to the many qualities they come with including collecting rich data and allowing research participants to be free when responding to research questions (Creswell ,2014, p. 9). Semi-structured interviews allow interviewees to share their own experiences not influenced by particular answers. The other qualities that made this study use semi-structured interviews is because questions can be prepared in advance. This allows interviewers to be prepared during the interview. Semi-structured interviews also allow participants the freedom to express their views in their own terms (Crotty, 2016). In more broad terms, semi-structured interviews investigated a number of issues including the extent to which the Service Consultant’s feel the goals of the PFP model are attainable, their views on the monetary value attached to the PFP model, their notions towards fairness in the administration of the model and whether the model in itself is a motivator in terms of their performance each month.

The main reason of using semi-structured in-depth interviews was to allow the collection of both focused and rich data. Semi-structured in-depth interviews were held between in October 2014. The in-depth interview questions went together with a letter of consent describing the aims of the study and guaranteeing participants of privacy of the information provided.

3.3.11 Research Interview Schedule

A structured interview guide consisting of open-ended questions were used to collect data during individual in-depth interviews with the Service Consultants. This was deemed appropriate on consultation with literature. According to Johnson and Onwuegbuzie (2012, p. 34), qualitative research relies heavily on the in-depth interview for data collection, while Creswell (2014, p. 73) describes qualitative interviews as "...a construction site of knowledge...". In fact, Sunday and Van Wyk (2016, p. 93) points out that methodologists and others maintain that we live in an "interview society".

The interview guide, which is scheduled rather than unscheduled, is more structured than the informal, conversational type of interview and consists of a list of questions but "respects the way the participant frames and structures responses" (Frels and Ongwuegbuzie, 2012, p. 56). This "attitude" they continue, is fundamental to qualitative research so that the researcher facilitates uncovering the participants perspectives on the issue as he/she views it, not as the researcher views it.

3.3.12 Preparation for Research

Through investigation, the language preferences for each of the interviewees and it was established that all are comfortable with the use of English. It was also pre-determined the appropriate date and time to meet with each of the Service Consultants as it was during working hours and every minute away from taking calls is a minute they are not making money. To aid for this, it was arranged with the Head of the Service Centre for the interviewees to accumulate "desk points" (a method of adding an average call value for a specified time whilst an agent is not on calls) during the time of their interviews with the researcher.

3.3.13 Procedure Followed

The first step was to gain ethical clearance and to have the research proposal approved by the Faculty Research Committee of the University of KwaZulu-Natal to conduct the research. Once ethical clearance and approval was obtained, the next step was to contact the Service Centre management of where the participants were employed. Employees were selected using stratified quota sampling measures as discussed previously and were emailed requesting their participation. The email contained a brief on the purpose of the study and also contained information regarding participant anonymity and confidentiality. A meeting date was set for those who expressed interest in the study. A time period of two weeks was set aside to conduct the interviews. Interviews were conducted in the offices of the participants for their

convenience. The participants were briefed on what the research entailed and were given a letter with an informed consent form to sign (Appendix 2). Participants were also told that they would be informed of the outcome of the research and were given the contact details of the researcher and her supervisor should they have any queries regarding the research. In addition, the participants were asked if they would agree to be audio-recorded.

3.4 Data Quality Control

According to Leech and Goodwin (2013, p. 76) data quality control refers to the efforts and procedures that survey researchers put in place to ensure the quality and accuracy of data being collected using the methodologies chosen for a particular study.

3.4.1 Trustworthiness and Credibility

Reliability in essence refers to the degree of consistency or accuracy with which an instrument measures the attribute it has been designed to measure. If a study and its results are reliable, it means that the same results would be obtained if the study were to be replicated by other researchers using the same method. Sekran and Bougie (2015, p. 203) describes reliability as the extent to which the measure is without bias (error free) and hence ensures consistent measurement across time and across various items in the instrument. Since the aim of a qualitative research study is to generate an understanding towards a phenomenon or process (in this instance the PFP model), reliability will be tested by its way of dependability and consistency in the process and product of the research (Sekran and Bougie, 2015, p. 207).

Validity refers to how accurately research has been conducted. Validity is concerned with the issue of cause-and-effect relationships (internal validity) and their generalisability to the external environment (external validity). There are different criteria used to measure validity in empirical research. Although some qualitative researchers have argued that the term validity is not applicable to qualitative research, but at the same time, they have realised the need for some kind of qualifying check or measure for their research (Sekran and Bougie, 2015: 208). Therefore, validity will be tested in this study by the studies rigor in research, trustworthiness and quality of analysis (Sekran and Bougie, 2015, p. 208).

3.5 Data Analysis

Data analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data (Mingers, 2011, p. 240). Data in this study is to be collected through structured in-depth one-on-one interviews with Service Consultants and will be analysed using thematic data analysis.

3.5.1 Thematic Data Analysis

Thematic data analysis is a qualitative analytic method for identifying, analysing and reporting patterns (themes) within data. It minimally organises and describes data in rich detail. However, it goes further than this and interprets various aspects of the research topic. (Leech and Goodwin, 2013: 8). The thematic data analysis approach will allow the researcher to maintain reliability as the measures will be consistently applied and allow for replicability of the study by another researcher (Sekran and Bougie, 2015, p. 208).

The inductive thematic analysis method, which relies on the emergence of themes as opposed to predetermined or prescribed themes was used in an attempt to capture the respondent's experiences of their professional and private domain.

The following stages of thematic analysis (Sale, Lohfeld and Brazil, 2012, p. 85) were used:

- Data was prepared for analysis by transcribing interviews
- Each interview was read, noting items of interest that relate to themes
- Items of interest were sorted into themes
- Themes were examined and an initial definition was developed
- Each new theme was taken separately and re-examined carefully against each transcript for relevant material for that theme
- Using all of the material relating to each theme, each theme's final form, name definition and supporting data was constructed
- Relevant illustrative data for reporting the themes was selected

Thematic analysis is assumed suitable to analyse data to be collected because the technique briefly organises data collected and then describes the data sets in detail. (Gill, 2014, p. 22). The approach was used because it enables data to be treated in a way that makes it possible

to interpret the research problem or topic. Qualitative data was encoded and clear codes were created. The coding process allowed to generate basic categories of the raw data collected to be assessed in a way that made it possible to understand the research problem (Robinson, Acquah and Gibson, 2012).

The process of coding allowed to link the data collected to the ideas about the data. In doing so, the researcher was able to think about the data collected that allowed him to make categories that acted as points of analysis in the data analysis process. In other words, the process of coding the information enabled the study to form a list of patterns or themes organised in a simple style (Hesse-Biber, 2014). A summary of data analysis stages followed in this study are presented below:

- **Familiarisation with the data:** This phase involved reading and re-reading the data, to become immersed and intimately familiar with the content (Chestnutt and Robson, 2012).
- **Coding:** In this phase the researcher generated succinct labels or codes identifying important features of the data relevant to answering the four research questions underpinning the study. It involved coding the entire dataset, and after that, the researcher collated all the codes and all relevant data extracts, together for later stages of analysis (Chestnutt and Robson, 2012).
- **Searching for themes:** This phase involved examining the codes and collated data to identify significant broader patterns of meaning or potential themes. It involved collating data relevant to each candidate theme, so as to work with the data and review the viability of each candidate theme (Chestnutt and Robson, 2012).
- **Reviewing themes:** This phase involved checking the candidate themes against the dataset, to determine that they tell a convincing story of the data, and one that answers the four research questions of this study. In this phase, themes were typically refined, which sometimes involved them being split, combined, or discarded (Chestnutt and Robson, 2012).
- **Defining and naming themes:** This phase involved developing a detailed analysis of each theme, working out the scope and focus of each theme, determining the ‘story’ of each. It also involved deciding on an informative name for each theme (Chestnutt and Robson, 2012).
- **Writing up:** This was the final phase and involved weaving together the analytic narrative and data extracts, and contextualising the analysis in relation to existing literature.

The report organised, described and interpreted perceptions of the PFP model of Service Consultant's at Momentum Health Durban (Chestnutt and Robson, 2012).

3.6 Ethical Considerations

Ethical approval for this research was obtained from the University of KwaZulu-Natal Ethics Committee and a gate keeper's letter from the Office of the Registrar at the University of KwaZulu-Natal. To ensure that human dignity is further upheld the researcher sought informed consent from respondents and allow them to make the decision to participate based on adequate knowledge of the study they will be given. Privacy and confidentiality was upheld by reminding participants of their right to keep from the public certain information about themselves and agreement to limit access to private information. Respondents remained anonymous and no names except pseudonyms were used in this study.

3.7 Limitations of the Design

This study used a qualitative research design and thus lacks the generalisability to other organisations. This research was also conducted over a specific time frame which limits the number of participants interviewed. The PFP model was also only studied from a viewpoint of employees and not management. The data was analysed using thematic analysis which has been largely viewed as a subjective process to a degree and thus the researcher within the analysis as well as during the data collection aimed to be reflexive and understand the perspectives of the participants.

3.8 Conclusion

The study outlined a wide range of research methodologies to ensure that the findings are accurate and valuable to the body of research. By presenting the results clearly, the researcher is able to identify the perception themes of the PFP model by Service Consultants in this study. The results obtained from the application of techniques described in this chapter is presented in Chapter Four.

CHAPTER FOUR

DATA PRESENTATION AND DISCUSSION OF THE FINDINGS

4.1 Introduction

This chapter presents the data collected and discusses its findings. The chapter is divided into four sections; section one deals with the research process that guided this study; section two presents the research questions the study set out to interrogate in this study; section three presents data and discussion of the findings and section four presents the summary to the chapter.

4.2 Summary of the Research Process Followed

The data collection process started after the researcher was granted a gatekeeper's letter from the organisation under study (Momentum Health Durban) and then sought ethical clearance from the University of KwaZulu-Natal to conduct the study. Service Consultants that were recruited using quota sampling techniques were emailed to participate in the study. It was an important duty to ask for informed consent from all the Service Consultants that were selected as participants. Consent was sought before the researcher started the process of collecting data. All the Service Consultants recruited to be part of the study received a consent form that provided sufficient information on the nature of this study. One week after giving participants the informed consent form the data was then collected employing semi-structured in-depth interviews. The data collected was analysed by employing a deductive thematic analysis technique where coding and the generation of themes is informed by existing ideas or concepts. Data was analysed based on the six thematic analysis phases presented in Table 7 overleaf.

Table 4.1 - Thematic Analysis Application

Phase 1 Familiarisation with data	The researcher transcribed the data, read and re-read the data to familiarise herself with the content. This phase allowed the researcher to have an intimate and acquaintance with the data.
Phase 2 Coding the data	In this phase the researcher carefully generated concise labels also called codes that identified important characteristics of the data that helped to answer the four main research questions. The researcher engaged in a strenuous exercise of coding the entire data set. This was followed by the collation of all codes and significant extracts from the data.
Phase 3 Searching for themes from data	In this phase, the researcher examined all codes and collated the data in order to identify broader themes or potential themes. This phase allowed the researcher to group data according to broad themes.
Phase 4 Reviewing of themes	This phase allowed the researcher to examine the candidate themes against the entire data set to ensure that themes were telling a dependable story about the research problem studied. Themes generated were; goals of the PFP model, attainability, outputs, equitability, and the influence of the PFP model.
Phase 5 Defining and naming themes	This phase allowed the researcher to generate clear themes that were analysed in detail to established the focus, scope of each theme, and ascertain the 'story' each theme was telling about Service Consultants' perceptions of the goals of the PFP model. Then the researcher identified informative names of themes; goals of the PFP model, attainability of the goals of the PFP model, outputs of the PFP model, equitability of the application of the PFP model, and the influence of the PFP model.
Phase 6 Write up	In this phase, the researcher knit together data extracts and analytical narratives presented in this study. The presentation and analysis was contextualised in relation to the current literature review on pay for performance to support or refute findings in this study.

(Crotty, 2016, p.59)

4.3 Interviews with the Momentum Health Service Consultants

The main reason for choosing Momentum Health as the participating study is that it is one of the largest financial services institutions in South Africa, impacting on the lives of many people through their mission of comprehensive financial wellness as well as the vital role they play in the South African economy.

This chapter contains the responses of the eight participants (Table 3.6) at the Momentum Health Durban regional office. The purpose of the interviews were to explore the perceptions and attitudes of these participants towards the PFP model they are remunerated using.

As explained in Chapter 3, an interview guide was drawn up and is attached as Appendix 1. Participants were presented with different open-ended questions regarding their perceptions of the PFP model. Open-ended questions were used as the main focus of this study was the perceptions of the participants involved, therefore open ended questions would yield the best results. Permission was granted to use a recording device during the interviews. The interviews took approximately 45 minutes and each participant suggested that, should any more information be required for this study, the researcher could email further questions to the participant. This was done in order to clarify some points that were made and/or were not quite clear to the researcher and to ensure that the findings were accurate and reliable in that they indicated exactly what the participants meant.

The interview guide consisted of seven sections, namely:

Section 1: Ground rules and confidentiality

Section 2: Introductions and ice-breakers

Section 3: Goals of the PFP model

Section 4: Outcomes of the PFP model

Section 5: Equity in the PFP model

Section 6: PFP model as a motivator

Section 7: Closing remarks and general views

The data analysed from these interviews are discussed in the sections which follow.

4.4 Analysis of the Data

4.4.1 Knowledge of the Goals of the PFP Model

This theme is linked to objective 1 of the study, namely, *to determine to what extent the Service Consultant's feel the goals of the PFP model are attainable*. The thematic map below illustrates the link between this objective and the themes, categories and codes which emerged. Thereafter, the data is discussed and analysed using verbatim quotes from the participants.

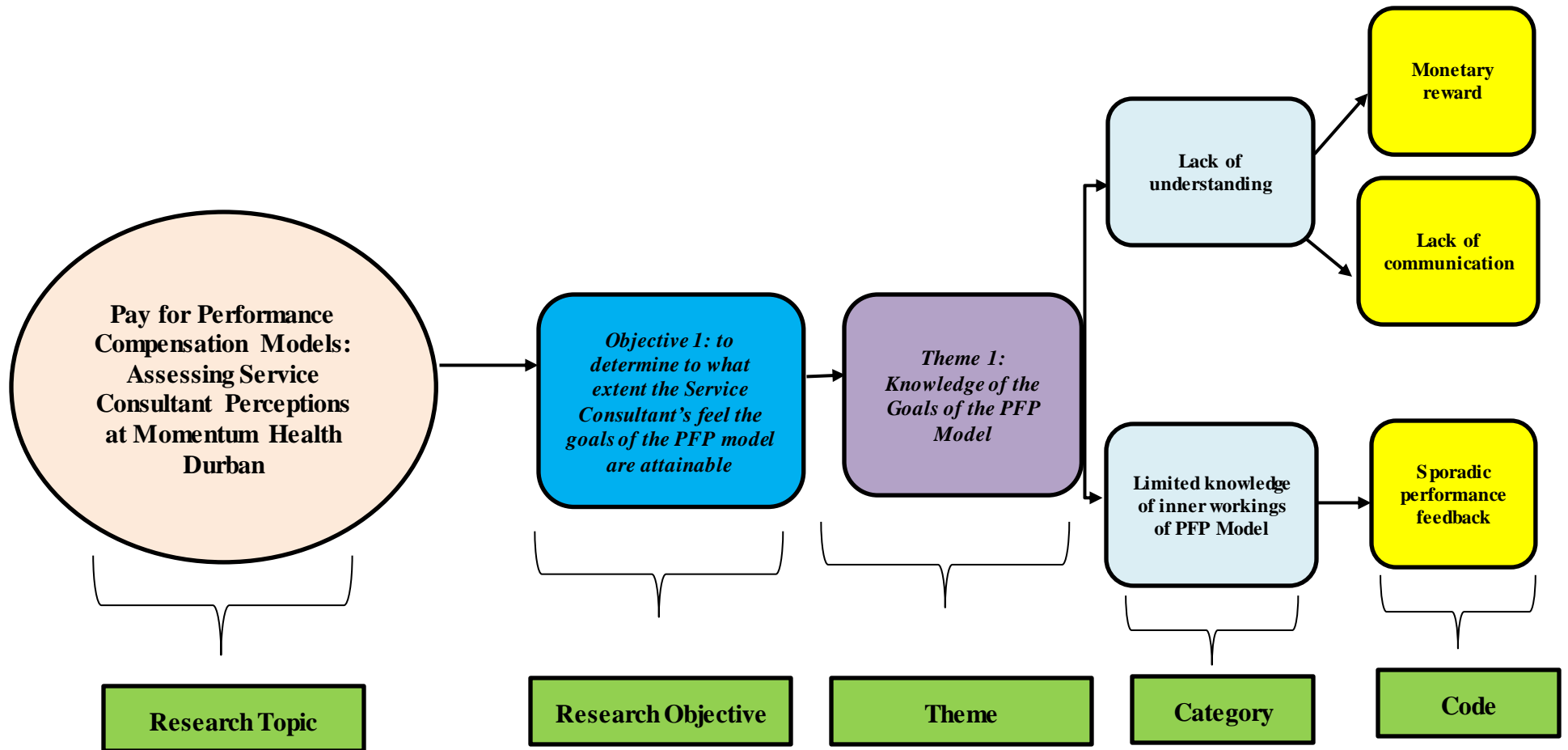


Figure 4.1 - Objective 1: Thematic Map (Authors own, 2017)

Participants were asked to talk about their knowledge of the goals of the PFP model and several views were presented. Majority (seven out of eight) of the participants said that they knew and understood the goals of the PFP model. Reflecting views of the participants who knew the goals of the PFP model, a female participant said that:

Yes, I do through my induction programme, uhu-hu-hu (laughs). The goal of the PFP model is to encourage us to work hard because what I put in is what I get out. If I work hard or smart, I will get a good score for my scheduled adherence (GMT) and a good 30/30 (1-10 rating by members) and I will be rewarded at the end of the day (Interviewee 1, 2017).

In agreement to the view above but bringing out another dimension to the Service Consultants' knowledge of the goals of the PFP model, a male participant put it this way:

Yes, I understand the goal of the PFP model. It is trying to encourage us to maximise our time to offer quality service that comes with a financial reward (Interviewee 3, 2017).

The two responses above show that Service Consultants have limited understanding of the goals of the PFP model. The model is understood by Service Consultants as a measure for rewarding performing Service Consultants in order to have a link between performance and pay. However, scholars argue that the aspect of rewarding performing employees is one aspect of the PFP model (Bann, 2009; Batt and Moynihan, 2012; Venter, 2014). For example, the goals of the PFP model are also designed to help organisations to align their business strategies and resources to the human resource and rewards strategy that are important in the process of achieving organisations objectives. Venter (2014) who argued that the goals of the PFP model are meant to promote human resource function because the model affects the operation and the carrying out of all other business functions supports this finding.

As discussed in Chapter 2, the role of the PFP model in the achievement of the business goals are seen in its attempt to align the business goals →business strategy→staffing requirements→HR strategy→Total Rewards Plan→variable pay (Bob, 2012, p. 25).

Therefore, the goals of the PFP model are not only aimed to link performance and pay but to other business strategic goals such as to help to recruit and retain the highest quality of Service Consultants. This understanding is supported by Tohmatsu (2010) who argued that the goals

of the PFP model are designed to help organisations to attract, screen and select people who are qualified for jobs within organisations. Thus, the goals of the PFP model are critical management activities that can be used to secure an effective service consultant workforce. This means that goals of the PFP model have an effect on the image of the organisation to the industry and to customers, and has an effect on performance, recruitment levels and profitability. Cornelius (2012) added his voice by explaining that goals of the PFP model are also a retention strategy aimed at bolstering the capability of organisations to entice and keep their best employees. Thus, the goals of the PFP model provide a means necessary to support Service Consultants.

In addition, Christen, Iver and Soberman (2016) said that goals of the PFP model helps organisations to keep motivated employees and guide them in a transparent manner. As for Chatbury, Beaty and Kriek (2011), the goals of the PFP model are incomplete if they do not assist organisations to generate a mutually beneficial relationship between employers and employees.

The finding this study is advancing is that Service Consultants' knowledge of the goals of the PFP model is limited as it focuses on the link between Service Consultants' performance and pay. This can be deduced from the emphasis of Service Consultants on the need to achieve high rating for quality, schedule adherence (GMT) and 30/30 ratings (member/caller reviews) to have a good pay. The limited knowledge of Service Consultants on the goals of the PFP model can be attributed to lack of dialogue between employers and Service Consultants as attested to by Service Consultants in this study. Therefore, Service Consultants' employers should take advantage of different strategies of inculcating goals of the PFP model especially during induction programmes, seminars and other mediums of employee engagement. These strategies can help to inform Service Consultant's on the comprehensive understanding of the goals of the PFP model that has been reduced to a mere performance and pay relationship. In agreement, Bann (2009) argues that induction programmes or seminars can be effective in providing employees knowledge of organisations' models, policies, processes and practices because they are able to deal with particular subjects in detail in a participatory manner.

4.4.1.1 Lack of Knowledge of Goals of the PFP Model

A few participants (2 out of the 8) did not only have limited knowledge of the goals of the PFP model, but also had no knowledge of goals of the PFP model. Here is what a male participant said in this regard:

Well, I do not understand the goals or end result or desired outcomes of the PFP model (Interviewee4,2017)

In agreement to the response above, a female participant put it this way:

Not at all (answering the question from the researcher if she understands the goals of the PFP model). I feel that through this PFP model they are just trying to make us work as much as possible but pay us little (Don't they explain the goals to you? - the researcher asked). The goals were explained to me.....a long time ago. However, if a person hears it for the first time and will not hear it again it cannot stick in the mind (Interviewee 7, 2017).

The finding above shows that a small number (two out of the eight) of Service Consultants do not understand the goals of the PFP model. Bassett-Jones and Lloyd (2015) stated that, when employees do not understand the goals of their organisations' PFP plans, there is need for organisations to put in place communication strategies to inform employees about the goals of their PFP plans and motivate behaviours that promote the goals of the PFP plans. Burker, Sims and Lazzara (2007) who said that employees' awareness of the goals of the PFP plan and their success as employees are linked to having clear goals of the PFP plan also echo this. Without employees' clear understanding buy-in-of the goals of the PFP plan is worthless. Bunker, Alban and Lewicki (2014) who argued that goals of PFP models remain theoretical if they are not clearly communicated to employees reinforce this finding. Dolo (2009) found that when employees are aware of the goals of the PFP plan, 91% will work hard to achieve the goals and if the opposite is true, that per cent falls sharply to 23%. Therefore, as long as Service Consultants lack knowledge of the goals of the PFP model, Service Consultants' alignment to the goals of their organisation and engagement will continue to suffer.

Venter (2014) advocates for the clear understanding of goals of employees in order to facilitate higher levels of role clarity. For Venter, role ambiguity is one of the greatest barriers to team effectiveness. Teams with role clarity are substantially more successful than those without. This can only be achieved through a heightened understanding of such from management level as well as a concerted commitment to this end. Therefore, it can be deduced that knowledge of the goals of the PFP model and a clear understanding of its aims is a high contributor towards greater role clarity. Venter (2014) uses the below diagram to further illustrate the linkage between goals and roles:

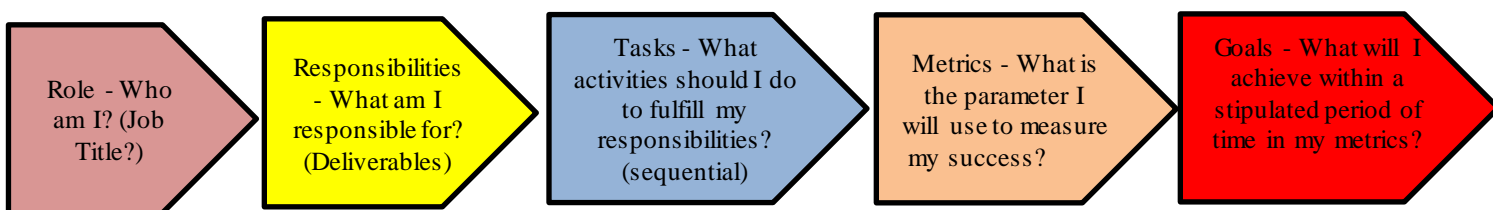


Figure 4.2 – Knowledge of Goals Linked to Role Clarity (Venter, 2014)

4.4.1.2 Unattainability of the Goals of the PFP Model

A few participants reported that the goals of the PFP model are not attainable.

This is what a male participant said:

I have been here for almost one year. The goals of the PFP model are not attainable because new Service Consultants lose time inquiring on how to do certain tasks while old Service Consultants are busy working, which disadvantages new Service Consultants to achieve the goals of the PFP. Sometimes you do not know who can help you solve the problem you are experiencing. Therefore, you end up wasting time moving from one desk to another asking for help (Interviewee 6, 2017).

Another female participant in agreement said that:

My answer to your question is yes and no. Sorry for the vague answer (the researcher chipped in saying it is fine). I think certain goals are attainable and certain goals are not. For example, I am able to attain GMT (what is a GMT? - the researcher asked). This is a schedule adherence where a service consultant has to be at his or her desk taking calls for ninety per cent of his or her time, which is possible. Besides, I have

achieved high quality service ratings as required by my manager. However, sometimes I have breaks to attend to certain issues, which makes it difficult to adhere to GMT and serve the required number of members (Interviewee 1, 2017).

The views that the goals of the PFP model are not attainable can be attributed to what Service Consultants referred to as “lack of dialogue” between employers and Service Consultants. Lack of mutual dialogue result in managers setting PFP goals without the insight of Service Consultants. There is a big difference between asking employees to suggest their own goals for the PFP model and imposing the goals on them. In agreement to the view above, Hartog, Schippers, Koopman and Paul (2012) said that managers should involve employees in identifying goals for the PFP strategies related to their individual job as this helps to set realistic goals.

Some Service Consultants said that goals of the PFP model are not attainable because of challenges of resources such that Service Consultants are forced to leave their desks to find shared resources they need making them lose out on a high GMT (schedule adherence) score. Holman, Chissick and Totterdell (2012) supports this finding when he said that goals of the PFP model set by managers alone sometimes are difficult to attain because they are too ambitious to be realised and that leads to employees’ frustration and lack of impetus to work hard. Wood, Holman and Stride (2016) advise that organisations should make an effort to openly honour employees who achieve objectives of the PFP model so that other employees understand that the goals of the PFP model are achievable and feel motivated to work hard. In the same vein, Valle, Varas and Ruz (2012) found that when employees fail to achieve goals of the PFP model, the repercussions should not be effected mechanically but managers should have in-depth discussions with Service Consultants on what is wrong and encourage them to work hard, and if possible, rework the objectives. In other words, managers should make sincere efforts to help Service Consultants to succeed and provide them with resources needed to do their job. In support of this finding, Trochim and Donnelly (2008) said that lack of clear workplace communication on goals between employers and employees leads to detrimental work experience and failure.

4.4.2 Attainability of the Desired Outputs of the PFP Model

This theme is linked to objective 2 of the study, namely, *to establish whether the Service Consultant's view the outcomes of the PFP model as meaningful*. The thematic map below illustrates the link between this objective and the themes, categories and codes which emerged.

Thereafter, the data is discussed and analysed using verbatim quotes from the participants.

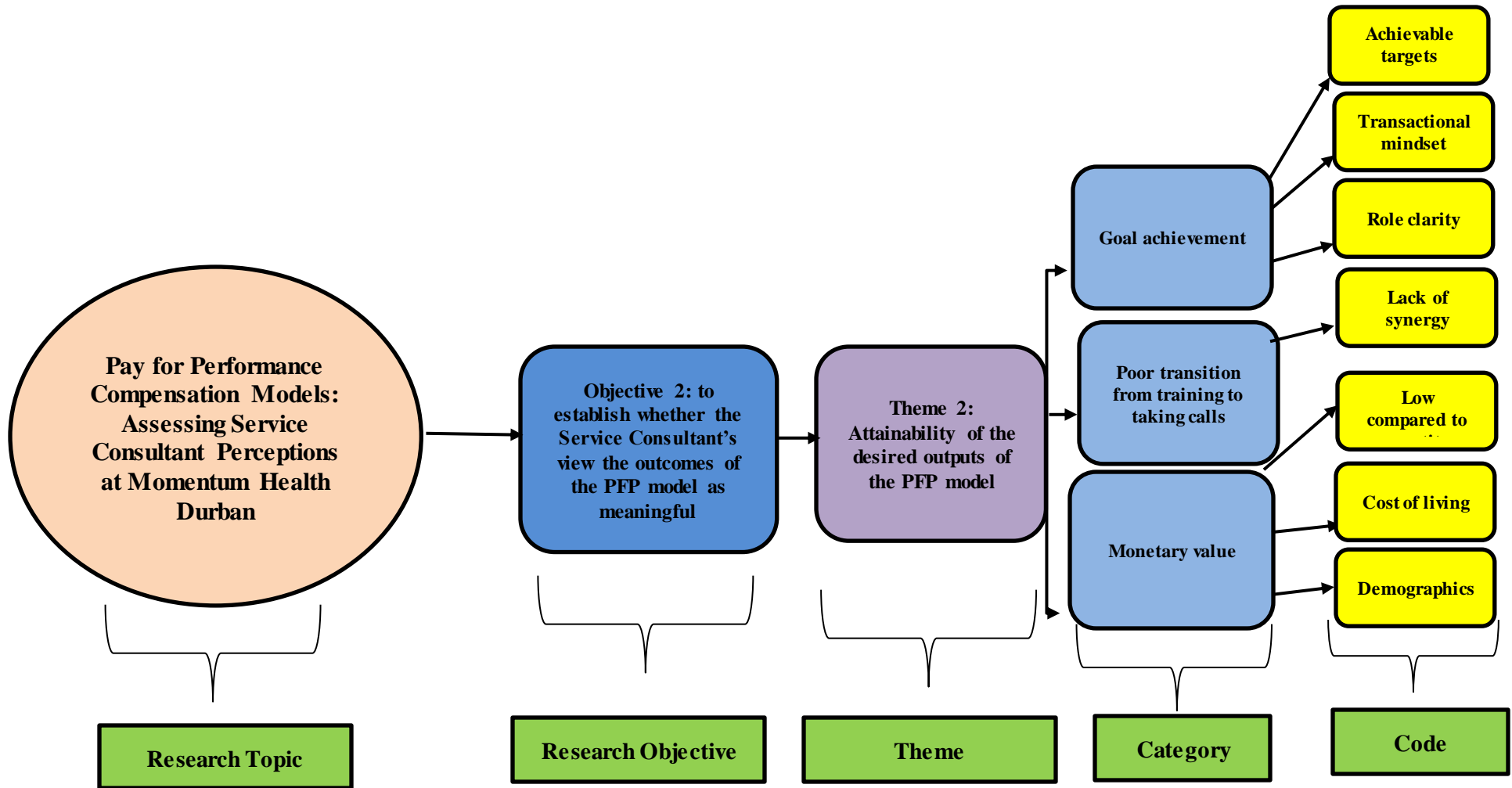


Figure 4.3 - Objective 2: Thematic Map (Authors own, 2017)

When participants were asked to share their perceptions of the attainability of the goals of the PFP model, majority (eight out of eight) of the participants said that they were attainable. Here is what a female participant said echoing perceptions of other participants:

Oh yes, the goals of the PFP model are definitely achievable because one can easily do the work and realise the desired outcome. We feel defeated at times but if a person sits down to focus on work he or she will realise that the goals of the PFP model can help one to achieve more results than it is possible without the model. For example, when I was still taking calls we were required to get seventy-five calls a day and I was able to get ninety-two to one hundred calls a day (Interviewee 2, 2017).

In agreement, another female participant said that:

The goals for the PFP model are achievable because I believe that if you work hard then you will get the results. I have hundred emails allocated to me each day and I address them within the normal working hours. Sometimes I come to work a bit early and start work at 06h00 and leave at around 15h30 after all work allocated to me is done (Interviewee 6, 2017).

Another female participant supports the perspective presented above:

The goals are attainable. I have reached all the benchmarks; high rating on quality, scheduled adherence (GMT) and 30/30 (Interviewee 7, 2017).

The findings above show that Service Consultants find the goals of the PFP model attainable. If goals of the PFP model are achievable, then findings are suggesting that the organisation under study has measurable PFP goals that are guiding Service Consultants' performance at the same time strengthening business. In agreement to the finding above, Emery and Barker (2007) said that when employees find goals set by their organisation achievable, it shows that goals set are helping employees to focus on success.

In addition, the findings suggest that the organisation under study have guidelines and the criteria for a successful service consultant performance review programme. The finding that Service Consultants are achieving the goals of the PFP model imply that the goals are aligned with the organisation's objectives. Engelbrecht and Chamberlain (2015) in support of this finding explained when employees understand their responsibilities and roles, it is easy for them to attain goals and contribute to the organisation's growth. This may be one of the reasons

Service Consultants said that they are focused and motivated to score high in quality, schedule adherence (GMT) and 30/30 ratings as this is beneficial to them and their organisation. The achievability of the goals of the PFP model may be attributed to the finding that the goals clearly state Service Consultants who are involved in any piece of work to be done, the timeframes involved, what is to be achieved, and the benefits of achieving the goals. The goals of the PFP model may be achievable because they are measurable as attested by Service Consultants. This is because of the concrete criteria put in place by the organisation to specifically measure the realisation of the goals of the PFP model. Gorjup, Valverde and Ryan (2008) who stated that the goals of a plan are achievable when they are within employees' reach, are relevant and set in specific timeframe support this finding.

4.4.2.1 Perceptions of the Outcomes of the PFP Model

When participants were asked to talk about their perceptions of the outcomes of the PFP model, majority (seven out of the eight) said that their basic salaries were not enough for them to earn a living. A male participant shared the following perception reflecting other participants' views:

Well, honestly, I think the salary is not appropriate in today's market environment.....but I enjoy my salary at the end of the month though it takes a lot of time and effort to get what would help me earn a living (Interviewee 4, 2017).

This is in agreement with the following perception:

No. I think the monetary value that goes with the PFP model is not enough to have a decent living. Personally, I feel we should have higher basic salary than we are getting now (interviewer comes in – what do you think that basic salary should be?). At least R7, 500.00. They should also pay us based on the transaction per call if the outcome is to be fair (researcher chips in saying, and why do you believe that?). Sometimes I get clients querying on a number of issues but I am only paid for one call not several transactions that are made in one call (Interviewee 5, 2017).

The view above was underscored by a male participant's perception who said that:

Comparatively, because I was working for another medical aid organisation, I feel that the monetary structure is problematic to permanent employees with obligations

such as medical aid, pension fund, x and yz. Once payment for these is deducted, I am left with less than R3, 000.00 (Interviewee 8, 2017).

The same male participant said that:

I work more here than in my previous employment but I get less pay of about R5, 275.00. I feel for those who have dependants because they are stretched. This is the second biggest medical aid company in South Africa therefore; they are supposed to pay us better. The basic salary is not sufficient. I would suggest a basic salary of R7, 500.00 per month (Interviewee 8, 2017).

Another participant summarised it well when she said that:

No. The basic salary is not enough. If you do not make it on one of your multipliers, then at the end of the month you will walk away with almost nothing. There are situations that are out of my control that hinder me from performing well (interviewer chipped in saying, what are some of those situations?). Situations where you have long queries that take you off the phones. You end up failing your GMT score. If you are also off or on sick leave, they give you an average because you are not making multipliers, which means that you will be paid less (Interviewee 2, 2017).

The study suggests that Service Consultants have low basic salaries. This explains why the majority (seven out of the eight) of the Service Consultants wanted a basic salary raise of not less than R7, 000.00, and half of them expressed willingness to leave the organisation for a better paying job. Thus, the outcome of the goals of the PFP model in terms of the basic salary is perceived as of little value by Service Consultants because they are not able to earn a living from the basic salary. Surujlal and Zhang (2009) who said that employees want to be paid industry rates and if they are not, they are ready to leave anytime they have a better job supports this finding. Quader (2011) found that it is a common experience that when employees have meagre basic salaries they are more preoccupied with finding a better job than focusing on doing their work. Pels (2009) added his voice that when employees are not well paid they feel that they are not valued therefore denied a status ranking that they deserve. Mukherjee and Malhotra (2016) said that when organisations fail to pay employees well, employees have low morale and are forced to have second jobs that leaves them exhausted, burnt out, resentful, and demotivated.

Therefore, the finding in this study suggests that Service Consultants are dissatisfied with their basic salary. This means that, Service Consultants' low basic salaries may be one of the causes of low morale and low performance.

4.4.2.2 Perceptions that the Salaries are Adequate

A few participants were of the view that the salary was somehow adequate:

The money I get at the end of the month is sufficient to meet expenses and save a bit because I have a husband who works as well. However, for people are who are not meeting the PFP model requirements; quality, GMT and 30/30, it is tough to rely on the basic salary (Interviewee 7, 2017).

In agreement, another female participant put it this way:

Each month I meet all my basic criteria; my accounts are serviced and I make some savings, and the rest is my pocket money. Nevertheless, to have a good pay in a month I need to work hard by setting my goals higher. Therefore, the monetary value is fine (Interviewee 2, 2017).

Reflecting views of some participant, a male participant shared different idea about the outcomes of the goals of the PFP model that he put it this way:

I am paid less here compared to my previous job in a similar company. However, I like the organisational culture here. I enjoy my work here more than where I was employed before coming (Interviewee 3, 2017).

The finding that some Service Consultants find their basic salaries adequate shows that some Service Consultants are somewhat satisfied with the outcomes of the goals of the PFP model. This could be because their organisation has a pay system that ensures that they have equal pay for equal work. Therefore, those that are hardworking pay for equal work is working out well for them. This means that the salaries Service Consultants get on their own are not enough for them to earn a living. Therefore, the appreciation of salaries by Service Consultants is because their salaries are better than nothing not that they enable them to earn a decent a living.

The study also found that though Service Consultants have low basic salaries, some were happy with the organisational culture at their workplace. This means that Service Consultants value the culture of their organisation, which is an outcome of the goals of the PFP model. This outcome may be attributed to the efforts the organisation under study is making of promoting shared beliefs and values that guide how Service Consultants should behave in the organisation.

Mowday, Steers and Porter (2009) who said that organisations with shared values have a strong influence on employees in organizations and dictate how they carry out their jobs support this finding. Marks, Mathiea and Zaccaro (2011) in support of the concept of organisational culture said that all organisations develop and maintain unique cultures that function as boundaries and guidelines for the conduct of employees. In agreement, Lewis (2013) said that just as people have unique personalities, organisations such as the one under study has its own unique personality. The finding is therefore suggesting that Service Consultants find the values of their organisation meaningful. However, it is not clear the aspects of organisational culture Service Consultants found meaningful. However, deducing from the Service Consultants' views it seems that the organisation under study is placing values on risk orientation, precision orientation, achievement orientation, fairness orientation, competitive orientation, and teamwork orientation.

Deducing from the findings above, it is logical to state that the outcomes of the goals of the PFP model are understood in terms of salaries being sufficient or insufficient, and having a good organisational culture. Other expected outcomes of the goals of the PFP model such as helping the organisation recruit and retain best Service Consultants, promoting a mutual and beneficial relationship between employers and employees, and helping to align Service Consultants work to the organisation's strategy are not addressed by Service Consultants. This may be attributed to Service Consultants' preoccupation with the aspect of performance for pay. In addition, Service Consultants have limited understanding of the goals of the PFP model so are the expected outcomes.

In agreement, Kroukamp (2008) said that the best way to understand the outcomes of the goals of the PFP model is to understand the PFP model as a performance philosophy and strategy that is not only designed purely for benefits and compensation, but a good mix of the human resource processes aimed at supporting optimal performance and building competitive advantage. In agreement, Huang and Hsiao (2007) states that the outcomes of the PFP model should have several aspects supporting it in the organisation by including outcomes such as

career development, recruitment and retention of the highest quality Service Consultants, promoting communication and reinforcing goals, values and objectives of the organisation. Holman (2013) advises that the valued outcomes of the goals of the PFP model should include engaging employees in the organisation's success because the concept of PFP model is more than a tool that offers outcomes of better salaries to employees but meant to offer more opportunities for success to Service Consultants. In short, Service Consultants have limited understanding of the intended out comes of the PFP model.

4.4.3 Equity in the Application of the PFP Model

This theme is linked to objective 3 of the study, namely, *to understand the Service Consultant's view on equity of the PFP model*. The thematic map below illustrates the link between this objective and the themes, categories and codes which emerged. Thereafter, the data is discussed and analysed using verbatim quotes from the participants.

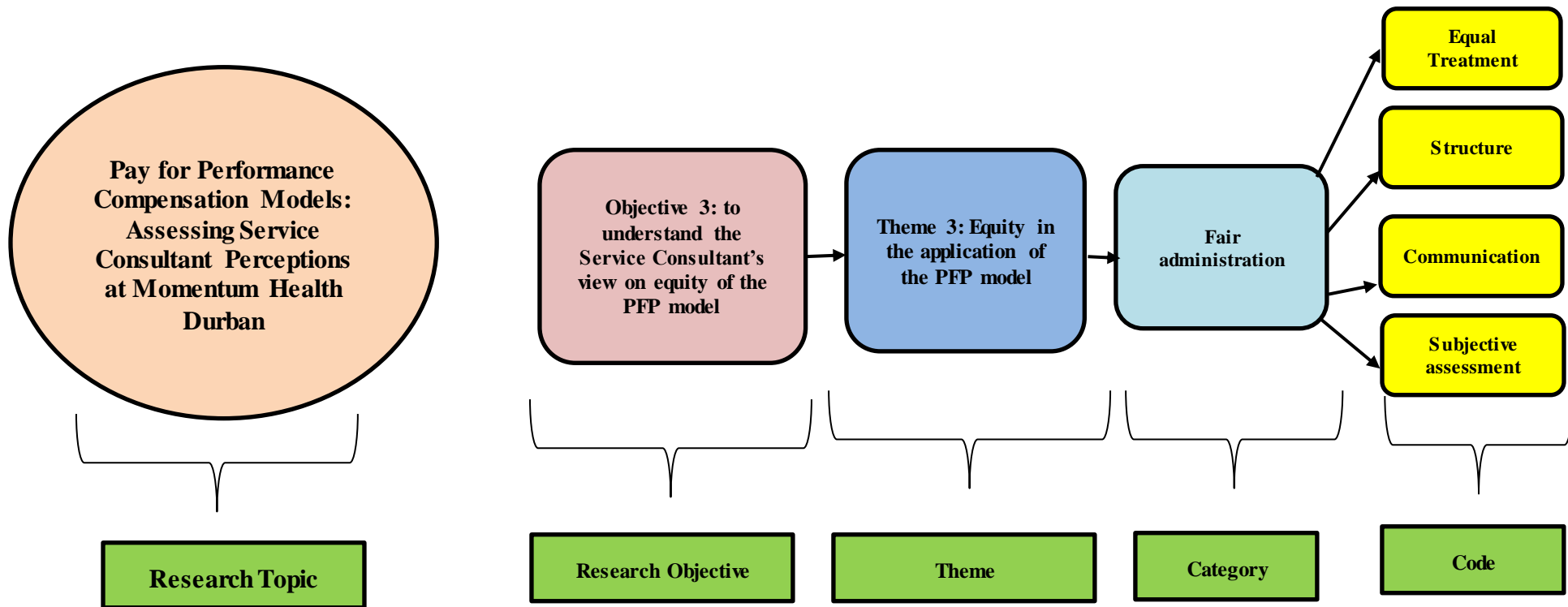


Figure 4.4 - Objective 3: Thematic Map (Authors own, 2017)

The study investigated Service Consultant's perceptions of equity in the application of the PFP model at Momentum Health, Durban. The study found that seven participants out of eight said that the application of the PFP model was equitable. Here are few selected responses in this regard:

The application of the PFP model is fair because one is paid based on the work done. We also have quality officers who ensure that we are giving correct information to callers. If you are not giving correct information, you are marked down on that and that is what determines one's multiplier. There are three or more quality officers but they all for from us Service Consultants is the same (Interviewee 3, 2017).

This view is supported by what a female participant who said that:

I guess the application of the PFP model is fair. I do not have problems with that. Our basic salaries are the same. I have not heard of anyone earning more than others (Interviewee 7, 2017).

The perception above was also expressed in what a male participant said that:

Yes, the application of the PFP model is fair. If you are in the same role, for example, if you work with calls you all get the same pay. Every year we have an increase to our basic salary purely based on performance (Interviewee 3, 2017).

This ties well with what another male participant said that:

To me the application of the PFP model is fine. For example, managers are the ones who distribute emails. So it is fair in terms of how we get allocated with work (Interviewee 8, 2017).

In agreement, a female participant said:

The application is fair. I had disputes with regards to the GMT. I have a disability and as a result, I cannot stick to the GMT so I disputed that and they took my dispute into account. I feel that I was fairly treated because I take longer to get to the bathroom and back to the desk (Interviewee 2, 2017).

The study shows that the organisation under study has an established compensation structure in which Service Consultants are paid based on their performance. Therefore, the equitability in the application of the PFP model is viewed in terms of getting a salary based on performance. This finding is supported by Higgs (2014) who said that implementing a pay for performance is a dynamic way of promoting equity because the model offers financial incentives to employees for meeting specific performance measures. In agreement, Taylor and Bain (2009) said that there is no better equity than one that comes with well implemented pay for performance where employees are given financial incentives for realising performance objectives. In short, findings indicate that pay for performance where employees are given reward for specific performance results not simply for time worked is a fair approach though incentives are not answers to challenges employers and Service Consultants face.

The study found that equitability is seen in the context of equal work allocated to Service Consultants. Service Consultants feel that managers are making an effort to ensure that they have the right amount of work be it calls or correspondence (emails). In agreement, Stolletz and Helber (2014) argue that managers can promote equity if they ensure that work among employees in their teams is evenly distributed. Sieben and De Grip (2014) added their voices by stating that to achieve equity through a performance strategy, employers should on a regular basis assess employees' workload thoroughly by engaging their teams to assist determine how best to share work among employees. Schlecter, Strauss and Jacoba (2008) also explained that when employers are given the same team workload, satisfaction, success, and collegiality arise besides high productivity.

The study found that equity is also seen in terms of communication to Service Consultants on what they are expected to achieve in their work in order to be paid. The findings suggest that the organisation under study is implementing performance management, which is helping the organisation to align Service Consultants' work with the organization's strategic priorities through enhanced two-way communication between employers and Service Consultants. As a result, Service Consultants somehow know what is expected of them. In support of this finding, Robinson and Morley (2016) said that workplace communication between employers and employees is very important because it allows organisations to have employers and employees at the same level in terms of production and operation. Therefore, the ability of the organisation under study to communicate with Service Consultants maybe

one of the reasons some Service Consultants were experiencing an enhancement in morale, productivity and commitment.

4.4.3.1 Lack of Equity in the Application of the PFP Model

A few participants said that the application of the PFP model was not fair. This is what a male participant had to say:

The model is not fair because we do not have standardised products we offer. We do not have scripts to guide us in our work therefore it is easy to get marked down by the quality officers. Of course we know that we have to meet the issue of quality, GMT and 30/30 but we need scripts that we can put in front of our desks and refer to as we work to ensure that we are doing the right things (Interviewee 3, 2017).

Another male participant said:

Sometimes we get marked down if we get calls that make you leave your desk to get the needed information because you lose out on time and work. If you are off your desk over 40 minutes you have to give reasons for your absence (Interviewee 8, 2017).

In agreement, another male participant said that:

I know that I am better than other Service Consultants but my scores are low. This is because there is no standard dialogue to help us share our views about our work or products or brochure (Interviewee 4, 2017).

The same male participant above added that:

It is easy to be marked down by quality officers. The same quality officers mark us all the times. There is need to rotate quality officers because it is easy for them to be giving us the same marks all the times (Interviewee 4, 2017).

Another participant said that:

One of the measures used to score higher is how members rate us. Unfortunately, some members judge us based on how their issue is resolved not on the quality of service given to them. To me, this is unfair because you may not resolve a member's issue as

they wanted and they go away disappointed and mark you down though you have given them quality service (Interviewee 1, 2017).

The findings show that a few Service Consultants think there is lack of equity in the manner the goals of the PFP are operationalised. Service Consultants reported that their colleagues in other organisations doing the same work have industry salary rates in spite of their organisation being a large medical aid provider in South Africa. This finding may be attributed to lack of the involvement of Service Consultants in the generation of the criteria for fair reward and goals. This finding suggests that there is need for the organisation to address the existing relationship between input-output of Service Consultants, methods used to realise the desired outcomes and the level of satisfaction. The issue of Service Consultants' level of access to information on the goals of the PFP model should be prioritised. In support of this finding Pels (2009) said that employees feel lack of equity when their input they bring to their work and results that they get do not agree with their subjective evaluation of effort or reward ratio in relation to employees in the same situation. In such situations, Mowday, Steers and Porter (2009) state that there is need to consider the exchange scenario of employees under a PFP model and the relationship between the perceptions of employees regarding the PFP model being fair and the extent to which perception is leveraged so that employees' motivation is sustained.

The study suggests that there is lack of equity because the organisation uses the same quality officers allocated to the same Service Consultant's at all times. Service Consultants are concerned that the more acquainted quality officers become with Service Consultants, the more quality officers know about Service Consultants' strengths and shortcomings therefore it becomes easy to mark them down or up not for the work done but because of familiarity that breeds contempt. Modood (2013) supports this finding by arguing that the systematic rotation of quality officers within an organisation helps to achieve various human resources objectives such as preventing employees being marked unfairly. In agreement, Mayer, Davis and Schoorman (2015) said that a properly planned and executed job rotation process of quality officers can play an important role in dealing with uncertainties of employees with regards to how they are scored and rewarded.

The findings show that managers are not involved in assessing employees in their teams as this is done by quality officers. This may be one of the reasons Service Consultants feel marked down because they are assessed by people they do not work with. Therefore, there is

a need for employees to be assessed by managers because managers are responsible for planning operations and functions of employees they are assigned to be responsible of, and organise and implement the production of the employee's work. In agreement to this interpretation, Mayer and Davis (2009) said that managers should be involved in assessing their employees because they are in charge of the workforce, and know how employees are trained and resources they have or lack to perform as expected. In addition, Marks, Mathiea and Zaccaro (2011) said that managers are the ones that monitor employees to ensure that plans to achieve goals of the PFP model are being carried out as envisaged, therefore they are in a good position to evaluate employees' success in pursuing the goals of the PFP model not someone they do not work with. Louw, Mayer and Baxter (2012) reported that managers should assess employees they are leading and overseeing because they interact with them and sometimes know them individually; their strengths and weakness, and how they can be helped to improve their performance.

The study also found that Service Consultants feel that there is lack of equity because their incomes are not market related. This finding indicates that Service Consultants' salaries are not informed by the national pay scale or salary structure. In agreement to this finding, Linnehan and Konrad (2009) said that Service Consultants are not paid according to the national system that determines how much an employee is to be paid as a wage or salary. In addition, Kokemuller (2013) said that employees should be paid based on several factors including the length of time they have been employed, rank within the organisation, and the strenuousness of the work they perform. Bann (2009) said that Service Consultants that get paid low salaries have numerous challenges that make it hard for them to save up money and have a sense of self-worth.

4.4.4 The PFP Model as a Motivator

This theme is linked to objective 4 of the study, namely, *to determine whether the PFP model is a motivator of performance amongst the Service Consultants*. The thematic map below illustrates the link between this objective and the themes, categories and codes which emerged. Thereafter, the data is discussed and analysed using verbatim quotes from the participants.

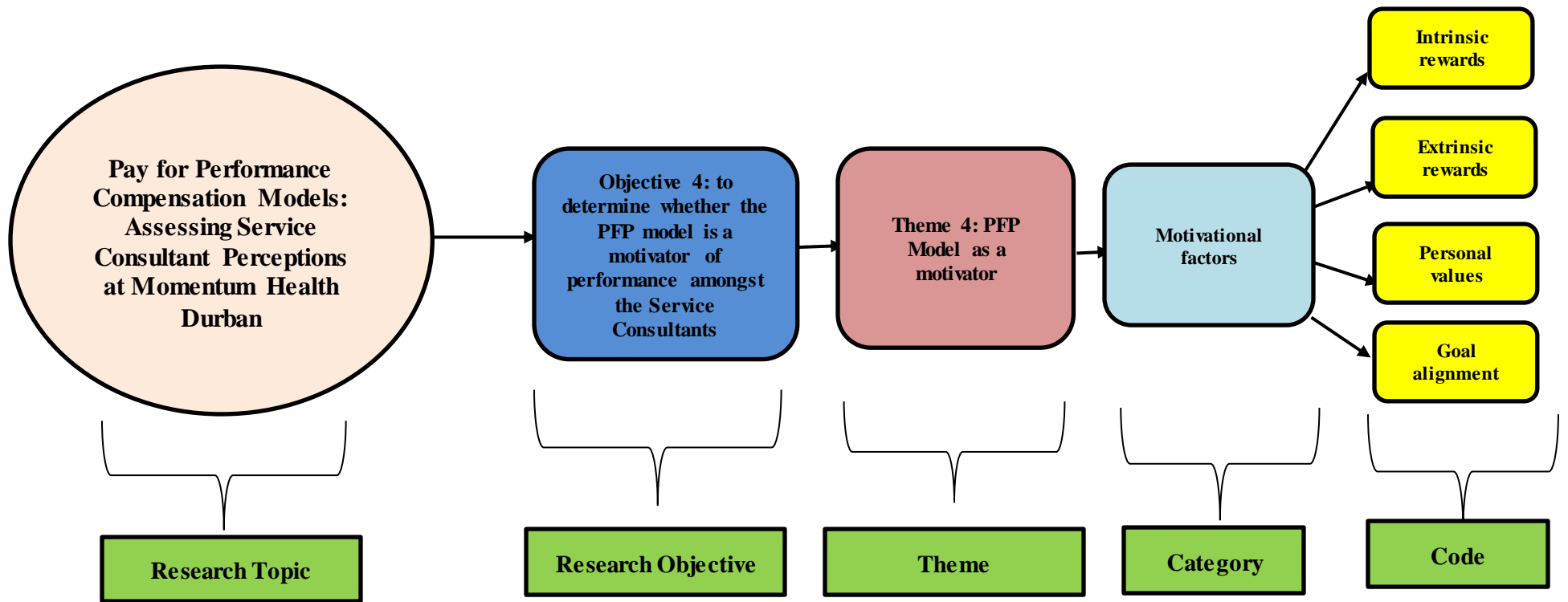


Figure 4.5 - Objective 4: Thematic Map (Authors own, 2017)

Participants were asked to share their views on the influence of the PFP model on their performance. Half of the Service Consultants said that the PFP model motivated them to work hard, and the other half did not find the model to be a motivator. Here is what Service Consultants said reflecting others' views that the PFP model motivated them to work hard:

It is motivator for me to work hard. If I had a fixed salary, I would do less. Thus, the PFP model is good because it makes me work hard. Therefore, to me it is a motivator (Interviewee 7, 2017).

In agreement another participant said that:

I do not think I would perform the same without the PFP model because the model drives me to do more (Interviewee 6, 2017).

Another participant said the following in agreement:

I am motivated to work hard because of money involved in the PFP model. Depending on how a person is working, he or she can determine his or her salary. I have worked for other companies but I have never experienced this kind of remuneration structure that is so motivating to work hard (Interviewee 4, 2017).

This is what another participant in agreement said:

I am motivated by money in the PFP model because what you put in is what you get. Therefore, if I work hard then I will get good money and that is why I stretch myself (Interviewee 3, 2017).

The findings show that half of the Service Consultants find the PFP model to be a motivator to work hard because their salaries are linked to their performance assessed relative to the established and defined criteria. In agreement, Batt and Moynihan (2012) said that the PFP model puts pressure on employees to work hard because they know that their pay is dependent on quality and volume of work done, and other standards.

The findings suggest that employees work hard because they want to get more money involved in the PFP model. In support of this finding, Wegge, Van Dick, Fisher, Wecking and Moltzen (2016) argued that as long as there is money involved in the PFP strategies, employers should not worry on how to motivate employees because employees will always want or need money. In agreement, Valle, Varas and Ruz (2012) said that money is an effective motivator for employees to work hard as long as employers are able to allocate out money in an adequately

clear manner to achieve competitive motivation. Pels (2009) said that it is people's interest in money that influence enhanced value in successful organisations.

What these findings are however suggesting is that it is only money that is seen as a motivator for Service Consultants to work hard. This means that other assets of the PFP model such as its ability to develop mutually beneficial relationships among stakeholders in the organisation, ability to promote transparency, ability to promote recruitment and retention and align organisation's strategy with employees' work are not seen by Service Consultants as motivators in the PFP model. This does not come as a surprise because Sieben and Grip (2014) summarised it well when they said that organisations need to be aware that money in the PFP model is one of the (if not, sole) main motivators for employees to work hard.

4.4.5 Other Motivators to Work Hard

Some Service Consultants said that the PFP model is not a motivator. Here is what a participant said:

Even without the PFP model I would still work the same because I just like over performing in every role (Interviewee 1, 2017).

In agreement, another female participant said that:

I feel that I would perform in the same manner because I have my own superior work ethics and I know the goals of my work (Interviewee 3, 2017).

The study therefore suggests that some employees are motivated to work hard by the desire to perform high. This finding is supported by Mowday, Steers and Porter 2009's study that found that there are employees who are hardworking and want to perform higher than their colleagues because they find satisfaction in their jobs. However, deducing critically and deeply into high performing Service Consultants, the numbers are not inspiring as many people would expect because only a few Service Consultants expressed this view. However, the finding implies that there is need to find different strategies that can motivate high-performing Service Consultants since money and other factors are not their motivators. Mayer and Davis (2009) cautioned that high performers should be motivated without making other employees hate them for setting unfeasible high standards and for drawing attention to themselves. This finding is also supported by Kahneman (2010) who said that people work hard for money, but there are other

things they work for including the desire to perform high, self-respect, sense of purpose and achievement, and camaraderie.

The findings also suggest that some Service Consultants are motivated to work hard by work ethics not pay. This finding is supported by Schlechter, Strauss and Jacoba (2008) who argued that some employees do very little work and some do a lot of work on the daily basis because of their strong work ethic. In other words, some Service Consultants have beliefs that direct their work behaviour, and makes them to do high-grade work time after time. In agreement, Pels (2009) said that there are employees who are hardworking not because of money but because they believe that hard work and thoroughness come with a moral reward and an innate power or virtue to bolster an individual's character.

The above supports Porter and Lawler's 1968 view that there are a plethora of factors which encompass high performance (apart from extrinsic rewards) (Valle *et al.*, 2012). This is illustrated in Figure 10 below which indicates that performance is a function of the interaction between an individual's motivation, ability and environment.



Figure 4.6 - High Performance and Motivation (Valle, *et al.*, 2012, p. 349).

4.5 Summary and Conclusion

The chapter presented data and the discussion of the results. The chapter has four sections - section one presented the research process that guided this study; section two presented the research questions the study set out to interrogate in this study; section three presented data and discussion of the findings and section four presented the summary to the chapter.

This chapter presented the significant results and discussion of the study which required comparative research. The next and final chapter, outlines the conclusions and dimensions of the perceptions of Service Consultants of the PFP Model used at Momentum Health,

Durban. A focus will be on the recommendations for future research on this area of study as well as to the chosen organisation.

CHAPTER FIVE

RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This chapter presents conclusions and recommendations based on the key findings. The chapter is divided into three sections. Section one presents the research objectives the study set out to achieve informing the main themes in this chapter. Section two presents the conclusions on the goals of the pay for performance model, the attainability of the goals, the desired outputs of the PFP model, the equitability in the PFP model, and conclusions on the influence of the pay for performance model on Service Consultants' motivation. The third and last section presents recommendations and summary to the chapter.

5.2 Findings Based on Research Objectives

- To determine to what extent the Service Consultants at Momentum Health Durban feel the goals of the PFP model are attainable – the Service Consultants at Momentum Health Durban do feel that the goals of the PFP model are attainable and fair.
- To establish whether the Service Consultants at Momentum Health Durban view the outcomes of the PFP model as meaningful – the Service Consultants at Momentum Health Durban would prefer higher monetary values attached to each multiplier as well as an increase in the basic salary.
- To understand the Service Consultants at Momentum Health Durban view on equity of the PFP model – the Service Consultants at Momentum Health Durban do feel the model is equitably administered as there are many quality checks involved.
- To determine whether the PFP model is a motivator of performance amongst the Service Consultants at Momentum Health Durban – the views are split by the Service Consultants at Momentum Health Durban as they all have different motivational cores. Some of which are motivated by money but some who are motivated by personal values.

5.3 Knowledge of the Goals of the PFP Model

The study found that Service Consultants' understanding of the goals of the PFP model is limited. The goals of the PFP model are understood as a strategy for rewarding performing Service Consultants. This is a correct understanding of the goals of the PFP model however; there are additional goals of the PFP model such as helping to align business or organisations with strategy, promoting recruitment and retention of Service Consultants and motivating Service Consultants. Besides, the goals of the model are meant to promote transparency and help to create mutually beneficial relationships between business and stakeholders that are not stated by Service Consultants in this study. Venter (2014) who argued that a pay for performance plan that does not enhance recruitment and retention of employees, greater fairness in rewards, and organisational and individual performance is bound to leave both employers and employees frustrated confirms this finding.

Therefore, Service Consultants' employers should take advantage of different strategies of communicating goals of the PFP model in particular the induction programmes and seminars. These strategies can help to inform Service Consultants on the comprehensive understanding of the goals of the PFP model that are reduced to performance and pay. In support of this finding, Bann (2009) stated that induction programmes if properly devised are effective in disseminating knowledge to employees on the content of organisations' models, policies, processes and practices. This is because induction programmes are effective in dealing with particular matters in an in-depth manner.

5.4 Attainability of the Outputs of the PFP Model

The study found that the Service Consultants find the goals of the PFP model achievable. Therefore, findings suggest that the organisation under study is making an effort to ensure that the PFP goals are clear by making them specific; in the sense that they are seen as significant, simple and sensible; measurable in the sense that they are seen as motivating; and achievable in the sense that they are seen as attainable. The finding is therefore suggesting that the organisation under study has invested in making the goals of the PFP model relevant by making them realistic, reasonable, results-based and time-based as much as possible. Cornelius (2012) in agreement said that when an organisation has clear-desired outputs then employees would find the desired outputs attainable.

The study also found that Service Consultants found some goals of the PFP model not attainable. This finding was attributed to lack of genuine dialogue between employers and Service Consultants, failure of the employers to engage Service Consultants in suggesting goals for the PFP model, shortage of resources for Service Consultants to carry out their work, and lack of sincere encouragement to Service Consultants from managers. Christen, Iver and Soberman (2016) advised that employers should figure out how to tap into the motivation of employees to finish work goals. In agreement, Bassett-Jones and Lloyd (2015) said that employers have the ability to motivate employees by creating an organisational culture that promotes employee motivation and engagement.

5.5 Perceptions of the Outcomes of the PFP Model

The study found that Service Consultants have meagre basic salaries. Majority (seven out of the eight) of the Service Consultants said that they needed a salary raise not less than R7, 000.00. Low basic salaries of the Service Consultants are part of the underlying factors to Service Consultants' expressed desire to leave their current jobs because they are not able to earn a living from their basic salaries. It is therefore reasonable to conclude that Service Consultants are dissatisfied with their salaries.

However, a few Service Consultants find their basic salaries adequate. This may be attributed to the finding that the organisation has a pay system that ensures that Service Consultants have equal pay for equal work. Therefore, those that are hardworking are able to make enough money for a living. However, the study shows that Service Consultants who find their current basic salaries adequate are mostly those living with spouses and family members who are also working, and some have no dependents. This means that the salaries Service Consultants get on their own are not enough for them to earn a living.

The study found that the organisation has a good organisational culture such that even when Service Consultants' salaries are low, they still enjoy their work. This finding implies that some Service Consultants place high value on the culture of their organisation than on money. Bassett-Jones and Lloyd (2015) argue that systems of shared values, beliefs and assumptions that govern how employees should behave in organisations should be taken into serious consideration because they have influence on the organisation's desired outcomes supports this conclusion.

Though there are other expected outcomes of the goals of the PFP model such as helping the organisation recruit and retain top Service Consultants, promoting a mutual and beneficial relationship between employers and Service Consultants, and many others, they are not understood as outcomes of the PFP model by Service Consultants. This is an indication of the limited understanding of the expected outcomes of the PFP model.

5.6 Equity in the Application of the PFP Model

The study shows that the organisation under study has an established compensation structure in which Service Consultants are paid based on their performance. Therefore, the equitability in the application of the PFP model is viewed in terms of Service Consultants being able to get a salary based on performance. The study found that equitability is also viewed in terms of equal work allocated to Service Consultants by managers, and communication made to all Service Consultants on what they are supposed to achieve in their work in order to be paid. However, the study found that some Service Consultants think that there is no equity in the manner the goals of the PFP are operationalised. For example, Service Consultants' perceptions are that they do not get paid industry salary rates in spite of their organisation being one of the biggest medical aid providers in South Africa.

There is also lack of equity because the organisation uses the same quality officers all the times such that Service Consultants feel that it is easy for quality officers to mark them down because of familiarity that can breed disdain.

The study found that managers are not involved in assessing employees in their teams as quality officers do this. This may be one of the reasons Service Consultants feel marked down because the quality assurance officers do not consider their working style and expect a one-size-fits-all approach to apply to all Service Consultants.

5.7 The PFP Model as a Motivator

The study found that half of the Service Consultants find the PFP model to be a motivator to work hard because their salaries are linked to their performance assessed using recognised

and defined criteria. The study is suggesting that it is only money that is seen as a motivator for Service Consultants to work hard. This means that other goals of the PFP model such as its ability to help an organisation to develop mutually beneficial relationships among stakeholders, promote transparency, enhance recruitment and retention, and align organisation's business with strategy are not acknowledged by Service Consultants as motivators in the PFP model.

The study suggests that some employees are motivated to work hard by the desire to perform high. It is therefore logical to conclude that high performance Service Consultants view quality and quantity of work done as a priority in the workplace. Engelbrecht and Chamberlain (2015) argue that high performers focus on doing a good job to satisfy customers and improve their skills. Thus, they are motivated to work hard by their ability and aspiration to set and achieve set objectives.

Some Service Consultants are motivated to work hard by work ethics. This implies that some Service Consultants are motivated to work by their system of values in which the central importance is ascribed to work. This is because they believe that work has a moral benefit and an inherent ability to strengthen their character (Gorjup, Valverde and Ryan, 2008).

5.8 Recommendations

- The study found that Service Consultants have a narrow understanding of the goals of the PFP model. The PFP model is mainly understood as a payment model meant to offer financial incentives to Service Consultants for meeting certain performance measures when there are other benefits and aims of the PFP model. Therefore, there is need for the organisation to have all the goals of the PFP model clearly spelt out using different strategies such as seminars, workshops, printed materials, interpersonal communication, and other means. These strategies should clearly state the organisation's goals to be accomplished. Simply put, the issue of Service Consultants' level of access to information on the goals of the PFP model should be prioritised. This may well help to boost Service Consultants' dedication and morale.
- This could be reinforced by the organisation under study by linking the goals of the PFP model to the strategic pillars the organisation undertakes, namely; client-centricity, excellence, and growth.

Additionally, during the induction and onboarding stages of Service Consultants at Momentum Health, there should be a dedicated portion revolving around PFP, how employees can earn well and what to do to improve and exactly how multipliers work as well as what employees can expect in terms of payment in their first month of PFP.

- The study found that some Service Consultants find the goals of the PFP model unattainable. This was attributed to a number of reasons including lack of the involvement of Service Consultants in the process of generating the criteria for fair rewards and goals. Therefore, there is need for the organisation to be more participatory in approach when setting goals. In other words, the organisation should set goals together with Service Consultants to have deep discussions on the goals. This conversation should be used to set more specific and relevant goals for Service Consultants. Gorjup, Valverde and Ryan (2008) argue that participatory goal setting would be a sure way of promoting better decision-making, improving Service Consultants' accountability, increasing productivity, promoting good values, lessening frustrations among Service Consultants and promoting organisational stability.
- A more focused goal-setting approach should be adopted by Momentum Health to facilitate a healthy relationship between management and employees so that performance is assigned using specific goals which are easily understood and that are accepted and committed to. Perhaps an approach that could be adopted is the appointment of "PFP Champions" within the Momentum Health Service Centre in an attempt to open up the line of communication between management and employee where issues around PFP can be addressed more frequently.
- The study shows that one of the critical outcomes of the PFP model is low basic salaries for Service Consultants get. Service Consultants' salaries should be increased if possible be paid market related salaries. Thus, Service Consultants should be paid according to their qualifications, experience, and other factors. An investigation should be conducted as to whether the salaries of Service Consultants are indeed market-related and benchmarked correctly given the specialist nature and complexity of the industry they form part of. Should their salaries be in line, a drive should be taken to educate employees on this.

According to Payscale South Africa, a research index tool used to gauge local market-related salaries, a call centre agent earns an average salary of R82, 438.00 per annum for individuals

who generally do not have more than 10 years' experience. It is important to note that this research index indicates that experience strongly influences pay for this job.

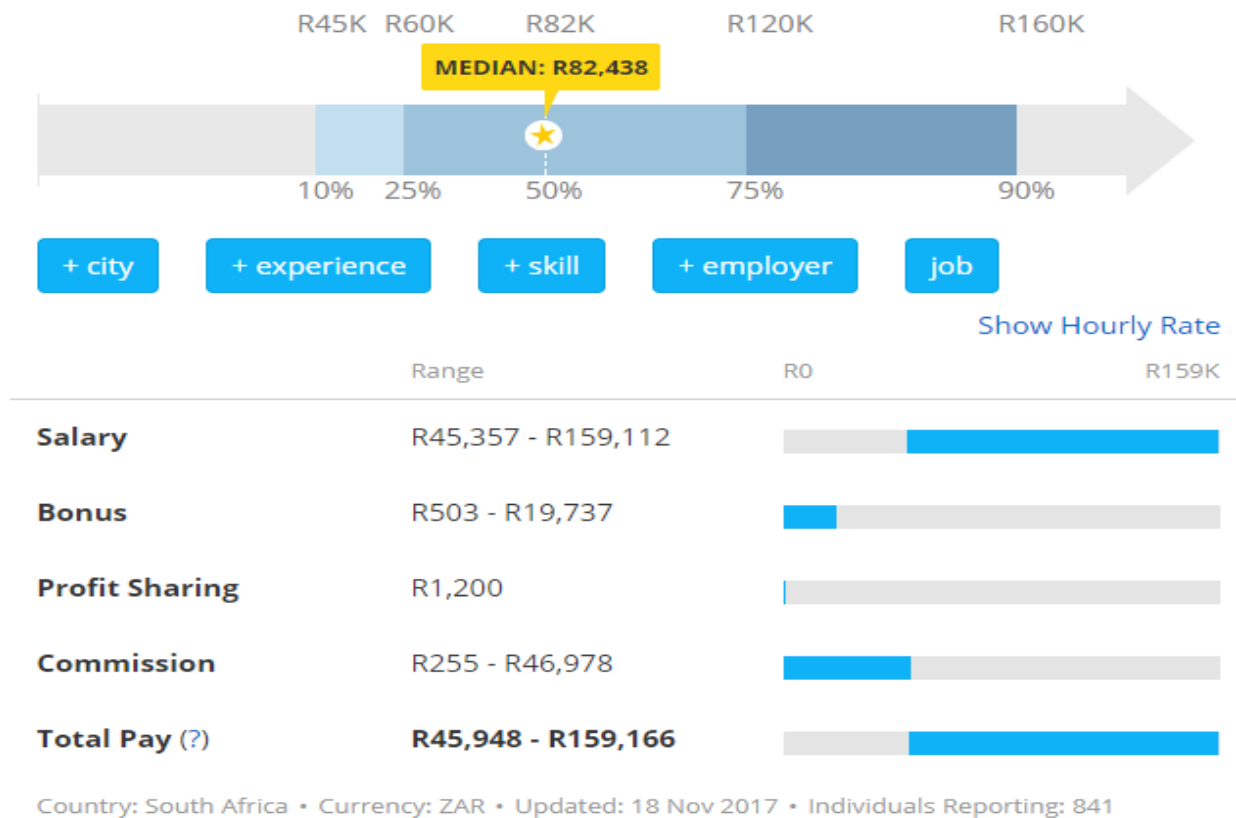


Figure 5.1 – Call Centre Agent Salary (South Africa) (Payscale, 2017) [Accessed 23/11/17]

Although all the participants under this study voiced that the basic salary of R5275,00 per month was not sufficient and should be increased to a minimum of at least R7 000,00 per month, one must bear in mind the cost to company package that these Service Consultants are earning (medical and pension benefits) in relation to the 50th percentile suggestion of this research index. Nevertheless, it would be wise for the executive management at Momentum Health to investigate deeper into the possibility of a slight increase to align to the market or perhaps to increase the basic salary but decrease the Rand value attached to each PFP multiplier.

- The study found that Service Consultants are motivated to work hard not only by money but also by other factors as well such as desire to perform high, organisational

culture, and work ethics. The organisation should put in place strategies to support different ways that motivate employees to work hard so that all Service Consultants feel supported and valued.

- The participants in this study echoed a strong connection to the organisational culture and values at Momentum Health. These being innovation, diversity, accountability, excellence, integrity and teamwork. Such a culture must be nurtured and reinforced through rewards and recognition programmes as well as a constant cue to the linkages between the PFP best practice to the organisational values and culture.
- The findings show that managers are not involved in assessing Service Consultants. There is need for Service Consultants to be assessed by managers because managers are responsible for planning operations and functions of Service Consultants they are assigned to be responsible of, and organise.
- The role of participative involvement and an increased level of transparent communication between Service Consultant and manager will assist in the elimination of the perception that management is not invested in their consistent high performance.
- The majority (seven out of the eight) of participants in this study would prefer an ideal composition of the PFP model to depict:

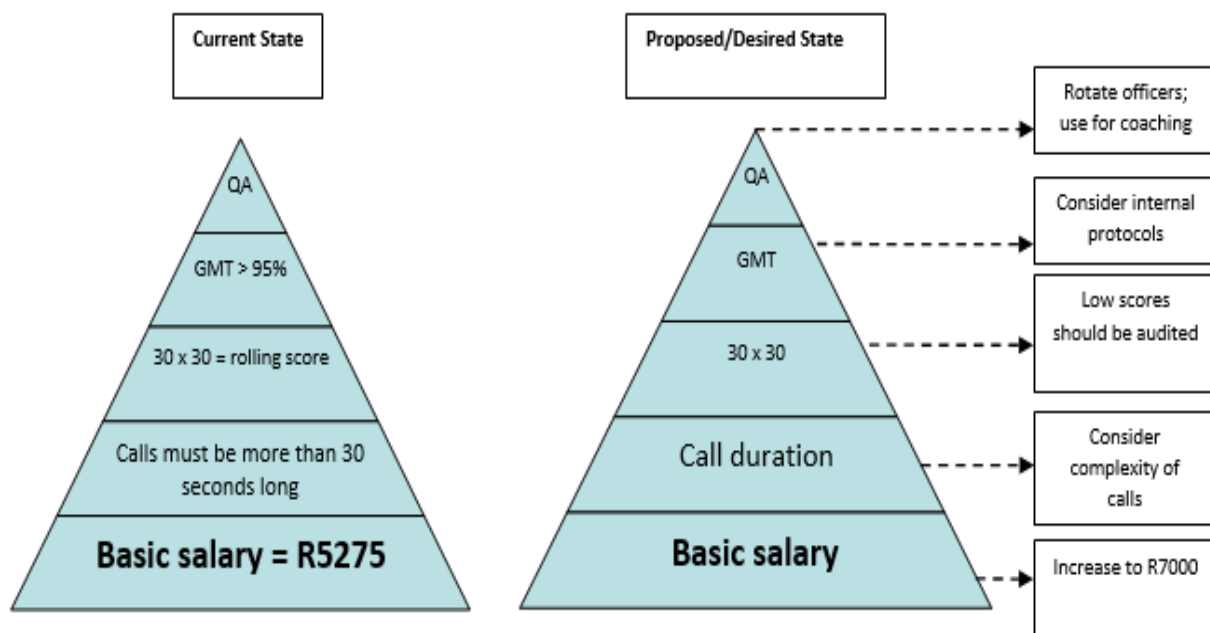


Figure 5.2 – Current State to Desired State Recommendation (Authors Own, 2017)

Although all the desired recommendations made by participants in this study may not be viable or feasible due to operational restraints, Momentum Health Durban should take care to consider parts of the concerns voiced herewith in order to boost morale and create a more engaged workforce.

5.9 Recommendations for Future Research

- Future research should investigate Service Consultants' perceptions of the goals of the PFP model using quantitative research methodology to generate numerical data that can classify and measure goals of the PFP model, and construct a statistical model in an attempt to understand the goals of the PFP model.
- This research should be replicated at national and provincial levels of the organisation under study. There is also a need to conduct a comparative research of all the provinces to ascertain if there are differences in understanding of the goals of the PFP model from different geographic sites in business units which make use of this type of compensation model.
- A study on managers' perceptions of the goals of the PFP model should be conducted to have a comprehensive understanding of the goals of the PFP model from the side of managers as well. This may allow the collection of organisational balanced findings.

5.10 Summary and Conclusion

The chapter presented the conclusions and recommendations based on the key findings. The first section dealt with the research objectives the study set out to achieve. The second section presented the conclusions on the goals of the pay for performance model, the attainability of the goals, the desired outputs of the PFP model, the equitability in the PFP model, and conclusions on the influence of the pay for performance model on Service Consultants' motivation. The third section presented the recommendations followed by a summary to the chapter.

This study has explored the perceptions of Service Consultants of the PFP compensation model at Momentum Health, Durban. The research indicates that there is care to be taken to the genuine trend in concerns regarding open-communication and participant involvement in the composition of the compensation model whilst highlighting the strong organisational culture in the participating organisation which should be nurtured.

Recommendations have been made in different dimensions to be studied for future research. Organisations must take cognisance of the motivating cores of individuals in line with business strategy for optimum success in an unpredictable business environment.

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Appendix 1

INTERVIEW QUESTIONNAIRE

In-depth Interview Number			
Participant's Demographic Information	1	Age	
	2	Position	
	3	Race	
	4	Gender	
Date of In-depth Interview			
Time Allocation			

INTRODUCTIONS:

Moderator

I will introduce myself and thank the participant for agreeing to meet with me:

Thank you for volunteering your time and attending this interview. I am Melissa Mahabeer; a Master's Degree student in the School of Information Technology, Governance and Management at the University of Kwa-Zulu Natal (UKZN).

*For partial fulfilment of my programme, I am required to conduct interviews for my dissertation. My research topic or title is: **Pay for Performance Compensation Models: Assessing Service Consultant's Perceptions at Momentum Health Durban.***

I will explain the in-depth interview guidelines and tell the participant how long the interview will last:

We have the discussion scheduled for one hour today. During the interview, I would like to hear your views of the Pay for Performance Compensation model adopted by Momentum Health in its Service Centre.

Again, I am just here to facilitate the session today and to hear your honest opinion and view of the topic. Please do not feel the need to hold your views back should you feel it might offend me in any way or if you feel it is an answer I would like to hear.

- *I am going to make every effort to keep the interview focused and within our time frame. If too much time is being spent on one question or topic, I may move the conversation along so we can cover all the questions.*

I will address the issue of confidentiality:

- *I will be voice recording the discussion today because I do not want to miss any comments you may make. I will only be using your first name during our discussion but there will not be any names attached to the comments on the final report. You may be assured complete confidentiality in the highest regard.*

I will lay the ground rules:

To facilitate the process, I will lay down a few in-depth interview rules;

- *We are just the two of us in this room therefore we will speak one person at a time.*
- *Please feel free to express your views and opinions. I want to learn as much as I can regarding your views, feelings, opinions and perceptions – they are very important to me. There is no right or wrong answer and I encourage you to engage with me on each question and not just agree or disagree flatly.*
- *You are responsible for the interview that is to take place during this session.*
- *My role is as a moderator and not really an interviewer therefore I facilitate this interview and not create it. I urge you to ask me questions to clarify issues.*
- *You have signed the initial form confirming participation in this session as well as your agreement to ensure that everything that is discussed in this venue remains private and confidential. Can I confirm that you are satisfied with this arrangement?*
- *I will also be taking notes.*

Ice Breaker: Participant Introduction:

On that note, please introduce yourself – first name is fine. Please tell me what role you are in and how long you have worked at Momentum Health and the various positions you have held (if more than one).

Discussion Starter Question:

As mentioned earlier the main topic of my theme is your ‘subjective experience’ and perceptions of the Pay for Performance Compensation Model adopted at Momentum Health. To obtain consensus and before moving on with this exercise, it is important that I take a few minutes to define the term “subjective experience” and “perceptions”.

THEMES ON PAY FOR PERFORMANCE COMPENSATION MODELS

To start with, the moderator will explain to the participant what is meant by ‘Pay for Performance Compensation Models’ using practical and contextual examples as well as advising that henceforth we will refer to this as the “PFP Model”.

1. Goals of the PFP Model

I would like to get your reactions to the goals of the PFP model at Momentum Health. Do you understand what the PFP model is trying to achieve? A clear definition on what is meant by ‘goals of the model’ will be provided using practical examples.

- **Probe:** Participant’s perceptions regarding the extent to which the goals, aims and desired outputs of the PFP model are attainable and sustainable.

2. Outcomes of the PFP Model

Let us now talk about the actual outcomes of the PFP model at Momentum Health in Durban. Before we do that, let me explain to you what I mean by “actual outcomes”. A clear and brief explanation on what is meant by “actual outcomes” of the PFP model will be provided using practical and contextual examples.

- **Probe:** Views of the participant regarding the outcomes of the PFP model and whether they are believed to be valuable and meaningful enough to them to earn a decent salary each month.

3. Equity in the Application of the PFP Model

I would like to get your reactions and views towards equity in the application of the PFP Model at Momentum Health in Durban. I will explain what is meant by “equity and application” using practical and contextual examples.

- **Probe:** If the Service Consultant’s feel the administration of the model is done so in an equitable manner and if they feel they are all treated fairly in the way the incentives are distributed and if they feel the composition of the model itself is fair.

4. The PFP Model as a motivator

I would like to get your views on the PFP model itself and whether you feel it is a motivator in terms of your performance each month.

- **Probe:** Whether the Service Consultant’s would perform the same each month if they had a fixed salary instead and what motivates them to perform consistently well (if at all) on the PFP Model.

CLOSING REMARKS

I will offer an opportunity for any short final comments from the participants should they wish to do so.

Thank you very much for your input today, it is greatly appreciated. Are there any last comments you would like to make? The information you provided will help me write my dissertation and inform Momentum Health of their Pay for Performance Compensation Model.

End

Appendix 2

INFORMED CONSENT FORM

Date:

Dear Participant,

My name is Melissa Mahabeer (Student Number 209500972) and I am a Masters Student at the University of Kwa-Zulu Natal in the School of Information Technology, Governance and Management at the Westville Campus. For partial fulfilment of my degree, I am required to conduct a research dissertation of my choice under my field of study. My dissertation topic is “Pay for Performance Compensation Models: Assessing Service Consultant’s Perceptions at Momentum Health Durban”. The aim of the study is to explore the perceptions of Service Consultant’s at Momentum Health of their Pay for Performance Compensation Model and whether they feel the goals of the model are attainable; to establish their views on the outcomes of the compensation model; to understand if they feel the administration of the model is equitable and to determine whether the compensation model is a motivating factor towards their performance. The data needed for this dissertation will be obtained using in-depth interviews of Service Consultant’s at Momentum Health.

Please note that:

- The information that you provide will be used for scholarly research only.
- Your participation is entirely voluntary. You have a choice to participate, not to participate or stop participating in the research. You will not be penalized for taking such an action.
- Your views in this interview will be presented anonymously. Neither your name nor identity will be disclosed in any form in the study. Should you feel uncomfortable in any way during the interview, you are not obliged to continue and may choose to retract your comments and participation from the study at any time without penalization. Your anonymity will be maintained by myself, the researcher, as well as the School of Management, I.T. and Governance and your responses will not be used for any purposes outside of this study.

- The interview will take about one hour to complete over one scheduled day. The interviewer will record the session with the participant by means of a voice recorder to obtain detailed information for discussion of results.
- The data collected from our in-depth interviews will assist in the completion of my dissertation and for Momentum Health to have a view on how they can amend or improve their Pay for Performance Compensation Model to become mutually beneficial for the organization as well as the employee.
- There will be no monetary reward for participating in this study. It is completely voluntary and to contribute to the topics body of knowledge.
- Participants in this study were identified by means of a quota sampling method, proportionally selecting a sample of male and female Service Consultant's compensated on the PFP model.
- The record as well as other items associated with the interview will be held in a password-protected file accessible only to myself and my supervisor. After a period of 5 years, in line with the rules of the university, it will be disposed by shredding and burning.
- The study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number:). You may contact this office should you have any problems/concerns/suggestions; Mrs Mariette Snyman at Govan Mbeki Building, UKZN Westville Campus; Tel: 031 260 8350; Email: snymanm@ukzn.ac.za.
- If you agree to participate please sign the declaration attached to this statement (a separate sheet will be provided for signatures).

I can be contacted at: School of Information Technology, Governance and Management University of Kwa-Zulu Natal, Westville Campus, Durban or at the Human Resources Department at MMI Holdings Durban at 201 Umhlanga Ridge Boulevard, Cornubia, Mount Edgecombe. Email: 209500972@ukzn.stu.ac.za/mmahabeer21@gmail.com; Cell: 063 685 4968; Work: 031 573 4569.

My supervisor is Mrs J. Ramasamy- Gurayah who is located at the School of Supply Chain Management, Westville Campus, M1-112 (Level , M Block), Durban of the University of KwaZulu-Natal. Contact details: Email: gurayahj@ukzn.ac.za Phone number: 031 260 8713.

Thank you for your contribution to this research.

Sincerely,

Melissa Mahabeer

Declaration

I..... (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand the purpose and procedures of the study.

I have been given an opportunity to ask questions about the study and have had answers to my satisfaction.

If I have any further questions or concerns related to the study, I understand that I may contact the researcher at 0315734569/0636854968/209500972@ukzn.stu.ac.za/mmahabeer21@gmail.com.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

I understand the intention of the research. I hereby agree to participate.

I hereby provide consent to audio record my interview discussion **YES/NO**

If I have any questions or concerns about my rights as a study participant, or if I am concerned about any aspect of the study or the researcher, I may contact:

Mrs Mariette Snyman

Humanities and Social Science Ethics Research Office

Govan Mbeki Building, Westville Campus

Tel: 031 260 8350

Email: snymanm@ukzn.ac.za

Researcher: Melissa Mahabeer (063 685 4968)

Supervisor: Mrs Jayrusa Ramasamy-Gurayah (031 260 8713)

Signature of Participant

Date

Appendix 3



To Whom It May Concern

PERMISSION TO CONDUCT RESEARCH AS PART OF RESEARCH DISSERTATION REQUIREMENT FOR M.COM COURSEWORK DEGREE AT UKZN

This is to confirm that I, Somayya Butler, hereby grant permission to the student Melissa Mahabeer (209500972) to conduct her M.Com dissertation research at MMI Health, a division of MMI Holdings.

The research topic confirmed is: *'Pay for Performance Compensation Models: Assessing Service Consultant's Perceptions at a National Managed Healthcare Organisation'*

I trust that the research results will be handled with strict confidentiality and anonymity.

Should you wish to contact me for further information, I may be contacted via email at somayya.butler@momentum.co.za.

Regards

A handwritten signature in black ink, appearing to read 'Somayya Butler', written over a horizontal line.

Somayya Butler
Head – Human Capital Operations
MMI Health