



## MK7227 Postgraduate Dissertation

Student Number: U1446055

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An investigation of the impact of total reward packages on employee job satisfaction  
in a particular fast food industry: a case of McDonald's, Pakistan

A dissertation submitted in partial fulfilment of the requirements of the Royal Docks School of  
Business and Law, University of East London for the degree of **MSc in International  
Business Management**

**[September 2017]**

**[Word Count: 15,575]**

I declare that no material contained in the thesis has been used in any other submission for  
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## ***Abstract***

**Purpose** – The purpose of this paper is to investigate the impact of total reward packages and their components, offered by McDonald's in Pakistan to its employees, on employee job satisfaction. The study explored the factors that influenced the job satisfaction of employees in the sample. The study also examined the relationship between total reward packages and job satisfaction.

**Design/methodology/approach** – The research philosophy is positivism followed by exploratory study design. Mixed method research method was adopted to collect and analyse the quantitative and qualitative data. Data collection techniques included closed-ended employee survey questionnaire and semi-structured managers interview. Statistical data was analysed using IBM SPSS 23 software, whereas themes were constructed in Nvivo 11 software to analyse qualitative data. Internal reliability was confirmed by Cronbach's Alpha. Template analysis was used for analysis and interpretation of interview data.

**Findings** – The findings revealed that total reward packages offered at McDonalds are an important driver for employee job satisfaction. The overall relationship between total reward package and job satisfaction was found to be considerable. More specifically, this research study identified the employee perspective on how they perceive the total reward packages as a driver for job satisfaction. The managerial perspective helped the researcher to identify the factors that influence the employee job satisfaction.

**Research limitations** – The exploratory nature of study means that there is a need to further research the relationship between total reward packages and employee job satisfaction. Due to shorter time duration, small sample was used to complete the research on time.

**Practical implications** – The results showed interesting implications for employees and managers. Recommendations were suggested to conduct future research and to better understand the relationship between total reward packages and job satisfaction.

**Keywords** – Total rewards, Components of total rewards, Job satisfaction

## TABLE OF CONTENTS

<b>CHAPTER 1: INTRODUCTION.....</b>	<b>13</b>
1.1. INTRODUCTION AND BACKGROUND OF STUDY:.....	13
1.2. RESEARCH RATIONALE.....	14
1.3. RESEARCH AIM AND OBJECTIVES.....	15
1.4. RESEARCH QUESTION.....	15
1.5. SIGNIFICANCE OF RESEARCH.....	16
1.6. DISSERTATION STRUCTURE.....	17
<b>CHAPTER 2: LITERATURE REVIEW .....</b>	<b>18</b>
2.1. TOTAL REWARDS.....	18
2.1.1. <i>Theoretical perspective</i> .....	19
2.1.2. <i>Components of total rewards</i> .....	21
2.2. JOB SATISFACTION: .....	23
2.2.1. <i>Theoretical perspective of Job Satisfaction</i> .....	25
2.2.2. <i>Factors of Job satisfaction:</i> .....	27
2.3. CROSS-CULTURAL DIFFERENCES IN TOTAL REWARDS.....	28
2.4. SUMMARY.....	29
<b>CHAPTER 3: RESEARCH METHODOLOGY .....</b>	<b>31</b>
3.1. INTRODUCTION .....	31
3.2. RESEARCH QUESTIONS AND OBJECTIVES .....	31
3.3. RESEARCH PARADIGM .....	31
3.4. RESEARCH APPROACH .....	33
3.5. RESEARCH STRATEGY .....	33
3.6. DATA COLLECTION .....	34
3.7. SAMPLING AND POPULATION .....	35
3.8. RESEARCH QUESTIONNAIRE DESIGN.....	35
3.9. INTERVIEWS .....	37
3.10. ETHICAL CONSIDERATION .....	37
3.11. RELIABILITY AND TRUSTWORTHINESS.....	38
3.12. LIMITATIONS OF THE STUDY: .....	39
3.13. DATA ANALYSIS AND INTERPRETATION .....	39
<b>CHAPTER 4: DATA ANALYSIS .....</b>	<b>41</b>
4.1. INTRODUCTION: .....	41
4.2. CRONBACH'S ALPHA: .....	41
4.3. RESULTS OF QUESTIONNAIRE: .....	42
4.3.1. <i>Participants demographic data:</i> .....	42
4.3.1.1. Participant's gender .....	42
4.3.1.2. Participant Age.....	43
4.3.1.3. Number of Years working for McDonalds .....	44
4.3.1.4. Work Type .....	44
4.3.2. <i>Results Findings of total rewards and job satisfaction</i> .....	45
4.3.2.1. Total rewards .....	45
4.3.2.2. Employee Compensation .....	46
4.3.2.3. Benefits packages .....	47
4.3.2.4. Performance management .....	49
4.3.2.5. Employee development .....	50
4.3.2.6. Work life balance.....	52
4.3.2.7. Job satisfaction and total rewards .....	53
4.4. PEARSON CORRELATION .....	54

4.5. ANALYSIS AND DISCUSSION OF QUESTIONNAIRE DATA .....	55
4.6. RESULTS AND ANALYSIS OF INTERVIEW .....	58
4.6.1. <i>Results of Interviews:</i> .....	59
4.6.2. <i>Discussion</i> .....	61
<b>CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>65</b>
5.1. CONCLUSION.....	65
5.2. RECOMMENDATIONS .....	67
<b>REFERENCES.....</b>	<b>70</b>
<b>APPENDICES.....</b>	<b>78</b>
APPENDIX 1: INTEGRATED COMPONENTS OF TOTAL REWARDS .....	78
APPENDIX 2: EMPLOYEE SURVEY QUESTIONNAIRE.....	78
APPENDIX 3: MANAGERS INTERVIEW SCHEDULES.....	81
3.1. <i>Managers Interview Schedule- Atrium Branch</i> .....	81
3.2. <i>Managers Interview Schedule- Beach Avenue Branch</i> .....	82
3.3. <i>Managers Interview Schedule- Jinnah Terminal Branch</i> .....	83
3.4. <i>Managers Interview Schedule- Korangi Road Branch</i> .....	84
3.5. <i>Managers Interview Schedule- National Stadium Branch</i> .....	85
3.6. <i>Managers Interview Schedule- Rashid Minhas Road Branch</i> .....	86
3.7. <i>Managers Interview Schedule- Tariq Road Branch</i> .....	87
APPENDIX 4: RESEARCH ETHICAL APPROVAL LETTER 2017 .....	88
APPENDIX 5: CODING TABLE AND SPSS INSTRUCTIONS FOR EMPLOYEE QUESTIONNAIRE .....	90
APPENDIX 6: FREQUENCY OF PARTICIPANT RESPONSES TO KNOWLEDGE OF THEIR TOTAL REWARD PACKAGE. ....	91
APPENDIX 7: BAR CHART SHOWING PARTICIPANT RESPONSES ABOUT OVERALL SATISFACTION WITH THEIR TOTAL REWARD PACKAGE. ....	91
APPENDIX 8: MANAGERS INTERVIEW CODEBOOK GENERATED FROM NVIVO 11 .....	92

## **List of Tables**

Table 1: Cronbach's Alpha .....	42
Table 2: Participant Gender Frequency and Percent .....	43
Table 3: Participant Age frequency and Percentage.....	43
Table 4: Frequency of participant's response on compensation policies.....	47
Table 5: Frequency and percent of participant response to training given to employees to complete job task .....	51
Table 6: Frequency and percent of participant response on total rewards influence the job satisfaction.....	54
Table 7: Pearson Correlation .....	55

## **List of Figures**

Figure 1: Total Rewards Model .....	19
Figure 2: Maslow Hierarchy of Needs & Total Rewards Components .....	20
Figure 3: Lawler and Porter Model of Job Satisfaction .....	26
Figure 4: Determinants of Satisfaction and Dissatisfaction .....	27
Figure 5: Frequency Distribution of Participant Age .....	44
Figure 6: Frequency of Participants number of years working with McDonalds .....	44
Figure 7: Frequency of participant satisfaction with type of reward.....	46
Figure 8: Frequency of employee response to factors that have impact on compensation and Total reward package .....	47
Figure 9: Frequency of participant's response to on-time salary is the major driver of job satisfaction .....	48
Figure 10: Frequency of Participants satisfaction towards current benefit packages	49
Figure 11: Frequency of employee response to factors, which boost up performance .....	50
Figure 12: Pie chart showing the frequency of career development opportunities available at McDonalds .....	51
Figure 13: Frequency of participant's response to opportunities received for further development and training .....	52
Figure 14: Frequency of participant's response to work-life balance at McDonalds..	53

## Chapter 1: Introduction

### 1.1. Introduction and background of study:

Over the years, the complexity of business and growing awareness among employees have shifted the businesses from profit centric to people centric. Rewards system could serve as the effective technique to attract people to join the organization and to keep them coming to work, and motivate them to perform to high levels. Hence, it is important for organisation to find out the ways to attract, retain and satisfy employees. Torrington, Hall, Taylor & Atkinson (2011) emphasized the importance of work rewards as;

*“Reward is clearly central to the employment relationship. While there are plenty of people who enjoy working and who claim they would not stop working even if they were to win a big cash prize in a lottery, most of us work in large part because it is our only means of earning the money we need to sustain us and our families. How much we are paid and in what form is therefore an issue which matters hugely to us” (Torrington et al. 2011, p. 514)*

The traditional system of rewards focused on extrinsic rewards like compensation and benefits along with pay and salary (Taylor, 1911). The intrinsic rewards like job challenge, responsibility and task variety were not as popular as extrinsic rewards. However, the tradition shifted from reward system to total reward system, which includes all extrinsic and intrinsic rewards. Total rewards includes everything from base pay to benefits and compensations, pensions, growth and development opportunities, work-life balance, challenging work, good working conditions etc (Armstrong, 2006). Total rewards are now considered as vital for overall better performance of employees as well as for the job satisfaction level of employees. This is the reason that firms invest a huge proportion of finance towards rewards and compensation.

The concept of total rewards has exerted considerable influence on reward management. Shields (2007) States that the organisations seeks to develop and design rewards for employees because of three primary objectives which are to attract the right people at right time, to retain the best people and to motivate the employees to demonstrate their best capabilities. He further

debates that well formulated total reward system does not only fulfil the employee needs but is strategically aligned with organisation needs and requirements and is also cost effective. Thompson (2002), as cited in

Anku-Tsede and Kutin (2013), argues that total rewards comprehends not only traditional elements like pay and benefits, but also more intangible elements such as scope to achieve responsibility, growth opportunities, training and learning, intrinsic motivation from challenging work and working conditions. Armstrong (2006) view total rewards as holistic approach where emphasize is not only on one or two rewards mechanism in isolation, instead total rewards take account of every way in which people can be rewarded and obtain satisfaction through their work.

## 1.2. Research rationale

The researcher has chosen a case study of McDonalds Pakistan to study the impact of total rewards on job satisfaction. McDonalds is one of the largest fast food chains in Pakistan with 44 restaurants in 16 major cities of Pakistan. Pakistan is a developing country with most people working to support their families financially. In the fast food industry in Pakistan, McDonalds is considered as good employer with attractive total reward packages.

Although the total reward packages include all the financial and non-financial rewards, however some employees get their job satisfaction from financial rewards as compared to others, who seek satisfaction within non-financial rewards. This research is focused on how employees of fast food industry perceive their rewards system as the motivational factor, which influence their job satisfaction. Maslow's (1943) hierarchical theory suggests that individuals seek to satisfy their basic needs first to move on to social needs or self-esteem. As a developing country, where individuals work to satisfy their basic needs, money is the major motivating factor for employees to perform better. Therefore, the relevance of study can be vindicated as it will investigate and understand the employees point of view towards total reward packages and the major motivating factors, whether it enhances their job satisfaction level or not. In the past, there were various research studies (Ajila & Abiola, 2004; Sarwar & Abrugue, 2013; Sajuyigbe & Olaoye Bosede, 2013; Chepkwony, 2014; Gieter & Hofsmann, 2015) conducted in different countries to examine the

relationship between rewards and its effectiveness on worker's performance and job satisfaction. In the context of Pakistan, there were some research studies conducted which looked at the rewards in Pakistan (Ali & Ahmed, 2009; Zameer, Ali, Nisar & Amir, 2014; Danish, Khan, Shahid, raza & Humayon, 2015; Akhtar, Aamir, Khurshid, Abro & Hussain, 2015; Raziq & Maulabakhsh, 2015; Irshad, 2016; ) but not particularly on total rewards and job satisfaction. Therefore, there is a gap in literature in realisation of how total rewards works and what is their impact on employees' performance particularly in developing country like Pakistan. Therefore, there is a need to conduct research study in Pakistan to understand the employee perspective on total rewards and up to what extent these rewards influence their performance and satisfaction. Therefore, this is one dominating reason alluring the researcher to choose to examine the rewards involved in motivating and enhancing employee's attitude at work.

### 1.3. Research aim and objectives

The research aims to study the influence of total rewards package (which includes employee compensation, benefit packages, employee development, performance management and work-life balance) on employee job satisfaction. The objectives for this study are primarily to:

- To examine the total reward packages and influence of their components on employee job satisfaction
- To investigate the relationship between total reward packages and job satisfaction
- To establish which type of rewards have dominating influence on employee job satisfaction

### 1.4. Research Question

The research question derived for this study is:

*“What is the impact of total reward packages on employee job satisfaction in a particular fast food industry – McDonald's?”*

### 1.5. Significance of research

This study is an attempt to explore the factors and relationship between total reward packages and job satisfaction of employees working in McDonald's. Although total rewards is not a new concept but it is under researched topic and limited literature is available on this particular area. Therefore, this study will identify the critical components of the total reward package offered to employees in Pakistan and every component of this total reward package offered by McDonald's to a particular category of employees working in their outlets in Pakistan influences the job satisfaction level of individual employees. As a global company, McDonald's adjusted their policies on reward packages for employees in Pakistan according to the local culture by offering the appropriate reward packages across all its franchises in Pakistan (Knowledge Workx, 2013).

The research will be of relevance for academics, employers and employees on total rewards and job satisfaction parameters. It is observed that the employers are now focusing more on strategies and techniques to design effective and suitable total reward packages to recruit and retain talented workforce. It is significant to understand what motivates and satisfies employees. Offering an appropriate total reward package with right combination of financial and non-financial rewards is a key to retention of employees. Therefore, this study will give employers an insight into what aspects of a total reward package are preferred by employees in a country in the context of a global organisation operating in different countries. In addition, the analysis will facilitate the firms to develop more relevant policies to reward employees for better work performance, which ultimately satisfy the employee needs. The employees of selected McDonald's branches in Pakistan will also be able to identify their hidden factors and drivers, which influence them to demonstrate better performance towards their job. The researcher will provide a copy of research at participant McDonald's branches in Karachi and employees will be able to access that on request to managers. Unlike traditional compensation and benefits system, the employees will be able to develop knowledge about other unrealised non-financial rewards like growth opportunities, work-life balance, training etc. The research findings will give



awareness to employees about all types of rewards offered to them at their work place in the form total reward packages. Consequently, this study is a small attempt to fill the gap in the existing literature about total rewards and their impact on job satisfaction.

### 1.6. Dissertation Structure

The structure of this study is as follow. First chapter is about the introduction to research topic, which outlines the research rationale and significance, research aim and objectives and research question. Continuing to second chapter, which will be literature review. In this chapter, the researcher will review the key findings from previous literature about the research topic. The researcher will examine here, how the total reward packages are designed and their influence on employee job satisfaction while considering the cross-cultural issues.

The chapter 3 of dissertation will be research methodology, where the researcher will discuss and justify the chosen research philosophy, research design, method, data collection tools and research ethical considerations and limitations. After collecting primary and secondary data, moving onto chapter 4- data analysis, research findings and discussion about the total reward packages at McDonalds Pakistan and the impact of those total reward packages on employee job satisfaction will be analysed using theoretical framework and research question will be answered. After the data analysis, the researcher will conclude the dissertation and provides the recommendation for future research.

## Chapter 2: Literature Review

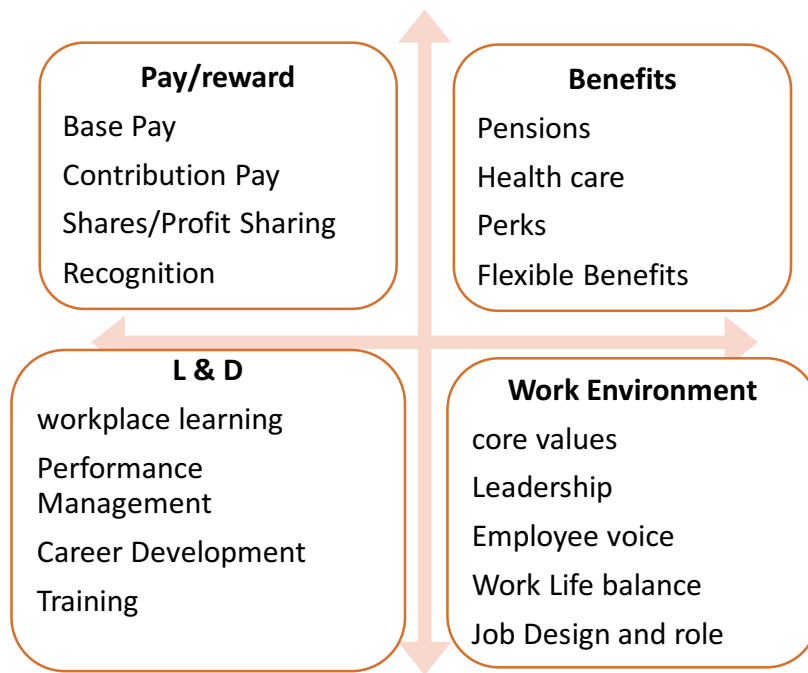
The research for this paper is based on theoretical constructs and previous research. The aim of this research is to study the influence of total reward packages on employee job satisfaction. Thus, the main themes of this chapter have explored total reward packages and their components and theoretical perspective of total rewards from previous literature. Furthermore, the concept of job satisfaction and factors leading to employee job satisfaction are addressed. Finally, the role of cross-cultural differences while designing total reward packages is explored. The understanding of these subject matters are important to address the research objectives and to answer the research question.

### 2.1. Total Rewards

Rewarding employees is one of those HR policies that retain and satisfy employees in any organisation for the value they bring into business. Rewards presents all the tangible benefits and provisions an employee obtain as a part of “employment relationship (Milkovich and Newman, 2004). Total rewards are considered the total sum of the cost of each component of reward package an employee gets from his organization, and total reward is everything that an employee perceives valuable because of his employment relationship (Worldatwork, 2000). Rumpel and Medcof (2006) view total reward as holistic approach whose focus is beyond the pay and benefits. Watson and Singh (2005) are of a view that it takes more than merely cash to attract, retain and satisfy the employees. According to Bratton and Gold (1994), rewards includes all financial returns and tangible services and benefits that employees receive from workplace. Armstrong and Murlis (2007) comment that total rewards should account for all the ways people can be awarded as the concept of total reward suggested. Different models of total rewards were presented from time to time to further explain that how the total reward elements are linked. Armstrong (2006) presented total reward model which is a four quadrants matrix, which includes transactional rewards (pay rewards and benefits) in the upper two quadrant and relational rewards (learning & development and work rewards) in the bottom quadrants as shown in figure 1 below.

Figure 1: Total rewards model

*Figure 1: Total Rewards Model*



Source: Adapted from Armstrong (2006, p.633)

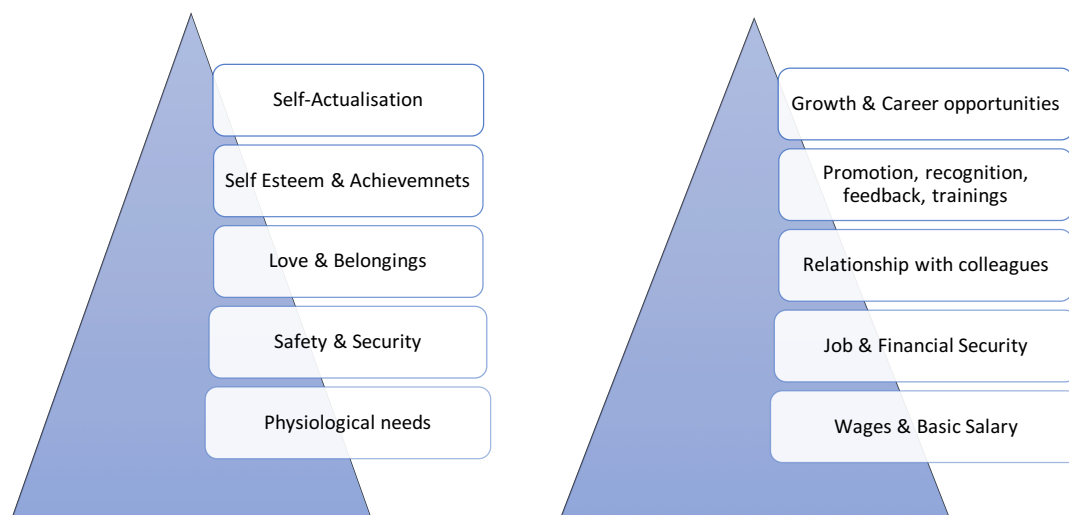
This model depicts that transactional rewards are considered important for attracting and retaining employees, whereas relational rewards are important for job satisfaction and retention. It can be argued that competitors can copy transactional rewards but relational rewards are responsible to give competitive edge to business. Armstrong and Murlis (2007) state that many organisations create their own version of total reward models according to their own needs. A total reward approach is holistic: reliance is not placed on one or two reward mechanisms operating in isolation, and account is taken of every way in which people can be rewarded and obtain satisfaction through their work (Armstrong, 2006).

#### 2.1.1. Theoretical perspective

The idea of total rewards always existed but the term total rewards came up few decades later. It was in 1950s and 1960s when theories like Adams equity model, discrepancy model by Lawler and porter, Herzberg two factor theory came up with the emphasize on non-monetary rewards along with monetary rewards. Before that during the industrial era, Taylor (1911) proposed that workers are motivated by on time and continuous provision of pay. He stated that workers will be motivated to work hard if there are direct rewards and

punishments associated with the work tasks. The research findings of annual total reward survey 2012 by AonHewitt.com (conducted in 750 companies globally) suggests that the phenomenon of total rewards works in the same manner as depicted by Maslow's hierarchy of needs theory in 1950s. According to Maslow's theory, people satisfy their personal needs in a hierarchic pattern at workplace as well as in private life. He arranged these needs in a pyramid shape and theorised that people generally follow this sequence starting from basic needs up to the self-actualisation and satisfaction. This need hierarchy theory implies that people at work get only satisfied with their job after the complete rewards package. Therefore, total rewards package works in the same manner. People expect to receive certain basic rewards first and once those needs are met, they move to next level. AonHewitt (2012) illustrates the sequence of total rewards component in a hierarchic manner alongside with Maslow's hierarchy of need pyramid as shown in Figure 2.

*Figure 2: Maslow Hierarchy of Needs & Total Rewards Components*



Source: Adopted from Aon Hewitt, Total rewards survey, 2012

Herzberg (1957) initiated two-factor theory in 1957, where he categorised intrinsic and extrinsic rewards as motivators and hygiene factors that either cause job satisfaction or dissatisfaction. According to this theory, intrinsic rewards such as recognition, achievement, promotion and work itself motivate employees more than the extrinsic rewards such as salary, financial security,

working conditions etc. Similarly, according to expectancy theory of Vroom (1964), it is employee's beliefs, attitudes and perceptions of behaviour that determine which type of rewards they will receive. Vroom debates that the expectations and consequences of any particular activity/event initiate certain behaviours or attitudes of employees. Armstrong and Stephen (2005) states that total rewards combine the transactional rewards, that is, tangible rewards related to pay and benefits as a result of transaction between employee and employer and the relational rewards that are associated to work environment and learning and development. Porter and Lawler (1968) used Vroom's idea as a basis for their expectancy theory with addition of extrinsic and intrinsic rewards. According to their theory, the motivation of individual to complete job tasks depends on the rewards associated with that task. They debated that the employees perception of rewards with tasks influence them to finish job which lead them to intrinsic rewards such as job satisfaction and then further extrinsic reward like bonus, compensation etc.

During 1960s, Adams proposed another theory on motivation and rewards, which he named as equity theory. He stated that people seek to get equitable rewards and get motivated only by fair treatment. People want to keep balance between their contribution towards job and perceived outcome in form of rewards. In 1970s and 1980s, more advancements were seen in total rewards approaches as theorists and Human resource experts like Lawler and Drucker started promoting flexibility and performance recognition. During his research in 2009, Azasu put forward "Principal agency theory" which illustrates that most people are opportunists and seek motivation in work through monetary rewards. On contrary, Malhotra, Budhwar & Prowse (2007) argue in their research that it is not just monetary or non-monetary rewards people are inclined to, instead people seek fascination in mixture of monetary and non-monetary rewards as long as it motivates them towards their job.

### 2.1.2. Components of total rewards

Shields (2007) states that components of total rewards are mixture of extrinsic and intrinsic rewards. He categorised extrinsic rewards into three groups: Financial rewards, Developmental rewards and social rewards. According to

Shields (2007) Developmental rewards cover those rewards associated with personal learning, development and career growth, such as skills training and performance and leadership coaching. Social rewards are those rewards and 'indirect' (or non-cash) benefits associated with the organisational climate, performance support, quality of supervision, workgroup affinity, and opportunities for enhanced work-life balance, such as flexible work time arrangements, staff sabbaticals, fitness and wellness programs (Shields, 2007). Moreover, financial rewards cover the fixed or base pay, direct benefits and performance-related pay. In contrast, factors like job challenge, responsibility, autonomy, task variety were added into intrinsic rewards. Shields (2007) argue that key step towards framing total reward approach is to determine the roles of all financial and non-financial rewards. Therefore, the combination of pay cheque, variable salary, career development opportunities, performance recognition and benefits are needed for effective total rewards package.

Aon Hewitt conducted survey in 2012 of 750 companies globally across 120 countries to study the priorities of companies towards total reward policies and programmes (AonHewitt.com, 2012). Their study reveals that employees and leaders themselves believe that to retain and motivate employees at work, it is important to offer balanced total reward package. Their research findings shows that total rewards components such as basic pay and compensation, challenging work, benefits, career development, company culture, manager support and paid time off were on the top of list. Steve et al., (2011) conducted research on integration of total rewards components and the study shows the similar results as Aon Hewitt research as most respondents supported integrated total rewards package (Shown in Appendix 1). Therefore, on broader terms, Total rewards can be divided into five major components: Employee compensation, Benefits Packages, Performance management, employee development and work life balance programmes. Aguinis, Joo & Gottfredson (2013) described employee compensation includes monetary rewards like base pay, variable pay, paid time off, insurance, short-term and long-term incentives. It is believed that employee compensation costs are

highest among any organisations. Employee benefits packages also come under financial rewards. Verbruggen & Baeten (2006) noted that employee benefits packages include pension plan, risk coverage, company car etc. they further stated that people are always in favour of bonus schemes but also argued the dissatisfaction associated with bonuses and benefits schemes once implemented. The overall performance management begins with recruitment and includes appraisal, performance measurement and reviews, education, communication, trainings. According to Helm et al. (2007), as cited in Mujtaba & Shuaib (2010), performance management system leads to recognition of top performers to retain top talent and improve the performance of all employees. As the total rewards focuses greatly on increasing employee engagement, employee development becomes the vital component of total rewards. Training and development, learning and developing skills, promotions, career development and personal growth are known to increase employee motivation and retention. People tend to be more satisfied with job and organisation when witness personal growth and future career opportunities. The fifth important component of total rewards is work-life balance. Research shows that people tend to prefer those jobs where keeping balance between work and personal family responsibilities is easy to manage. Jack and Adele (2003) believes that absenteeism and job dissatisfaction rate is high when the balance between employees' work and family time is disturbed. He further stated that when organisations support employees work life balance programmes, employees prefer to stay longer and are more satisfied with job.

## 2.2. Job Satisfaction:

Job satisfaction is without doubt one of the most studied outcome in organisational research (Spector 1997). The reason could be its intuitive links with wide range of employee behaviours like turnover, absenteeism and performance (Schleicher, Hansen & Fox, 2010) which are ultimately dependent on job itself and types of rewards. Hofmans, Gieter & Pepermans (2013) argued that traditionally job rewards are considered as main determinants of job satisfaction. They further debated that theories by Adams (1965) and discrepancy model by Porter and Lawler (1968) compare the rewards with

employee job satisfaction. Equity model by Adams (1965) compare input/output ratio-which reflects the rewards they receive- to determine if they feel satisfied or not (Hofmans et, al. 2013). Similarly, in Discrepancy model, people's job satisfaction is determined by comparison of their current job conditions (including the rewards they receive) to their ideal job (Hofmans et. al., 2013). Apart from theories, the importance of total rewards in influencing job satisfaction can also be seen in the screening instruments which are used to measure job satisfaction. For example, the two most famous instruments to measure job satisfaction are Job Descriptive Index and the Minnesota satisfaction questionnaire both include a subscale referring to the job satisfaction with job rewards (Schleicher et. al., 2010).

Job satisfaction is a very complex phenomenon as it is very difficult to determine how different people perceive job satisfaction. Every individual is different and it is more likely that one factor that give job satisfaction to one individual could be the job dissatisfier for another. Mullins (2005) explains that job satisfaction is more of an internal state that could be associated with personal feelings of achievement. Theorists like Hoppok & Spielgler (1938) view job satisfaction as the integrated set of psychological, physiological and environmental conditions that encourage employees to admit that they are satisfied or happy with their jobs. Their approach suggests that job satisfaction is influenced by external factors but it remains internal like how employee feels with their jobs. Vroom (1964) states that job satisfaction is about the role of employees in workplace. He views job satisfaction as affective orientations on the part of individuals toward work roles, which they are presently occupying. Howe (2003) debates that employees' immediate supervisor has a great impact on their value systems fit with the organization and their level of job satisfaction. Similarly, Weightman (1999) believes that Job satisfaction does seem to be an attitude of mind and is undoubtedly an internal state associated with a feeling of achievement. Studies by Catillo & Cano (2004) show that if proper attention is given towards interpersonal relationships, recognition and supervision, the level of job satisfaction would rise. Working conditions are considered very important when discussing job satisfaction. The studies by Bakotic & Babic (2013) emphasizes that those



employees who had to work under difficult working conditions are dissatisfied. To improve satisfaction of employees working under difficult working conditions, it is necessary for the management to improve the working conditions. This will make them equally satisfied with those who work under normal working condition and in return, overall performance will increase.

### 2.2.1. Theoretical perspective of Job Satisfaction

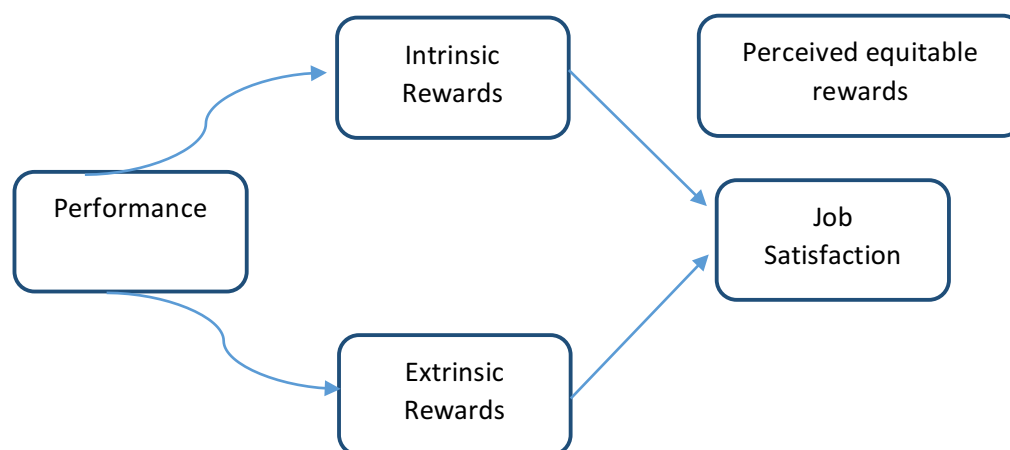
Job satisfaction refers to an overall affective orientation on the part of individuals towards work roles which they are currently occupying (Kalleberg, 1977). As discussed, earlier Herzberg et al. (1959) developed motivational and rewards model, which is considered as most applicable model in the context of job satisfaction. He explains the factors, which causes job satisfaction or job dissatisfaction, and divide them into two categories as hygiene factors and motivation factors. Hygiene factors can convert dissatisfaction into satisfaction and motivation factors have long-term positive effects as they create positive attitude towards job. However, in the absence of hygiene factors like working conditions, relationship with colleagues and supervisor, job security etc., the chances of employees getting dissatisfied increases. Baah and Amoako (2011) further explains the motivational and hygiene factors of Herzberg two-factor theory. They described that motivational factors like challenging work, personal growth opportunities, performance recognition, work delegation etc., helps employee to feel valuable in the organisation, which causes motivation. Motivation raises internal achievement and happiness that ultimately cause job satisfaction. According to them, Hygiene factors are only responsible for external happiness but their presence is important as they move employee from job dissatisfaction to no job dissatisfaction.

As Job satisfaction has strong overlap with human motivation and reward theories, there are number of theories that explain the different factors towards job satisfaction or dissatisfaction like Herzberg two-factor theory. Maslow's hierarchy theory (1943) is another basic motivational theory, which

explains the determinants of job satisfaction. This theory suggests every individual has different needs that are arranged in hierarchy. Once the individuals are satisfied with needs at one level, they move to next level. Unlike Maslow's and Herzberg theories, Job characteristic model was another successful model by Hackman and Oldham (1976). Their model is based on the idea that job itself is key to motivation which causes job satisfaction. The model focuses on three main areas. First is core job dimensions, which includes five job characteristics (skill variety, task identity, task significance, autonomy and feedback) which further creates psychological states. These psychological states then determine potential outcomes that includes job satisfaction as well.

Lawler and Porter (1967) presented their model of job satisfaction which link job satisfaction with performance and rewards as depicted in figure 3 below. According to this model, performance of employees determines intrinsic or extrinsic rewards, which leads towards job satisfaction.

*Figure 3: Lawler and Porter Model of Job Satisfaction*



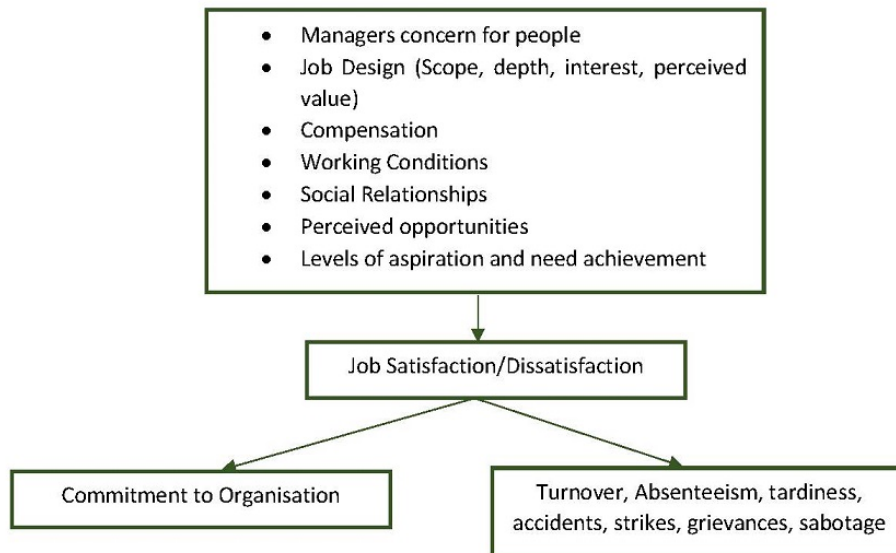
Source: adapted from Lawler and Porter 1967

Locke and Latham (1990) presented another model of job satisfaction. Their model suggests that specific high goals and high expectations work as the mediating mechanism towards better performance. Rewards are offered to those with high achievements leading to job satisfaction and commitment to organisational goals.

### 2.2.2. Factors of Job satisfaction:

Rue & Byars (2003) presented different factors that determine the job satisfaction or dissatisfaction as shown in figure 4 below:

*Figure 4: Determinants of Satisfaction and Dissatisfaction*



Source: Adopted from Rue and Byars (2003)

This model determines the factors involved in causing employee job satisfaction or dissatisfaction. These factors are basically the total rewards components which are given to employees. The model depicts that rewards offered to employees influence their job satisfaction or dissatisfaction which determines their attitude to work such as commitment, turnover, absenteeism. Although these are considered as top factors, which can cause job satisfaction but as people differ in nature, their perception towards job satisfaction also differs. For some people pay and on-time salary are the major motivator at job and hence they seek job satisfaction in these monetary rewards. For others, factors like challenging work, supportive colleagues, good relations with colleague, promotion opportunities, well design job itself are more important for satisfaction. Similarly, Herzberg's motivator factors comprise of such non-monetary factors like recognition, achievement, growth, responsibility, work itself etc. Job satisfaction factors also vary according to location and demographics. In some countries, living standard of individuals is better than other countries that influence the employee perception towards job

satisfaction. Countries like United Kingdom have higher income per capita as compared to Pakistan where income per capita is comparatively very low. According to the tribune Pakistan report (2015) per capita income of individual Pakistani is \$1513 a year, which is on average \$126 a month (Tribune, 2015). The difference in living standard automatically influence the needs and satisfaction of people. Hence, it is possible that factors like recognition, valued performance, work-life balance etc are more valued for some people in UK whereas monetary rewards are more valued among others in Pakistan. Although the demographics factors matters, it is not viable to generalize the whole population, as every individual differs.

A well paid and challenging job may attract many people and becomes the cause of job satisfaction, there could be many reasons for job dissatisfaction such as: conflict with manager or colleagues, inappropriate salary, not having necessary equipment, not enough promotion and growth opportunities, no involvement in decision making process, job security issues etc. Thus, not providing an appropriate Total reward package or a package unsuitable for any individual may become the reason for job dissatisfaction.

### 2.3. Cross-Cultural differences in Total Rewards

Culture is the most perceptible cognisant or incognisant reflection of one's beliefs, customs and values (Schein, 1985). Culture provides a platform to rectify employee's preferences regarding rewards (Chiang and Birtch, 2007). According to Hofstede (1984) culture is the collective encoding of mind-sets that enable them to distinguish themselves from one group to another. Organizational Culture includes all the components of work experience whether it relates to organization's ethics or the intangible commitments like working conditions, flexibility, employee's competence, autonomy and the degree that shows employee's enthusiasms about the business task. Employees tend to join or leave the organizations by evaluating its culture (Kroeber and Kluckhohn, 1952). For instance, the organisational culture of work-life balance, promotion and growth opportunities, working conditions and manager-employee relationships are factors, which determine to retain and satisfy employees. The interpretation of capital, length of vacation and

rank varies across different countries; similarly, a contrast effect is evident in terms of rewards (tangible/intangible) across cultures (Schneider and Barsoux, 1997). In order to testify the rewards impact upon diverse cultures (Pennings, 1993). Hofstede's (1984) model is demonstrated an insight in a prognostic and specific way and it can be used in designing and transferring of effective practices of reward (Chiang, 2005). Subsequently when nations share parallel score on Hofstede's (1984) national cultural measurement then it is assumed that management practices can easily be transferred. Mendonca and Kanungo (1996) argue that cross-cultural differences are also between masculine and feministic societies, which affects the basis of rewards, and job satisfaction. They explain that in feministic oriented societies interpersonal relationships are more important than performance and meeting or achieving an organization's goals. According to Chiang (2005) individuals belong to countries that score high on masculinity like UK prefers the individual performance rewards and it shows a likeness of Hofstede's arguments that masculine countries have greater propensity to value material incentives than feminine countries like China, Pakistan (Hofstede, 1984), but on the contrary Chiang (2005) contends that its really biased to support the argument that feminine cultures give significance to material rewards (Hofstede, 1984). Though the convergence perspective argues that culture pressure is reduced now because of the globalization. Easterby-Smith, Malina & Yuan (1995) found in their research that although, convergence is considered a "hard" HR policies that is evident mostly in manpower planning but continuous divergence is regarded as "soft" tool used in culturally sensitive areas, that is, linked with rewards and motivation (Redding, 1994).

#### 2.4. Summary

The literature has identified and analysed the concept of total rewards and the main components of total rewards. Total rewards are the mixture of financial and non-financial rewards, which are offered to employees and workforce. The underlying themes in the past literature categorised total rewards into extrinsic and intrinsic rewards; extrinsic rewards are concerned with pay, benefits, development and growth opportunities, training, work-life balance whereas intrinsic rewards which comes from the job itself like challenging

work and recognition (Shields, 2007). Total rewards are considered as the main determinants of job satisfaction (Hofsman et. al., 2013). As every individual differs, it is very difficult to determine which specific total rewards influence the employee job satisfaction. Therefore, the literature review suggests that the effective and suitable total reward package should include all the appropriate financial and non-financial aspects to enhance the employee performance as well as job satisfaction. The role of culture in determining the employee preferences is inevitable (Chiang and Birtch, 2007).

## Chapter 3: Research Methodology

### 3.1. Introduction

The aim of study is to analyse how the total reward packages offered by McDonald to its employees operating at low tier within the organisation influence the employee job satisfaction. The previous chapter constructed the theoretical foundation for the study, shedding light on some of the major concepts and arguments related to the themes of total rewards, components of total rewards and job satisfaction. Now, the present chapter of Methodology will present the protocol undertaken for collecting and analysing the primary data for the study. In this chapter, chosen research paradigm, research approach and design will be discussed. In addition to this, methodology for questionnaire design and data collection along with tools used for data analysis are also discussed in the chapter.

### 3.2. Research Questions and Objectives

The following research question have been derived to study the impact of total rewards packages on employee job satisfaction.

*What is the impact of total reward packages on employee job satisfaction in a particular fast food industry – McDonald's?*

Therefore, the objectives for research study were derived as follow:

- To examine the total reward packages and influence of their components on employee job satisfaction
- To investigate the relationship between total reward packages and job satisfaction
- To establish which type of rewards have dominating influence on employee job satisfaction

### 3.3. Research Paradigm

Research paradigm refers to general philosophies or conceptualizations, which govern the approach for collecting and analysing data (Krauss, 2005). The research paradigms are defined on the assumptions of '*ontology*' and '*epistemology*'. These assumptions draw the dimensions of the two popular

research paradigms of '*positivism*' and '*interpretivism*', which help the researcher to identify data gathering techniques, research design, sampling and data analysis (Bryman & Bell, 2015). The proponents of the positivist paradigm believe that the relationship between two variables can be scored to answer a yes or a no (Saunders et. al., 2007). For this reason, the positivist paradigm governs most of the scientific procedures, in which the researcher uses a controlled framework, collecting close-ended responses, which can then be decoded through statistical procedures. In contrast, the '*interpretivist paradigm*' is based on the principle of subjectivity, asserting that reality is not subjective and perceptive (Saunders, Lewis & Thornhill, 2007). Its dimensions are mainly drawn by the epistemological assumption, believing that humans are a complex function of social events and environment, which influences their reasoning and behaviour.

For this research, a positivist approach will be followed, since the methods being monitored for this research aim to test proposed theories from the literature and provide the development of laws for future research (Bryman & Bell, 2015). The positivist approach to this research will allow data to be collected without interfering with the variables being studied, leaving them unaffected by the research activities (Collis and Hussey, 2009). Positivism will allow the researcher to record the phenomenon in a systematic way and then study and discuss the underlying themes emerged from collected data. Positivist approach provided the researcher with variety of methodological procedures to conduct research such as experiments, survey questionnaire etc to collect quantitative as well as qualitative data. Positivism also suggests that research should aim to explain and assumes that real causes or a single cause exists, however, research under the positivist approach should in fact avoid both traditional assumptions for causality (Hunt, 1991). The reason is that total rewards is under researched topic and the relationship between total rewards and job satisfaction has not specifically been examined. Therefore, assumptions on the result of data cannot be made however, researcher can only test the predictions based on previous literature and data collected with the aid of research questionnaires and interviews. In the context of total



rewards and job satisfaction, the relationship between the two variables are being explored, which is why this research will be regarded as exploratory in nature under positivism philosophy.

### 3.4. Research approach

There are two widely used research approaches i.e. inductive and deductive, which can be followed to conduct, evaluate and analyse the research study. According to Bryman & Bell (2015), deductive theory is the most common view of the relationship between theory and research and inductive research involve theory being developed in a 'data-driven manner often taking grounded theory approach. For this research study, deductive approach will be used to answer the research question. Deductive approach will allow the researcher to collect and analyse the data while comparing them with the existing literature. Theory is being developed by gathering data in the inductive approach, but as this research is not producing any theory from data, instead the existing literature on relationship between total rewards and job satisfaction dictates the researcher to collect and analyse primary data, and hence deductive approach is adopted. Deductive approaches are usually linked with qualitative but that is not always the case. Deductive approach is usually linked with qualitative data but Bryman & Bell (2015) suggested that researcher can use either qualitative or quantitative data or both following the deductive approach. To justify the selection of deductive approach for this study, it can be argued that the study will firstly, study the existing literature and theory related to the trends of total rewards and how it is influencing the employee job satisfaction. the researcher will then collect primary data using questionnaires and interviews to evaluate and analyse the data using statistical methods in a logical manner in conjunction with the reviewed literature. Hence, answering the research question and objectives will be achieved with the use of deductive research approach.

### 3.5. Research Strategy

For the sake of this research, mixed research methods have been chosen. However, the researcher focused largely on quantitative research along with

qualitative research. Qualitative research strategy is concerned with subjective assessment of attitudes, opinions and behaviour (Kothari, 2004), as it helped the researcher to represent data in descriptive words in order to understand the managers perspective on effectiveness of total reward packages on employee job satisfaction. To study the employee perception towards impact of total reward packages on their job satisfaction, the researcher will collect numerical data by using questionnaires. Where the researcher will test the existing theory with data collected. Quantitative research method is more favourable to make generalization to the whole population and to measure a particular trend, which is difficult to study with qualitative research. On other hand, the researcher will also use qualitative research to study the employer/manager perception towards the importance of total reward packages for employee job satisfaction. It will be qualitative because researcher will be exploring the reasons of why the employee's job satisfaction is enhanced by total reward packages. For that purpose, interviews are conducted with managers to study the relationship between variables. Therefore, this justifies the use of mixed method research for this research study.

### 3.6. Data Collection

Primary and secondary data are the main techniques for data collection. Blumberg et al., (2011) identified secondary data resources as internal (which are built up and maintained by the organisation and they are available only to the members of this organisation) and external (refers to all data outside an organisation) which could be either written or electronic. This research is focusing on total reward packages and their impact on employee job satisfaction. However, secondary data is also used and secondary data is collected from annual report, journal articles and McDonald's website. Primary data does not exists until and unless generated through the research process, which is often collected through techniques like survey questionnaires, interviews, focus groups (Crowther and Lancaster, 2009, p. 75). To collect primary data for this research, research questionnaire and interviews are used as primary source. The employees of selected McDonald's branches are given

questionnaire to collect quantitative data whereas interviews are conducted with managers of selected branches of McDonalds to record qualitative data.

### 3.7. Sampling and Population

In this research, to select smaller sample from target population, researcher uses Purposive-sampling method. As this study examines the impact of total reward packages on employee job satisfaction, the employees and managers of the McDonalds in Pakistan have been taken as target population. "Purposive sampling" technique, a form of probability sampling is used for data selection. Purposive sampling is used when the elements selected for the sample are chosen by the judgment of the researcher (Black, 2010). Purposive sampling is used because it allowed the researcher to focus on characteristic of population. Saunders et al (2012) suggests that purposive sampling focuses on one particular subgroup in which all the sample members are similar, such as a particular occupation or level in an organization's hierarchy. In addition, this technique is selected because of easy access to the respondents and it is not very costly and time-consuming. There are 44 McDonalds restaurants in Pakistan in 16 major cities. Among them, seven McDonalds restaurants are selected as target population from the biggest city in Pakistan, Karachi. A sample of 60 respondents is selected which includes both female and male respondents. Among those 60 respondents, 53 are employees of McDonalds and remaining seven respondents are managers.

It is explicable that some people who are in sample refuse to participate. Therefore, researcher considered the sampling error to check the response rate. The response rate for this research study is 86%. Fifty-three questionnaires were distributed among employees of McDonalds of seven different branches in Karachi. Among them, 46 responded and filled the questionnaire whereas remaining seven refused to participate. The response rate for interviews conducted with selected McDonald's managers was 100%.

### 3.8. Research Questionnaire Design

The research design lays out the foundation for collecting and examination of data. For this research under the philosophy of positivism, self-completion survey questionnaires are designed to collect primary data. The survey method

of obtaining information is based on a controlled questionnaire administered to a sample of a population, designed to produce specific information from the sample of respondents (Malhotra and Dash, 2013). The questions added in the questionnaire survey to retrieve data are close-ended. According to researchers, close-ended questions have many advantages as they are easy to administer and shorter question reduce the respondent fatigue. In addition, due to the limited number of options in the questions, data tends to be more reliable.

To develop appropriate questions for survey questionnaire, the information needed is specified by reviewing research question and research problem. Initially, purpose of research and confidentiality is stated at the top of questionnaire. The questionnaire is divided into two sections. First section of the questionnaire ask the respondents for biographical data whereas second section includes questions about total reward package and job satisfaction as shown in appendix 2. To measure responses of questions, five points Likert scale is used, which ranges from 1 (strongly agree), 2 (Agree), 3 (Neutral), 4 (Disagree), 5 (strongly disagree). All the questions asked respondents to choose from these five responses except one question.

The focus of research is specifically into total reward packages and job satisfaction. Although organisations provide total reward packages to their employees and use these terms frequently, but there is a possibility that some employees may not be completely aware of these terms. Therefore, before handing in questionnaires to respondents, the researcher explained the topic related terms verbally to respondents about what are total rewards, the components of total rewards and how financial rewards are distinguished from non-financial rewards. The researcher also handed over a brief note to respondent, which included the simple explanation of all the difficult terms. As the researcher explained the key terms to respondents before starting the questionnaire, no respondent had difficulty in understating the questions or instructions provided by the researcher. Therefore, response rate is high and chances of getting accurate information is high.

### 3.9. Interviews

Along with the employee questionnaire, semi-structured interviews (see appendix 3 for interview schedule) are also conducted with the managers to determine their view on total reward packages and job satisfaction. The interviews are conducted face-to-face with managers of seven McDonald's branches in Karachi, Pakistan. The focus of the interview was to ask the managers about current total reward packages offered to the employees and their perception on what type of rewards influence the employee job satisfaction. The interview questionnaire was designed by reviewing the research question and main themes from literature review. Thus, the interview questionnaire consists of 9 questions which includes questions about existing total rewards and their components, financial and non-financial rewards, and the impact of total rewards on employee job satisfaction. Before starting the interview, the researcher explained the purpose of the research and the brief explanation of key terms used in the interview questionnaire to the managers. As per the guidelines by university, signed and informed consent was obtained from each manager before conducting the research. However, managers requested to not include their names while writing up thesis. Although researcher obtained informed consent from managers, their names are kept anonymous in this project.

### 3.10. Ethical consideration

Ethical consideration refers to ethical code and practices which should be followed during research studies. Zikmund (1994) states that ethics refer to the appropriateness of your behaviour in relation to the rights of those who become the subject of your work, or are affected by it. According to Bryman and Bell (2015), the four ethical principles are crucial to any research, which include, no harm to participants, information consent, privacy invasion and deception. As this research is focusing on primary research and human participation is involved, thus researcher got the approval from school research ethics committee to ensure that research is conducted in accordance with the guidelines of UEL ethics committee (See appendix 4 for ethical approval form). During initial data collection procedure, the participants were informed of the purpose of the research and any risks involved. As Collins and

Hussey (2009) suggest no participants were forced to participate in research and no gifts or any other such things were offered to participant to fill out the questionnaire. All the participants were given participant letters before filling out the questionnaires. The participant letter stated the reason for research, the impact of research on participants job, any risk involved and procedure for withdrawal from research. The researcher contact details were given to all participants in case of any query. Anonymity and confidentiality was offered to all participants to remain anonymous at all stages of research.

Furthermore, the data collected during this research is for the purpose of this thesis only and will not be used anywhere else or shared with anyone. Also, the researcher will be storing the collected and analysed data only in the personal computer, where no one has access and threat of data security is minimised. Additionally, the researcher will take care of the research findings used should not be falsely interpreted and no deception is involved in research.

### 3.11. Reliability and Trustworthiness

During the research, reliability, Trustworthiness and data validity are the main issues to be addressed. "Reliability is concerned with the question of whether the results of a study are repeatable" (Bryman & Bell, 2015). Researchers see reliability as external and internal. Where external reliability means the degree to which data/study can be replicated and generalised. Here, by replication means when researchers replicate the findings of others (Bryman & Bell, 2015). On other hand, internal reliability is when there is a team working on research and when more than one team members agree on what is seen or heard. Although it is not possible to ensure the 100% credibility of the research study but for this research, reliability of study can be explained as the literature, theories, methodology and data collection have been kept as natural and without perception. The theories and data collected for literature and analysis include academic journal articles, books and primary data collected via questionnaire and semi-structured interviews. As the data was collected from valid sources and primary data was collected from selected McDonald's branches using the guidelines provided by the university research ethics

committee, the quality of data is justified. Furthermore, the trustworthiness of data is said to be decided by four criteria as explained by Guba (1994), as cited in Shenton (2004), as credibility, transferability, dependability and confirmability which were believed to be considered while doing research. these four criteria have helped the researcher to conduct research under good practice.

### 3.12. Limitations of the study:

Limitations in a research study identifies weakness or deficiency in the research or data presented (Collins & Hussey, 2014). Finding and understating the weaknesses will help the researcher to identify the issues that need to be addressed in data analysis. For this research, there are certain limitations that may affect the research data. Firstly, due to time-frame and being a master thesis, the researcher had to rely only on a small sample to conduct and complete the research on time. This research is focusing on total rewards packages and their impact on employee job satisfaction, which is an under researched topic. To evaluate the relationship between two variables and to explore the impact of total rewards on job satisfaction, there is need to conduct research on bigger sample that requires a much longer time duration. At this stage, it is not possible to conduct such research, which is considered as one limitation to the study. Secondly, conducting a research at larger sample will be more costly. Therefore, a longer time duration and funding for such studies can generate analysis that is more reliable. As these factors are beyond researcher control, researcher has considered smaller sample to answer the research question.

### 3.13. Data Analysis and interpretation

The Survey questionnaires and interviews are conducted face-to-face with respondents in respective McDonald's branches in Karachi, Pakistan. The data collected was shifted to researcher's personal laptop and added to the data analysis software used for this project. The initial stage is to add the quantitative data from survey questionnaire into SPSS and qualitative data from interviews into Nvivo 11. Before doing the analysis, it is crucial to check all responses for quality and completeness. Among 53 responses, 7 are missing and remaining are checked for quality and completeness. To analyse

the data and minimise errors, a codebook was prepared (see appendix 5), acting as a summary of the instructions used to convert the information acquired from each respondent into a format that the IBM SPSS software will recognise (Pallant, 2013). Every question in the questionnaire was given unique variable name, which clearly classifies the information. The coding process allowed the researcher to add a code to specific responses to each question. The researcher converted the variables into numbers. Such as the male and female responses of variable age were represented by numbers 1 and 2. Similarly, the responses on 5-point Likert scale were converted into numbers as follows: 1= Strongly Agree, 2=Agree, 3= neutral, 4= Disagree & 5= strongly disagree.

After the variables are defined, the data file was screened and cleaned for errors, which involved checking that all the scores for each variable was within the range set (Pallant, 2013). To review the statistical data, descriptive tests were carried out for demographic data and scale ranking data. These tests produces frequency, mean, standard deviation and percentages for required variables. To present the overall picture of variables and data in data analysis and interpretation, bar chart, graphs, histogram and pie charts were generated from SPSS software. This graphical representation of quantitative data allowed researcher to discuss the main themes of research questions while analysing them in aligned with existing literature as done in chapter two.

To analyse and discuss the findings of interview, template analysis is used. The interview data was sorted out, by developing codes on Nvivo software, to prepare data for template analysis. The interview data was transferred to Nvivo 11 software for coding the responses. Nodes were created for all the responses of 7 interviews and key themes were identified. Using the template analysis, key emerging themes are explained and discussed while comparing them with the theoretical framework as prescribed in literature review chapter.



## Chapter 4: Data Analysis

### 4.1. Introduction:

Having followed the methodological process conducted for research, the aim of this chapter is to present and analyse the quantitative and qualitative data received from questionnaires and interviews. The researcher provided the detailed explanations of all research findings and determined the key findings and pattern to answer the research question. Positivist research philosophy is followed to conduct the research and collect data for analysis. IBM SPSS statistical software is used to generate the descriptive statistics from survey questionnaire whereas, Nvivo software is used to analyse the research data collected from interviews.

### 4.2. Cronbach's alpha:

To measure the internal consistency of the responses, Cronbach's alpha is conducted. Cronbach's alpha is a test for internal reliability and essentially calculates the average of all possible split-half reliability coefficients (Bryman & Bell, 2015). In other words, Cronbach's alpha is used to measure the degree of correlation among responses of questionnaire. Alpha coefficient will vary between 1 and 0, where 1 denotes the perfect internal reliability and 0 denotes no internal reliability (Bryman & Bell, 2015). As per Santos (1997), the higher the score of Alpha coefficient, the more reliable the generated scale is. He suggested that Cronbach's alpha coefficient of 0.7 or above represents good internal reliability. For this research, the initial Cronbach's alpha was calculated via SPSS for all the questions. Two questions, which had very low correlation with the overall questionnaire, were removed. The Cronbach's alpha test was conducted again which excluded the removed items. The final Cronbach's alpha was 0.712, which is reported to be as acceptable reliability coefficient. This means that this research has good internal consistency and the questions on questionnaire are interrelated. The results of Cronbach's Alpha are shown in table 1.

	Number of Items	Initial Cronbach's Alpha	Excluded Numbers	Number of Items	Final Cronbach's Alpha
Reliability Statistic	16	0.312	2	14	0.712

*Table 1: Cronbach's Alpha*

#### 4.3. Results of Questionnaire:

The analysis is based on survey questionnaire of 15 questions, which was conducted on 53 respondents. The response rate was 86%. These 53 respondents are employees of selected McDonald's branches in Karachi, Pakistan. Purposive sampling was used to select the McDonalds branches and number of participants. There are 44 McDonalds restaurants in Pakistan in 16 major cities. Among them, seven McDonalds restaurants are selected as target population from the biggest city in Pakistan, Karachi. A sample of 60 respondents is selected which includes both female and male respondents. Among those 60 respondents, 53 are employees of McDonalds and remaining seven respondents are managers. Quantitative data was collected from employee survey questionnaire whereas qualitative data was collected from manager's interview. The data collected from employee questionnaire is presented below.

##### 4.3.1. Participants demographic data:

Employee demographics include data about respondent's gender, age, number of years working at McDonalds and work type (part-time or full-time). This survey questionnaire is kept anonymous; hence names and other personal details of respondent is not included.

##### 4.3.1.1. Participant's gender

Both male and female respondents participated in research. As shown in table 2, the percentage of males respondent was 60% whereas, female respondent's percentage was 26%. Therefore, the cumulative percentage was 69.6%.

**GENDER**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	32	60.4	69.6	69.6
	FEMALE	14	26.4	30.4	100.0
	Total	46	86.8	100.0	
Missing	System	7	13.2		
Total		53	100.0		

*Table 2: Participant Gender Frequency and Percent*

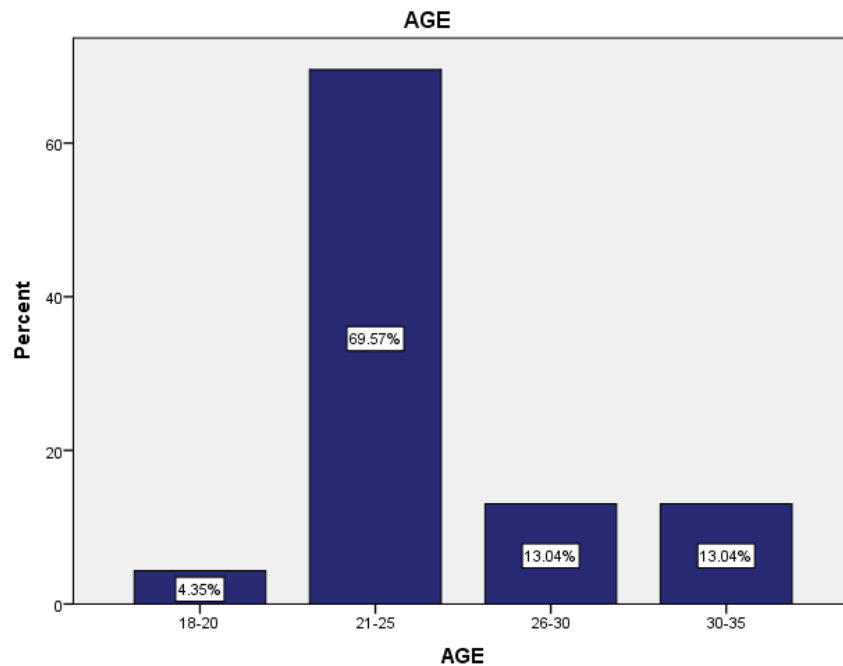
#### 4.3.1.2. Participant Age

The frequency distribution of age of participants shown in table 3 and figure 5. The research data shows that majority of the employees working at participant McDonald's branches are young with the ages from 21-25. 69.57% of the employees lie in the age group 21-25. Only 4% of the employees are under age 21 and there are no employees with ages more than 35.

**AGE**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-20	2	3.8	4.3	4.3
	21-25	32	60.4	69.6	73.9
	26-30	6	11.3	13.0	87.0
	30-35	6	11.3	13.0	100.0
	Total	46	86.8	100.0	
Missing	System	7	13.2		
Total		53	100.0		

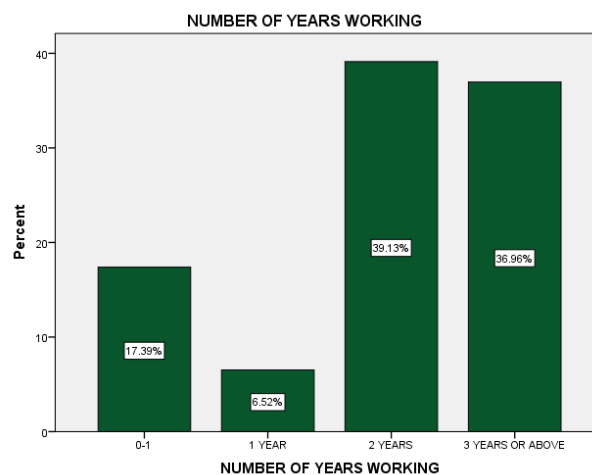
*Table 3: Participant Age frequency and Percentage*



*Figure 5: Frequency Distribution of Participant Age*

#### *4.3.1.3. Number of Years working for McDonalds*

The results showed (see figure 6) that 39.13% of employees are working for more than 2 years now, whereas almost 37% employees are committed to McDonalds for 3 years or above at the time of research. Only 17.39% of employees who participated in research recently joined and are in service since one year.



*Figure 6: Frequency of Participants number of years working with McDonalds*

#### *4.3.1.4. Work Type*

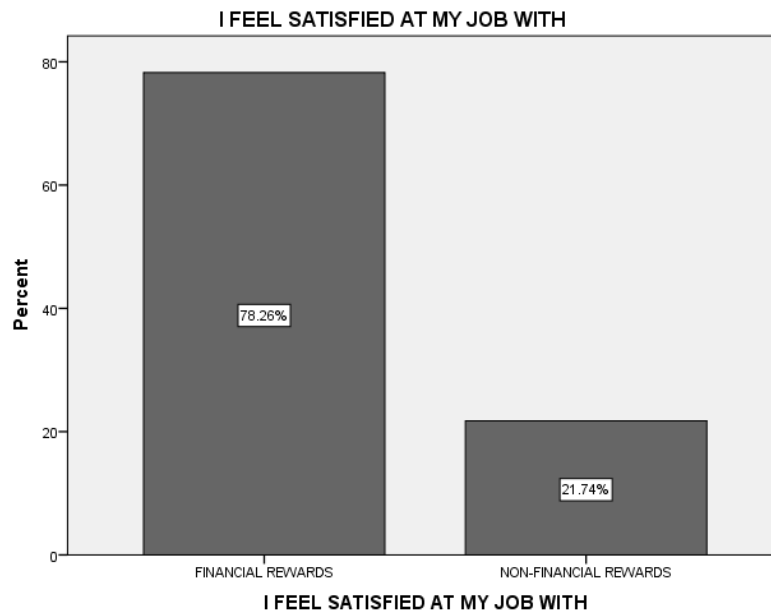
All the respondents who participated in research are working full-time in McDonalds.

#### 4.3.2. Results Findings of total rewards and job satisfaction

The research questions in this section are divided into 6 parts along with some other questions about total reward and job satisfaction. Five parts contain questions related components of total rewards and their influence on job satisfaction. Part six contains question about the employee job satisfaction and remaining questions include data about how satisfied are employees with their total reward packages. All the responses are measured on Likert scale, where 1=strongly disagree, 2=disagree, 3=neutral, 4= agree and 5=strongly agree.

##### 4.3.2.1. Total rewards

The participants were asked about if they are aware of the type of total reward package offered to them at McDonald's and how satisfied are they with existing total reward packages. 60.87% of participants agreed that they had enough information and knowledge about their total reward package as shown in appendix 6. 41% of respondents feel satisfied with overall total reward package available to them at McDonald's, whereas 32% neither agreed or disagreed and stayed neutral. 26% of respondents are very happy and satisfied with available total reward package (Data shown in appendix 7). Another question about total reward packages was asked to respondents to determine which type of rewards define employee job satisfaction. As shown in figure 7, 78% of respondents believed that they get job satisfaction with the provision of financial rewards (money related rewards), whereas 21.74% respondents think that monetary rewards are not the motivator for their job satisfaction, instead they get job satisfaction when they receive non-financial rewards such as vouchers, promotions, training and development opportunities etc.



*Figure 7: Frequency of participant satisfaction with type of reward*

#### **4.3.2.2. Employee Compensation**

Respondents were asked question about awareness of the factors that has impact on the compensation and total rewards. As shown in figure 8 below, 37% of respondents strongly agreed as they have full knowledge about the factors affecting their compensations whereas 6% of respondents agreed that they are aware of the factors. On contrast, 3% of participants stayed neutral and yet nobody disagreed to the question. The second question on compensation asked the respondents about if the compensation policies at McDonalds are effective to retain the employees. The responses are shown in table 4. In response to this question, majority of the respondents agreed that the compensation policies are effective at McDonalds and helps to retain employees. However, 14% of respondents stayed neutral and yet nobody disagreed.

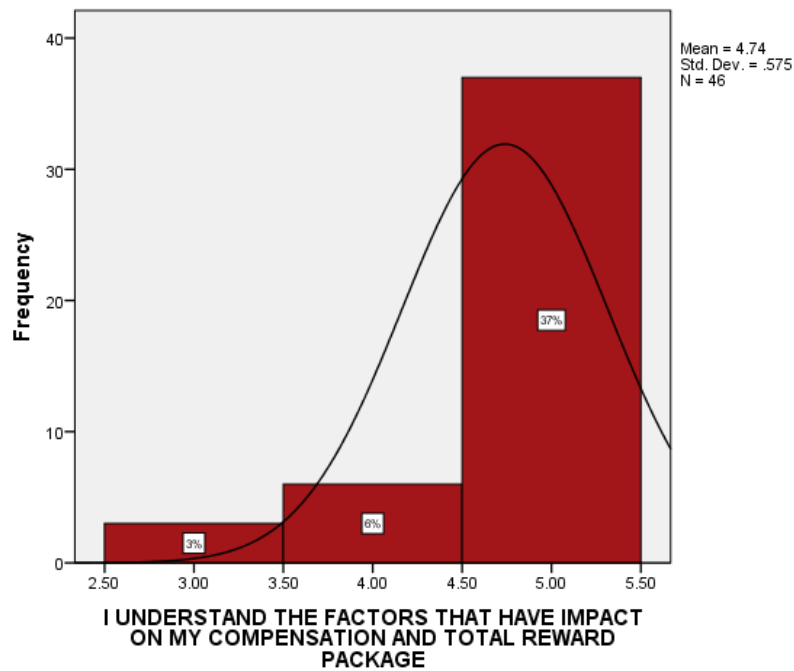


Figure 8: Frequency of employee response to factors that have impact on compensation and Total reward package

#### REWARDS & COMPENSATION POLICIES AT MCDONALDS HELP TO ATTRACT AND RETAIN EMPLOYEE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid NEUTRAL	14	26.4	30.4	30.4
AGREE	22	41.5	47.8	78.3
STRONGLY AGREE	10	18.9	21.7	100.0
Total	46	86.8	100.0	
Missing System	7	13.2		
Total	53	100.0		

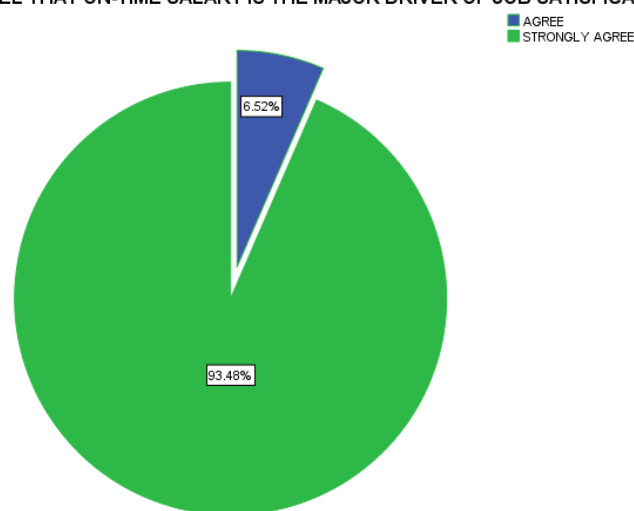
Table 4: Frequency of participant's response on compensation policies

#### 4.3.2.3. Benefits packages

Respondents were asked two questions about benefits packages and their impact on job satisfaction. Firstly, what they think about on-time salary and

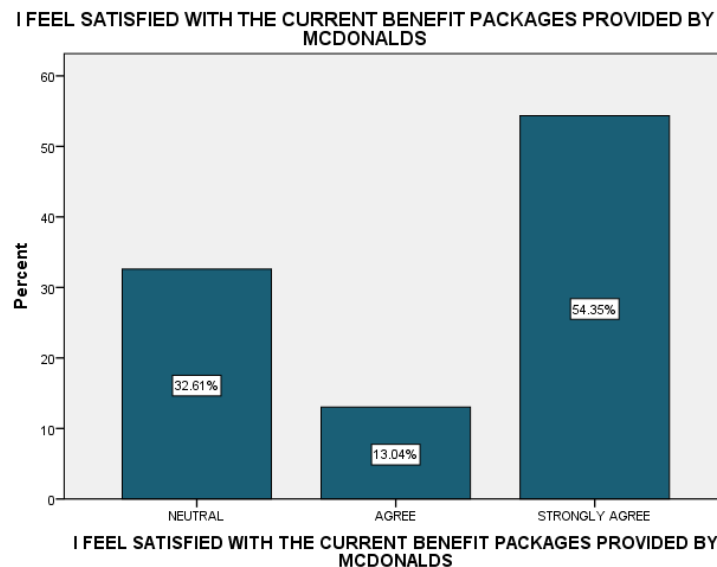
pay is the key driver for job satisfaction. Surprisingly, a vast majority of 93% strongly agreed as they think on-time salary and pay is the most important factor in job satisfaction (Shown in figure 9). Secondly, when asked the respondents about their current benefit packages, majority respondents are satisfied with their current benefit packages available to them. The data shown in figure 10 demonstrates that 54% of participants strongly agreed that they are satisfied with their current benefit packages whereas 32% respondents preferred to stay neutral.

I FEEL THAT ON-TIME SALARY IS THE MAJOR DRIVER OF JOB SATISFICATION



*Figure 9: Frequency of participant's response to on-time salary is the major driver of job satisfaction*

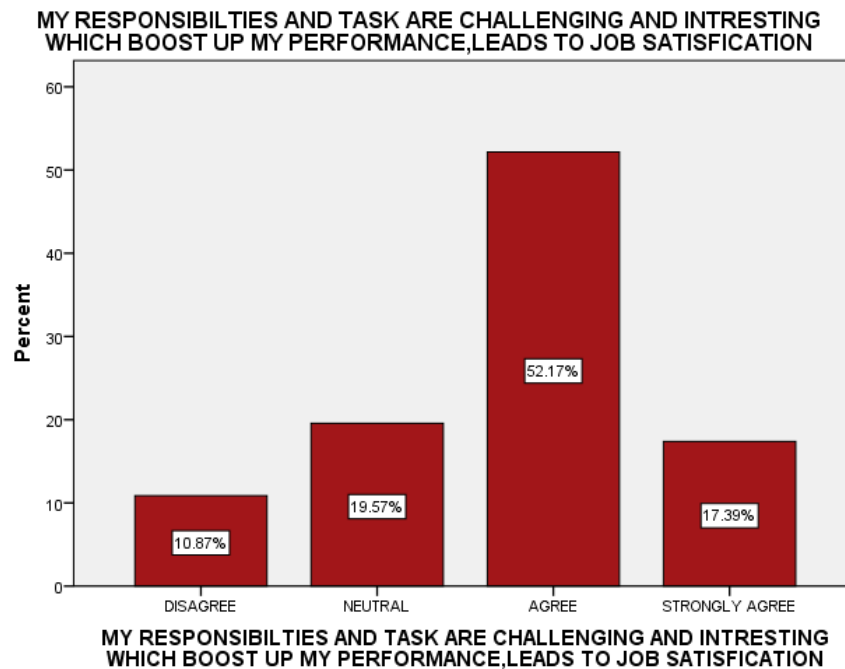




*Figure 10: Frequency of Participants satisfaction towards current benefit packages*

#### *4.3.2.4. Performance management*

The participants of this research were asked about the performance management at McDonalds and how their performance is recognised. On monthly basis, employees are offered bonuses and vouchers over good performance. The questionnaire results show that almost all the respondents agreed that they receive vouchers/discount cards monthly and annually for showing good performance. Respondents were also asked about the factors like challenging work and responsibilities that boost up their performance leading to job satisfaction. As shown in figure 11, 52% respondents agreed that the interesting and challenging work boost up their performance, which allows them to get bonuses and vouchers and leads to job satisfaction. On contrary, 10.87% respondents disagree as they think that only challenging and interesting work is not enough to boost up their performance.



*Figure 11: Frequency of employee response to factors, which boost up performance*

#### 4.3.2.5. Employee development

Another component of total reward is employee development, where respondents were asked about professional development opportunities and training facilities available to employees at McDonalds. The results about training given to employees before starting a job are shown in table 5. A clear majority, 52% of participants agreed that they have been given training to complete their job tasks successfully. When participants were asked about professional career development opportunities available to them at McDonalds, the responses were recorded as shown in figure 12. Half of the respondents agreed that there are career development opportunities for all employees where, 20% of respondents disagreed as they think there are not enough career development opportunities available to them. Another question was asked to respondents if they have received opportunities for further development and training, surprisingly, 52% respondents didn't reveal if they receive any opportunities or not and stayed neutral as shown in figure 13. 41% of participants are satisfied with the training and growth opportunities they received whereas 6% of respondents are not happy with the development opportunities.

### I HAVE BEEN GIVEN TRAINING TO COMPLETE MY JOB TASK

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NEUTRAL	1	1.9	2.2	2.2
	AGREE	24	45.3	52.2	54.3
	STRONGLY AGREE	21	39.6	45.7	100.0
	Total	46	86.8	100.0	
Missing	System	7	13.2		
Total		53	100.0		

Table 5: Frequency and percent of participant response to training given to employees to complete job task

THERE ARE PROFESSIONAL CAREER DEVELOPMENT OPPORTUNITIES AVAILABLE AT MCDONALDS FOR ALL EMPLOYEES

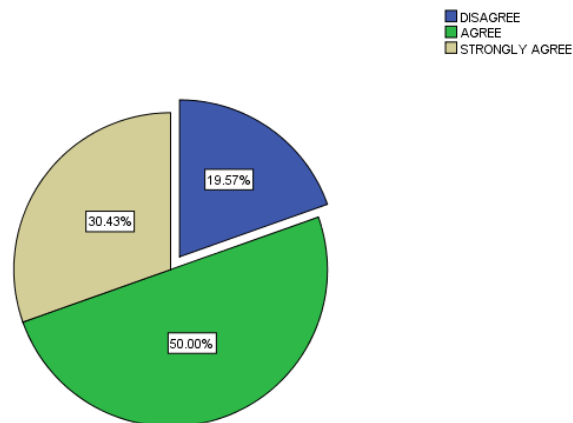
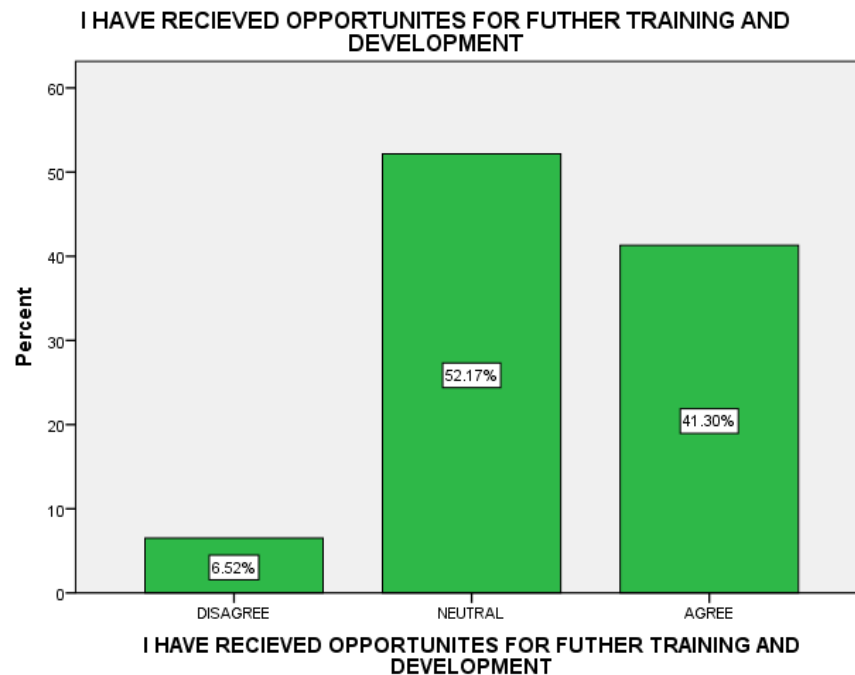


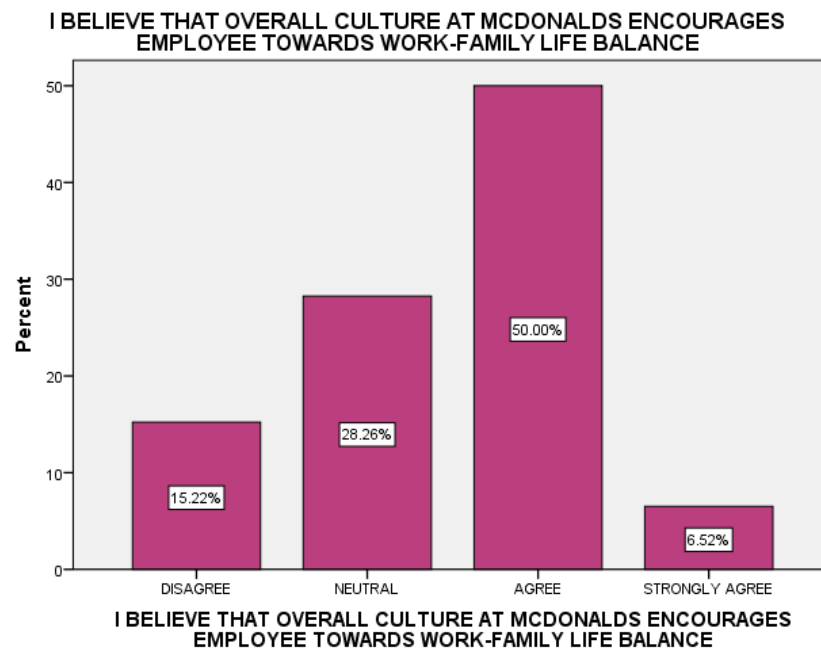
Figure 12: Pie chart showing the frequency of career development opportunities available at McDonalds



*Figure 13: Frequency of participant's response to opportunities received for further development and training*

#### 4.3.2.6. Work life balance

Work-life balance is one aspect of total rewards, where respondents were asked about how McDonald's encourages its employees to keep balance between job and personal life. The data shown in figure 14 demonstrates that 50% of respondents are happy with McDonalds policy of keeping the balance between work and personal life. On contrary, 15% participants are facing difficulties in keeping this balance and are not satisfied with McDonald's policy on work-life balance. However, these respondents were satisfied with the support of colleagues and managers. 63% of employees think that the working conditions and colleagues are friendly and cooperative.



*Figure 14: Frequency of participant's response to work-life balance at McDonalds*

#### *4.3.2.7. Job satisfaction and total rewards*

Total rewards have direct influence on employee job satisfaction. When respondents were asked what they think about the impact of type of total reward package on job satisfaction. The responses of respondents are not surprising as most of the participants think that type of total rewards highly influence their job satisfaction. 69% of respondents agreed that their job satisfaction comes from their total rewards, whereas 30% participants strongly agreed and are happy that their current total reward packages is the driver for their job satisfaction. Response findings and frequency are shown in table 6.

#### **I THINK THE TYPE OF TOTAL REWARD PACKAGE HIGHLY INFLUENCE THE JOB SATISFICATION**

		Frequen cy	Percent	Valid Percent	Cumulative Percent
Valid	AGREE	32	60.4	69.6	69.6
	STRONGLY AGREE	14	26.4	30.4	100.0
	Total	46	86.8	100.0	

Missin System g	7	13.2		
Total	53	100.0		

*Table 6: Frequency and percent of participant response on total rewards influence the job satisfaction*

#### 4.4. Pearson Correlation

The relationship between the two variables i.e. total rewards and job satisfaction is analysed using Pearson correlation. The Pearson correlation is known as Pearson's 'r' and is used to examine the relationship between variables and the coefficient lies between 0 (no relationship between variables) or 1 (a perfect relationship) (Bryman & Bell, 2015). Bryman & Bell (2015) suggest that the value of Pearson r is either positive or negative which defines the type of relationship. They indicates that when the coefficient value is close to 1, it means the relationship is getting stronger and when the coefficient value is less than 0.3, it means that the relationship between variables is getting more weaker. The Pearson 'r' for this research is found as 0.379 with the overall responses. The Pearson correlation for independent variables i.e. components of total reward packages against the dependent variable i.e. job satisfaction were also found. The Pearson correlation values for overall relationship between total rewards and job satisfaction and components of total rewards against job satisfaction are shown below in table 7. The overall Pearson coefficient values shows the considerable relationship among variables, whereas the correlation coefficient value of individual components against job satisfaction shows the weak relationship.

	Variables		
1	<b>Overall influence of total reward packages on Job satisfaction</b>	Pearson correlation Sig. (2-tailed) N	0.379 0.133 46
2	<b>Employee compensation</b>	Pearson correlation Sig. (2-tailed) N	.054 .721 46
3	<b>Employee Benefit packages</b>	Pearson correlation Sig. (2-tailed) N	0.050 0.742 46
4	<b>Performance Management</b>	Pearson correlation Sig. (2-tailed) N	.039 .799 46

5	<b>Employee Development</b>	Pearson correlation Sig. (2-tailed) N	.055 .715 46
6	<b>Work-life Balance</b>	Pearson correlation Sig. (2-tailed) N	.189 .209 46

*Table 7: Pearson Correlation*

#### 4.5. Analysis and Discussion of Questionnaire Data

After the graphical presentation of questionnaire data, the discussion about underlying themes and research findings are viewed with conjunction to the previous literature as discussed in literature review. The findings of survey questionnaire are analysed earlier with the use of Statistical software, IBM SPSS (version 23). The questionnaire data findings on total rewards and job satisfaction are compared with theoretical perspective to answer the research question.

The study reveals that total rewards packages could be an effective tool for job satisfaction among the employees of McDonalds, Pakistan. The findings are complementary to the literature of Shields (2007) that total rewards offer a complete package to employees, which includes all the financial and non-financial rewards including social rewards and developmental rewards. Although it is said earlier that financial and non-financial rewards both have equal contribution in determining the employee job satisfaction, but it varies from individual to individual. As in the case of this research, the vast majority of employees of fast food chain like McDonalds are more satisfied with the financial rewards. This suggest that those total rewards packages with more monetary rewards are most acceptable and preferred. However, the remaining minority of employees, who prefer non-monetary rewards as the major driver of job satisfaction, indicates that the effective total reward packages are mixture of financial and non-financial rewards. The findings also indicate that majority of the employees are working full-time at participant McDonalds and are committed to their jobs. A large bulk of employees are working for more than two years at participant McDonalds restaurants. These findings advocates that McDonalds in Pakistan are offering an effective total reward with suitable mixture of financial and non-financial rewards. These findings are relevant to

the research objective, which is to establish that which type of total rewards influence the employee job satisfaction.

As stated earlier, Armstrong (2006) literature suggests that total rewards do not exist in isolation and includes everything, which is used to reward employees. The findings of research explored that employees of McDonalds are offered with the rewards that cover all the component of total rewards, which includes compensation, benefit packages, employee development, performance management and work life balance. The research data revealed that employees in the sample are aware of their compensation policies, which includes monetary rewards like base pay, variable pay, paid time off, insurance, short-term and long-term incentives (Aguinis et al., 2013). Majority of the participant employees of sample believes that the policies of McDonalds about compensation are good enough to attract new workforce and to retain the existing employees. It also indicates that the base pay and salary of employees meets the expectation of employees. The research findings on benefits packages have supported the literature of Verbruggen & Baeten (2006) which states the people are always in favour of bonuses and benefits and their relation with job satisfaction. The findings of this research on employee satisfaction with current benefit packages available to them are not surprising and support the existing literature. The performance of employees at McDonalds are measured on regular basis. The research findings reveal that short-term incentives like vouchers that are offered to employees monthly and annually on showing good performance. The existing literature suggests that performance management allow the organisation to recognise the talented employees, whereas when rewarded regularly for showing good performance, employees get motivated to perform better which leads them to job satisfaction. Another main component of total rewards is employee development, where the research findings suggest that majority of participants believe that McDonalds is focusing on employee growth and career opportunities. As stated earlier, the literature shows that employees feel more valued and feel satisfied with their job when witness personal growth and receive career development opportunities. The research findings on the



opportunities received by employees in the sample for growth development shows that some employees are not satisfied with the available career development opportunities. This reason might become the factor for job dissatisfaction for those unhappy employees. The result findings on fifth component of total reward package, work-life balance, shows that employees of McDonalds receive paid time off and are encouraged to keep the balance between their personal life and job. The results findings support the literature of Jack and Adele (2003) who believe that when organisation supports employees work-life balance programmes, employees tend to stay longer and feel satisfied with their jobs. Hence, the research objective of examining the total rewards components is fulfilled in this analysis.

The result findings demonstrates that total rewards packages have influence on the employee job satisfaction. As discussed above, each of the different component of total rewards have association with the level of job satisfaction. The existing literature suggests that job rewards are important determinants of job satisfaction (Gieter & Pepermans, 2013). The traditional theories of rewards and motivation like Adams equity theory (1965), Discrepancy theory (1968) associate rewards with job satisfaction. However, as the rationale of this research study suggest that there is a gap in literature about the knowledge of influence of total rewards on job satisfaction. The research findings explored that 69.6% of the respondents link the availability of total rewards as positively associated with the job satisfaction. The respondents believe that along with pay, salary, benefits and compensation, other rewards like work-life balance, working conditions, challenging and interesting work tasks, recognitions etc are the other components of total rewards, which influence them to perform better leading to job satisfaction. As the Pearson 'r' coefficient value suggests the relationship between the variables, total rewards and job satisfaction, is positive and above 0.3. This indicates that there is considerable relationship exists between the variables and changes in total rewards packages will also influence the job satisfaction level. Hence, if the McDonalds redefine and improve the total reward packages, the job satisfaction level of employees will also increase or vice versa. Hence, the

analysis attempts to justify the third objective of this research which is to investigate the relationship between total reward packages and job satisfaction.

Additionally, the research findings tried to explore the role of culture while designing effective total reward package. The research findings reveal that most of the employees of the sample (Participant McDonalds in Pakistan) are young with ages from 21-25. In addition, it is observed in Pakistan on daily basis that people start working full-time at early age to support their families financially. Therefore, the culture in organisations in Pakistan strongly emphasize on provision of financial rewards to increase the employees satisfaction and performance. The result findings suggests that 78.26% of employees feel satisfied at their jobs when receive monetary or financial rewards. As per the need of culture in Pakistan, the total reward packages at McDonalds are designed according to the suitability of employees. Participants have shown more satisfaction towards financial rewards offered to them like compensation and benefits, as compared to non-financial rewards like employee development and performance management.

#### 4.6. Results and Analysis of Interview

Along with the employee survey questionnaire, interviews were conducted with managers from selected McDonald's branches in Karachi, Pakistan. These interviews were conducted to explore the manager's perspective on influence of total reward packages on job satisfaction. The open-ended questions in interviews are adapted from the literature to answer the research question. Seven face-to-face interviews were held with seven managers at respective McDonalds branches in Karachi, which includes Atrium branch, Beach Avenue branch, Jinnah terminal, Korangi road, National stadium, Rashid Minhas branch and Tariq road branch. All the managers were asked same questions to enable comparison the manager's perspective on total rewards. Using the Nvivo 11 software, the overlapping answers coverage was identified by creating nodes. The codebook for manager's interview was generated in Nvivo 11 and shown in appendix 8. The results and analysis of interview data is presented below.

#### 4.6.1. Results of Interviews:

To prepare codebook, responses were auto coded and nodes were generated. Description and names of individual items were added and new report was generated on basis of these nodes. The coverage of responses and number of sources coded were identified through the generation of report and codebook was constructed as shown in appendix 8. To construct emerging themes, firstly query was created which contained all the responses from interview data. Most frequently, words used in the responses are identified and frequency relative to the total words counted. At this stage, those words were identified which stand out among the rest of words. These frequently used words are the concepts, which needed to be explored further. Based on this early analysis, those words with least coverage and frequency were eliminated. The researcher then analysed the interviews and gathered the contents into nodes for themes that are emerging.

Like employee survey questionnaire, the interview questions are based on same question patterns adapted from literature. The first question asked the managers about their views on existing total reward package offered to employees in McDonald's. Managers had different views about the available package. Four managers showed their satisfaction with the existing total reward package. such as one of the manager specified "*the reward package at MacDonald's Pakistan, is really very good as compared to other fast food chains in Karachi*" and "reward package at McDonald's is reasonable". However, they also showed their concern about job security issues and lack of medical and insurance packages. The other three managers are not satisfied with the existing total reward packages at McDonalds as they think "*work at McDonalds is very demanding for employees and the rewards available to them are not enough when compared to their work*".

In the second and third questions, managers were asked about what they think of financial and non-financial rewards and what's their employee preferences. Personally, half of the managers are of view that in country like Pakistan, "*financial rewards are more important*". Whereas others argued that both the types of rewards are equally important. But when they were asked about what

are their employees preference on financial and non-financial rewards. Surprisingly, all the managers responded that financial rewards are more valued among their employees as compared to non-financial rewards. They added, *“Majority of our employees are struggling financially on their personal lives”*.

Managers were then asked about each total reward component and its impact on job satisfaction. In response to question four about compensation and benefits, four managers responded that their employees are happy and satisfied with their compensation and benefit packages. The other three managers argued, *“some of the employees are not completely satisfied with the compensation policies like salary structure”*. They also stated that some employees have issues with the benefit packages like there are no health and insurance policies available to them at McDonalds as part of Total reward package. The next question asked managers about the performance evaluation of employees and how often they get feedback. Surprisingly, managers have shown their concern about the McDonalds policy about performance evaluation. They believe that the process of performance evaluation is bit too harsh for employees. Managers did not specify the details on why they think the performance evaluation process is unfair and harsh. However, they retorted that they have submitted the employee concern related to unfair performance evaluation for policies revision to the head office. Though, managers assured that employees receive in-branch direct feedback on daily tasks when needed. Following the performance evaluation, managers were then asked about employee training and career development opportunities. All the managers have same response about training and development opportunities at McDonalds, as the training and development opportunities are designed by the McDonalds head office. One of the manager explained, *“at initial stage, we have a basic training facilities which are available to all our new employees who don` t have any experience for working in any other international fast food chains. On second stage, when employee shows a reasonable performance, they qualify for personal development trainings to get consumer relationship skills, which ultimately set grounds for*

*their promotion*". The last question about total reward component asked was work-life balance. All the managers are satisfied and happy with the McDonalds culture of balance between work and life except one Manager from Beach Avenue McDonalds branch. The manager explained, "*Our branch is operating 24 hours a day, working seven days a week with high volume of customers but we are facing a shortage of employees which increases pressure on our current employees and ultimately the balance between their work and personal lives is disturbed*". However, at all other branches, Managers are satisfied and indicated that McDonalds offer paid time off to employees and the illness leaves are paid as well.

In the next question, managers were asked about their perception on what they think about the influence of total rewards on their employee's job satisfaction. With no doubt, all the managers supported the fact the total rewards highly influence the level of their employee's job satisfaction. They all argued that all their employees belong to middle class families who work hard to financially support their families. Therefore, monetary and performance based rewards are the best tools to enhance their employee's job satisfaction. Yet they believe that other non-financial rewards also have influence on job satisfaction.

Lastly, some suggestions were given by different managers to revise some issues and concerns of employees about total rewards. Firstly, they suggest that McDonalds should design and offer old age health benefits, health and insurance policies for all employees. Secondly, all the managers have shown their concern about quarterly performance evaluation process and suggested the head office to revise the performance evaluation policies. Thirdly, they suggested that McDonalds head office should consider introducing the job contract system in Pakistan to ensure the job security for all employees. Lastly, that there should be increase in salary increment for employees on quarterly or annually basis.

#### 4.6.2. Discussion

The research findings of interviews are discussed in this section. The main themes of research data are analysed along with the review of previous

literature. The manager's perspective on employee total reward packages and their influence on job satisfaction are discussed. The objectives of research are discussed under the main themes of data collected and are linked with theory to answer the research question.

The analysis of the interview data revealed that managers are clear about total reward package available to employees at McDonald's. The managers believe that total reward packages offered to employees at McDonalds are considerable efficient and suitable. According to the managers, the total rewards are a complete package, which includes all the essential financial and non-financial rewards. Although manager of some branches of McDonalds seemed satisfied with the current total reward package, other managers showed somehow dissatisfaction with the existing total reward package at McDonalds. They believe that employees should receive health and life insurance, and old age benefits as part of their total reward package. By comparing the managers' opinions with the employee opinions from questionnaire about the total reward package, it is found that majority of the employees are satisfied their current total reward packages available to them. On contrary, their managers think there should be addition of particular benefits into employees total reward package. An interesting finding revealed here by managers that the nature and quality of employee work at McDonalds is very demanding and hence, they deserve to get better reward packages. However, managers also revealed that McDonalds is offering much better and effective total reward package to its employees as compared to other fast food chains in Pakistan.

The literature shows that total rewards are mixture of financial and non-financial rewards and both are equally important for the job motivation and satisfaction. The managers are of view that their employees value financial rewards as compared to non-monetary rewards. As mentioned earlier, the reason is found to be the unfortunate financial background of employees. Likewise, interviewee's responses, the perspective of employees is not surprising over this question. The result finding of employee questionnaire

also showed the same responses that employees value monetary rewards towards their job satisfaction.

From the findings, it appeared that all the interviewee's have agreed that the every component of total reward package have greater impact on employee job satisfaction. The literature of Armstrong (2006) validate this point by citing the total rewards model which includes; Pay related rewards, benefits, learning and development opportunities, working environment and work-life balance. Armstrong (2006) believes that these components of rewards are important for attracting, retaining and satisfying employees. Although managers support the same notion that total rewards as a whole influence the employee's job satisfaction, the research findings of interview reveal that there are some shortcomings, as perceived by the managers interviewed for the purpose of this study, in the existing total reward packages available at McDonalds. Some of the managers believed that the compensation and benefits packages at McDonalds need further revision. They argued that most of their employees are happy with the current compensation and benefits packages, but they feel the need to increase the salary increment and other benefit packages like health and life insurance, old age benefits for all employees. The findings of employee survey questionnaire are somehow different from the interview findings. The methodology used for employee's survey questionnaire is different and therefore this could be why there are differences. The literature of Watson & Singh (2005), Armstrong (2006), Shields (2007), Malhotra et., al. (2007) & some other studies validate that it is not just monetary rewards which satisfy employee job needs, instead people seek mixture of monetary and non-monetary rewards for satisfaction. According to the interview results, the performance management component of total rewards at McDonald's needs revision. The evaluation team from McDonalds' head office visits different branches randomly every quarter to perform evaluation process. Although employees receive feedback on performance regularly from managers, the findings revealed that annual performance evaluation process is not fair as managers think it is harsh for employees. The findings explored that employees are given trainings at different level of their jobs to perform the

job tasks. As the literature suggests, learning and development opportunities allow the employees to feel more valued and promotion creates the sense of personal growth among employees. But when employees were asked about available career development opportunities at McDonalds, 19.6% of employees think that it doesn't fulfil their expectations. It is corroborated by literature that keeping the work-life balance as part of total reward package is crucial step in satisfying the employees. The culture of encouraging employees to keep the balance between work and personal life by providing paid time off, paid illness or other vacations is evident from interview findings as well employee questionnaire survey.

As per the research findings, all the managers established the fact that total rewards have a positive impact on job satisfaction. Although they believe that, the right mixture of total rewards with suitable inclusion of monetary and non-monetary rewards help retain and satisfy the people. However, In terms of the relationship between total rewards and job satisfaction in this particular research, some interesting themes emerged. The managers revealed in their interviews that the employees of their respective McDonalds' branches value financial rewards more than the non-financial rewards. Thus, they suggested that more financial rewards must be added to the existing total reward package along with the non-financial rewards.

In summary, the total reward packages are seen very influentially for employee job satisfaction. The result findings of employee survey questionnaire and manager's interview, both support this notion. The study reveals that employee's perspective toward the available total reward packages is positive, as they seem satisfied. However, the manager's interview data revealed the deficiencies in existing total reward package at McDonalds. The relationship between total rewards and job satisfaction is verified by Pearson 'r' correlation coefficient and managers validate this in their interviews. The type of total reward package helps the employers to not only attract and retain the employees but it is also very crucial for job satisfaction of employees.



## Chapter 5: Conclusions and Recommendations

### 5.1. Conclusion

The research aimed to determine what impact total rewards within organisations have on employee job satisfaction. As discussed in introduction of this thesis, it was seen that total rewards comprised of extrinsic and intrinsic rewards, which includes all the tangible and non-tangible elements. The research present in the literature explores the notion that Organisations seek to develop and design rewards for employees because of three primary objectives which are to attract the right people at right time, to retain the best people and to motivate and satisfy the employees to demonstrate their best capabilities (Shields, 2007). The research project continues to explore the components of total reward packages and how every component influence the job satisfaction level of employees in a particular fast food chain in Pakistan, McDonald's. The study sought to answer the research question; "what is the impact of total reward package on employee job satisfaction in a sample of fast food chains of 'McDonald's' in Pakistan?".

Based on the findings of existing literature as discussed in chapter 2 of thesis, Total rewards is holistic approach which considers all the ways employees can be awarded. The major categories of total rewards are found to be financial rewards and non-financial rewards. Financial rewards includes all the money related rewards like base pay, salary, bonuses, cash bonuses, holiday benefits, health care and other benefits (Armstrong, 2006). Whereas non-financial rewards include learning and development opportunities, training and personal growth, work life balance, feedback appraisals, performance management, working conditions etc (Shields, 2007). It suggests that all these tangible and non-tangible elements are compacted into one total reward package. The components of total reward packages are defined from literature as compensation, benefits, employee development, performance management and work-life balance. The literature on job satisfaction advocates that it is a very complex phenomenon that is the integrated set of psychological, physiological and environmental conditions that encourage employees to admit that they are satisfied or happy with their jobs (Hoppok & Spielgler (1938). Traditional theories like equity theory by Adams (1965), Vroom (1964),

Porter and Lawler (1968), Lawler & Drucker theories in 1980's and many other theories determined the ultimate impact of rewards on job satisfaction. Some of the theories focused only on intrinsic rewards whereas others considered extrinsic rewards as determinant of job satisfaction. Herzberg (1959) identified determinant factors, which creates job satisfaction or dissatisfaction among employees. The factors identified by Herzberg (1959) are almost the same when compared to components of total rewards. Further research from literature suggests that there is a relationship between total rewards and job satisfaction. Models like Lawler & Porter (1967), Hackman and Oldham (1976) and Locke & Latham (1990) discussed the relationship between total rewards and job satisfaction.

The result findings of employee survey questionnaire and manager's interview supported the theoretical assumptions of total reward packages and job satisfaction. It was found that 73.9% of employees of McDonalds are satisfied with their existing total reward packages and supported the notion that an appropriate total reward package highly influences their job satisfaction level. Similarly, the data from manager's interviews yields the similar results with some surprising themes. It was revealed that although employees are satisfied with the existing total reward packages, the managers believed that the quality and demanding nature of work at global organisation like McDonald's should offer more extensive total reward package to enhance employee job satisfaction. They put forward suggestions to the head office to improve the total reward packages, as the managers are not entitled to make any major changes to reward packages. The research studies found that most of the people start working at very young age (as per results findings) to support their families financially. Therefore, it was seen that financial rewards are considered as more valued as a part of total reward package.

To conclude, this research was conducted to study the influence of total reward packages on job satisfaction on a sample of employees and managers working in a fast food chain in Pakistan. More specifically, this research studies identified the employee perspective on how they perceive the total reward packages as a driver for job satisfaction. The managerial perspective helped

the researcher to identify the factors that influence the employee job satisfaction. Hence, the relationship between total reward packages and job satisfaction was analysed.

## 5.2. Recommendations

This study focuses on impact of total reward packages on job satisfaction in a sample of employees and managers in a particular fast food chain in Pakistan, McDonald's. Therefore, Firstly, the researcher recommends to other researcher who are considering the similar study, that a more detailed research would be beneficial to get a better understanding of influence of total reward packages on job satisfaction using a larger data set. A more comprehensive quantitative approach with comparatively larger sample will give a better insight into the relationship between two variables. Due to limited time and resources, the primary data for this research was collected from selected McDonald's restaurants in Karachi, and therefore it cannot be generalised into whole McDonald's chain in Pakistan. Hence, it is recommended to consider collecting and study research data from whole chain of McDonald's in Pakistan. In addition, further studies are also needed to determine if all the franchises of McDonalds offer same total rewards packages to employees across Pakistan.

The results findings from this research agree with the existing theoretical assumptions within the literature regarding the influence of components of total rewards on employee job satisfaction. The research data suggests that employee values a total reward package that considers both financial and non-financial components of total rewards. It is revealed from research study that there are some features missing from total reward packages available to employees at McDonald's restaurants in Pakistan, which can increase the Job satisfaction if met. Therefore, the Researcher proposes the following recommendations as result of study:

- 1) Performance management system, as part of total rewards, is cynical and measured using unfair process according to the research findings. It is highlighted from research that the annual performance evaluation process of employees is done randomly by the evaluation team from

head office and is harsh for employees in some manner as per interview findings. The evaluation process is considered procedural rather than fitting an employee's needs. Therefore, it is needed to revise the performance evaluation policies at McDonalds according to the needs of employees. In addition, some further study is needed as well to completely integrate the performance management systems into total reward package.

- 2) In order to enhance the employee job satisfaction, McDonald's should consider the introduction of health and life insurance policies as part of benefit packages. Armstrong (2006) underlined that health care facilities and insurance are significant part of benefits.
- 3) The job security is one of major issue at McDonalds as highlighted by Managers. They believe that job satisfaction level of employees will highly be impacted when there is job security. Low tier employees are recruited on temporary basis and can be expelled anytime without any prior notice. The higher tier employees also only get temporary basis contracts that can be terminated anytime. The interview findings revealed that employees are notified in probation period that employees have no legal liability to sue the company over any issue. Therefore, it is highly recommended to introduce job contract system for at least year. Initial Service contract for a period of 2 years is acceptable for most of employees (Armstrong, 2006). By introducing, the job contracts will not only increases employee commitment and loyalty towards company; it will also enhance employee job satisfaction.
- 4) The research findings suggest that employees value and feel satisfied with financial components of total rewards more as compared to non-financial reward components. Therefore, it is recommended to increase the monetary factors in total reward packages for this sample. The annual increment increase in salary or pay is one way of increasing financial rewards. With the fluctuations in company's profit, certain

percentage should be allocated to increase the salary increment of employees.

It is evident from this research study that there is a positive association which exists between the total rewards and job satisfaction. As there is no research currently available on relationship between these two variables in fast food chains in Pakistan, the study provides a useful indicator that could be explored further.

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## Appendices

### Appendix 1: Integrated components of Total Rewards

Source: Steve et al., (2011) The ongoing integration of total rewards



### Appendix 2: Employee survey questionnaire

#### Employee Survey Questionnaire

*The purpose of this Survey questionnaire is to study the influence of Total reward system on employee job satisfaction. Your kind cooperation in filling out this survey is highly appreciated. All of the data will be confidential. Please do not write your name on this questionnaire, as it will be kept anonymous. Thank you for your time.*

Please select and circle the most suitable answer.

#### **Participant Details:**

**Age:** 18-20      21-25      26-30      30-35      36 or Above

**Gender:** Male      Female

**Number of years working for McDonalds:**

Less than a Year      1 Year      2 Years      3 Years or Above

**Work Type:** Full-time      Part-time

#### **Total Reward Package and Job Satisfaction:**

**1. I understand the factors that have impact on my compensation and total reward package**

Strongly Disagree      Disagree      Neutral      Agree      Strongly Agree

**2. I have received the enough information about my total reward package**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**3. I feel satisfied at my job with -----:**

Financial Rewards                      Non-Financial Rewards

**4. I feel that on-time pay cheque/salary is the major driver of job satisfaction.**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**5. I feel satisfied with the current benefit packages provided by McDonalds**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**6. Rewards and compensation policies at McDonalds help to attract and retain employees**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**7. I have been given training to complete my job tasks**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**8. I have received opportunities for further training and development**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**9. There are professional career development opportunities available at McDonalds for all employees**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**10. My colleagues and working conditions at McDonalds are friendly and supportive**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**11. My responsibilities and tasks are challenging and interesting which boost up my performance, leads to job satisfaction**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**12. Performance of employees at McDonalds is recognised by giving bonuses/vouchers/ discount cards on monthly or annually basis**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**13. I believe that the overall culture at McDonalds encourages employees towards work-family life balance**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**14. I think the type of total reward package highly influence the job satisfaction**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**15. Overall, I am satisfied with the total reward package at McDonalds for employees**

Strongly Disagree    Disagree    Neutral    Agree    Strongly Agree

**16. Any additional thoughts or suggestion, please use the space below:**



## Appendix 3: Managers Interview Schedules

### 3.1. Managers Interview Schedule- Atrium Branch

The <b>purpose</b> of this research is to study the influence of total reward packages, offered by McDonalds to its employees, on job satisfaction	
Name of interviewer:	Jaishaal S. Gaba
Name of Interviewee:	Kashif Memon
Location:	McDonalds branch, Atrium Mall and Cinema
Date:	31 <sup>st</sup> July 2017
Scheduled Timings:	04:30 pm

### Interview Questions:

1. How you see the current total rewards package offered to employees at McDonalds?
2. Do you think that the financial and non-financial rewards are equally important?
3. In your view, what total rewards offerings do your employee value most (financial or non-financial)?
4. Do you think employees at McDonalds are satisfied with the current benefits and compensation packages and policies at McDonalds?
5. Do you believe that the total rewards increases employees' job satisfaction? Do you think the type of reward offered to employees directly influence their perception towards job satisfaction?
6. Do you think that the annual/monthly employee performance review process is fair enough? In addition, how often does employees get specific feedback about performance?
7. What training, personal development and promotional opportunities are provided to employees? Do you think they are enough?
8. What do you think about work-life balance at McDonalds? How does McDonald's culture promote balance between employees' work and family time? Is their sufficient time off with pay given to employees (e.g. for vacation or illness)?
9. Would you suggest changing or adding something in existing total reward package at McDonalds?

### 3.2. Managers Interview Schedule- Beach Avenue Branch

The <b>purpose</b> of this research is to study the influence of total reward packages, offered by McDonalds to its employees, on job satisfaction	
Name of interviewer:	Jaishaal S. Gaba
Name of Interviewee:	Kashif Somroo
Location:	McDonalds branch, Beach Avenue
Date:	1 <sup>st</sup> August 2017
Scheduled Timings:	08:00 pm

### Interview Questions:

1. How you see the current total rewards package offered to employees at McDonalds?
2. Do you think that the financial and non-financial rewards are equally important?
3. In your view, what total rewards offerings do your employee value most (financial or non-financial)?
4. Do you think employees at McDonalds are satisfied with the current benefits and compensation packages and policies at McDonalds?
5. Do you believe that the total rewards increases employees' job satisfaction? Do you think the type of reward offered to employees directly influence their perception towards job satisfaction?
6. Do you think that the annual/monthly employee performance review process is fair enough? In addition, how often does employees get specific feedback about performance?
7. What training, personal development and promotional opportunities are provided to employees? Do you think they are enough?
8. What do you think about work-life balance at McDonalds? How does McDonald's culture promote balance between employees' work and family time? Is their sufficient time off with pay given to employees (e.g. for vacation or illness)?
9. Would you suggest changing or adding something in existing total reward package at McDonalds?

### 3.3. Managers Interview Schedule- Jinnah Terminal Branch

The <b>purpose</b> of this research is to study the influence of total reward packages, offered by McDonalds to its employees, on job satisfaction	
Name of interviewer:	Jaishaal S. Gaba
Name of Interviewee:	Usman Mirza
Location:	McDonalds branch, Jinnah International Airport Terminal
Date:	1 <sup>st</sup> August 2017
Scheduled Timings:	02:00 pm

### Interview Questions:

1. How you see the current total rewards package offered to employees at McDonalds?
2. Do you think that the financial and non-financial rewards are equally important?
3. In your view, what total rewards offerings do your employee value most (financial or non-financial)?
4. Do you think employees at McDonalds are satisfied with the current benefits and compensation packages and policies at McDonalds?
5. Do you believe that the total rewards increases employees' job satisfaction? Do you think the type of reward offered to employees directly influence their perception towards job satisfaction?
6. Do you think that the annual/monthly employee performance review process is fair enough? In addition, how often does employees get specific feedback about performance?
7. What training, personal development and promotional opportunities are provided to employees? Do you think they are enough?
8. What do you think about work-life balance at McDonalds? How does McDonald's culture promote balance between employees' work and family time? Is their sufficient time off with pay given to employees (e.g. for vacation or illness)?
9. Would you suggest changing or adding something in existing total reward package at McDonalds?

### 3.4. Managers Interview Schedule- Korangi Road Branch

The <b>purpose</b> of this research is to study the influence of total reward packages, offered by McDonalds to its employees, on job satisfaction	
Name of interviewer:	Jaishaal S. Gaba
Name of Interviewee:	Asad Afridi
Location:	McDonalds branch, Korangi Road
Date:	2 <sup>nd</sup> August 2017
Scheduled Timings:	03:00 pm

### Interview Questions:

1. How you see the current total rewards package offered to employees at McDonalds?
2. Do you think that the financial and non-financial rewards are equally important?
3. In your view, what total rewards offerings do your employee value most (financial or non-financial)?
4. Do you think employees at McDonalds are satisfied with the current benefits and compensation packages and policies at McDonalds?
5. Do you believe that the total rewards increases employees' job satisfaction? Do you think the type of reward offered to employees directly influence their perception towards job satisfaction?
6. Do you think that the annual/monthly employee performance review process is fair enough? In addition, how often does employees get specific feedback about performance?
7. What training, personal development and promotional opportunities are provided to employees? Do you think they are enough?
8. What do you think about work-life balance at McDonalds? How does McDonald's culture promote balance between employees' work and family time? Is their sufficient time off with pay given to employees (e.g. for vacation or illness)?
9. Would you suggest changing or adding something in existing total reward package at McDonalds?

### 3.5. Managers Interview Schedule- National Stadium Branch

The <b>purpose</b> of this research is to study the influence of total reward packages, offered by McDonalds to its employees, on job satisfaction	
Name of interviewer:	Jaishaal S. Gaba
Name of Interviewee:	Anwar Abbasi
Location:	McDonalds branch, National Stadium
Date:	2 <sup>nd</sup> August 2017
Scheduled Timings:	08:30 pm

### Interview Questions:

1. How you see the current total rewards package offered to employees at McDonalds?
2. Do you think that the financial and non-financial rewards are equally important?
3. In your view, what total rewards offerings do your employee value most (financial or non-financial)?
4. Do you think employees at McDonalds are satisfied with the current benefits and compensation packages and policies at McDonalds?
5. Do you believe that the total rewards increases employees' job satisfaction? Do you think the type of reward offered to employees directly influence their perception towards job satisfaction?
6. Do you think that the annual/monthly employee performance review process is fair enough? In addition, how often does employees get specific feedback about performance?
7. What training, personal development and promotional opportunities are provided to employees? Do you think they are enough?
8. What do you think about work-life balance at McDonalds? How does McDonald's culture promote balance between employees' work and family time? Is their sufficient time off with pay given to employees (e.g. for vacation or illness)?
9. Would you suggest changing or adding something in existing total reward package at McDonalds?

### 3.6. Managers Interview Schedule- Rashid Minhas Road Branch

The <b>purpose</b> of this research is to study the influence of total reward packages, offered by McDonalds to its employees, on job satisfaction	
Name of interviewer:	Jaishaal S. Gaba
Name of Interviewee:	Amir Memon
Location:	McDonalds branch, Rashid Minhas Road
Date:	3 <sup>rd</sup> August 2017
Scheduled Timings:	11:00 am

### Interview Questions:

1. How you see the current total rewards package offered to employees at McDonalds?
2. Do you think that the financial and non-financial rewards are equally important?
3. In your view, what total rewards offerings do your employee value most (financial or non-financial)?
4. Do you think employees at McDonalds are satisfied with the current benefits and compensation packages and policies at McDonalds?
5. Do you believe that the total rewards increases employees' job satisfaction? Do you think the type of reward offered to employees directly influence their perception towards job satisfaction?
6. Do you think that the annual/monthly employee performance review process is fair enough? In addition, how often does employees get specific feedback about performance?
7. What training, personal development and promotional opportunities are provided to employees? Do you think they are enough?
8. What do you think about work-life balance at McDonalds? How does McDonald's culture promote balance between employees' work and family time? Is their sufficient time off with pay given to employees (e.g. for vacation or illness)?
9. Would you suggest changing or adding something in existing total reward package at McDonalds?

### 3.7. Managers Interview Schedule- Tariq Road Branch

The <b>purpose</b> of this research is to study the influence of total reward packages, offered by McDonalds to its employees, on job satisfaction	
Name of interviewer:	Jaishaal S. Gaba
Name of Interviewee:	Wasim Lallani
Location:	McDonalds branch, Tariq Road
Date:	3 <sup>rd</sup> August 2017
Scheduled Timings:	05:00 pm

### Interview Questions:

1. How you see the current total rewards package offered to employees at McDonalds?
2. Do you think that the financial and non-financial rewards are equally important?
3. In your view, what total rewards offerings do your employee value most (financial or non-financial)?
4. Do you think employees at McDonalds are satisfied with the current benefits and compensation packages and policies at McDonalds?
5. Do you believe that the total rewards increases employees' job satisfaction? Do you think the type of reward offered to employees directly influence their perception towards job satisfaction?
6. Do you think that the annual/monthly employee performance review process is fair enough? In addition, how often does employees get specific feedback about performance?
7. What training, personal development and promotional opportunities are provided to employees? Do you think they are enough?
8. What do you think about work-life balance at McDonalds? How does McDonald's culture promote balance between employees' work and family time? Is their sufficient time off with pay given to employees (e.g. for vacation or illness)?
9. Would you suggest changing or adding something in existing total reward package at McDonalds?

## Appendix 4: Research ethical approval Letter 2017

**Date: 14<sup>th</sup> July 2017**

Dear Jaishaal,

<b>Student Name:</b>	Jaishaal Santosh
<b>Student ID Number</b>	U1446055
<b>Project Title:</b>	Investigating the Influence of Total Reward System on Job Satisfaction in the Fast Food Industry: A Case Study of Pakistan
<b>Project/Dissertation Module Code:</b>	MK7227
<b>Supervisor Name:</b>	Professor Sunitha Narendran

I am writing to confirm the outcome of your application to the University Research Ethics Committee (UREC), which was considered at the meeting on **13<sup>th</sup> July 2017**.

The decision made by members of the Committee is **Approved**. The Committee's response is based on the protocol described in the application form and supporting documentation. Your study has received ethical approval from the date of this letter.

Should any significant adverse events or considerable changes occur in connection with this research project that may consequently alter relevant ethical considerations, this must be reported immediately to SREC. Subsequent to such changes a revised research ethics application form should be completed and submitted to SREC.

### Approved Documents

The final list of documents reviewed and approved by the Committee is as follows:

<b>Document</b>	<b>Tick where included</b>
SREC Application Form	✓
Participant Information Sheet	✓
Consent Form	✓
Questionnaire/Interview guide	✓
Letter of Consent (Organisation or Company)	✓



Approval is given on the understanding that the [UEL Code of Good Practice in Research](#) is adhered to.

**Please ensure you retain this letter for your records.**

With the Committee's best wishes for the success of this project.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'R. Bianchi', written over a horizontal line.

**Dr Raoul Bianchi**  
**Reader in International Tourism and Chair, SREC**  
**School of Business and Law**  
**University of East London**  
**Docklands Campus, University Way**  
**London**  
**E16 2RD**

Tel: 020 8223 2250

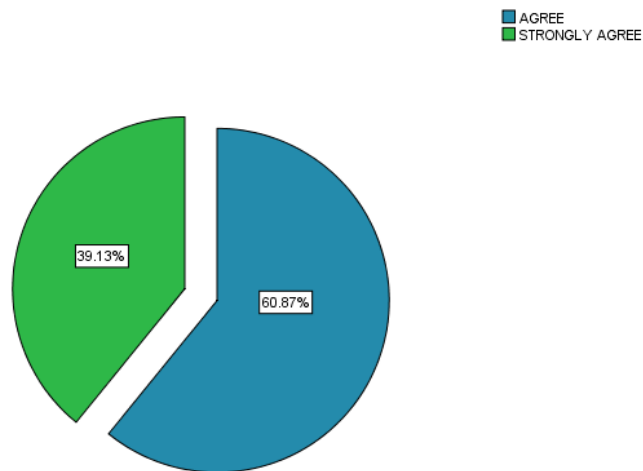
Email: [r.bianchi@uel.ac.uk](mailto:r.bianchi@uel.ac.uk)

## Appendix 5: coding table and SPSS Instructions for employee questionnaire

Variable Name	SPSS Variable Name	Coding Instructions
Age	AG	1= 18-20 2= 21-25 3= 26-30 4= 30-35 5= 36 or above
Gender	GEN	1= Male 2= Female
Number of Years working at McDonalds	NOYWAM	0.00= Less than Year 1.00= 1 Year 2.00= 2 Years 3.00= 3 Years or above
Work Type	WT	1= Full-time 2= Part-time
<b>Questions on Total reward Package and Job satisfaction</b>		
Question No 3	TRPJS3	1= Financial Rewards 2= Non-Financial Rewards
<b>Remaining all questions have same coding instructions</b>		
Question 1	TRPJS1	1= Strongly Disagree
Question 2	TRPJS2	2= Disagree
Question 4	TRPJS4	3=Neutral
Question 5	TRPJS5	4= Agree
Question 6	TRPJS6	5= Strongly Agree
Question 7	TRPJS7	
Question 8	TRPJS8	
Question 9	TRPJS9	
Question 10	TRPJS10	
Question 11	TRPJS11	
Question 12	TRPJS12	
Question 13	TRPJS13	
Question 14	TRPJS14	
Question 15	TRPJS15	

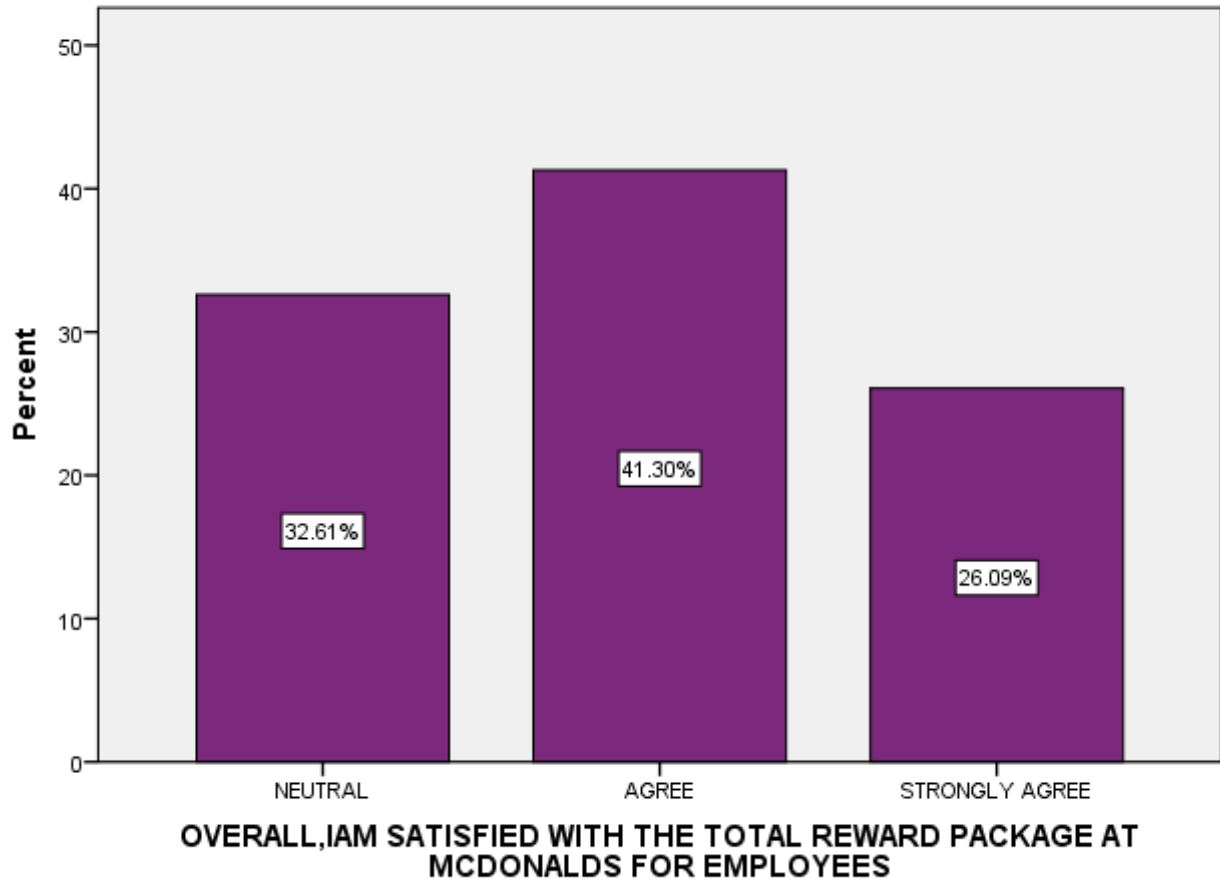
## Appendix 6: Frequency of participant responses to knowledge of their total reward package.

I HAVE RECIEVED ENOUGH INFORMATION ABOUT MY TOTAL REWARD PACKAGE



## Appendix 7: Bar chart showing participant responses about overall satisfaction with their total reward package.

OVERALL, I AM SATISFIED WITH THE TOTAL REWARD PACKAGE AT MCDONALDS FOR EMPLOYEES



## Appendix 8: Managers Interview Codebook generated from Nvivo 11

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## Total Rewards Package Codebook

Name	Description	Number Of Sources Coded	Hierarchical Name
Benefits and Compensation	Do you think employees at McDonalds are satisfied with the current benefits and compensation packages and policies at McDonalds~	7	Nodes\\managers\Benefits and Compensation
managers		0	Nodes\\managers
Overall Total reward package	How you see the current total rewards package offered to employees at McDonalds~	7	Nodes\\managers\Overall Total reward package
Performance Management	Do you think that the annual~monthly employee performance review process is fair enough~ In addition, how often does an employee get specific feedback about performance~	1	Nodes\\managers\Performance Management\Performance Management
Performance Management	Do you think that the annual~monthly employee performance review process is fair enough~ In addition, how often do employees get specific feedback about performance~	1	Nodes\\managers\Performance Management
Performance Management	Do you think that the annual~monthly employee performance review process is fair enough~ In addition, how often does an employee get specific feedback about performance~	5	Nodes\\managers\Performance Management\Performance Management
Suggestions	Would you suggest changing or adding something in existing total reward package at McDonalds~	7	Nodes\\managers\Suggestions

Total rewards and job satisfication	Do you believe that the total rewards 7 increases employees' job satisfaction~ Do you think the type of reward offered to employees directly influence their perception towards job satisfaction~	Nodes\\managers\\Total rewards and job satisfication
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Reports\\TRP- CODEBOOK

Page 1 of 2  
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Name	Description	Number Of Sources Coded	Hierarchical Name
Training and development	What training, personal development 7 and promotional opportunities are provided to employees~ Do you think they are enough~		Nodes\\managers\\Training and development
types of rewards employee value	Do you think that the financial and non-financial rewards are equally important~	7	Nodes\\managers\\types of rewards employee value
Types of rewards employee value	In your view, what total rewards offerings do your employee value most (financial or non-financial)~	7	Nodes\\managers\\types of rewards employee value\\Types of rewards employee value
work-life balance	What do you think about work-life balance at McDonalds~ How does McDonald's culture promote balance between employees' work and family time~ Is their sufficient time off with pay given to employees (e.g. for vacation or illness)~	7	Nodes\\managers\\work-life balance

