

RESEARCH ARTICLE

A review of the reward system and reward management at Nkangala District Municipality

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Abstract - In the public sector, employee rewards have not kept pace with time and fail to keep up with shifts in the workforce and societal expectations. This study aims to understand the public sector's reward system and reward management. The data were gathered through standardised, open-ended interviews, followed by a document review using reputable sources to collect relevant thoughts and facts. Content analysis was employed to support the continual comparative data analysis method, which classified the data according to their commonalities and differences. It was found that the Nkangala District Municipality uses an antiquated and traditional reward system that is centrally organised and non-employee-centric, with choices enforced from the top down, lacking interaction; unappealing and insufficiently competitive and non-inclusive; and does not have versatility, such as no adjustable rewards consisting of cards for gifts or coupons. Rewards are also not delivered equally or honestly, thus contributing to disengagement. The majority of workers are resentful because their pay is lower than that of comparable employees in other municipalities, while bonuses and extra hours are given only to specific employees. Furthermore, there is a lack of complete or contemporary reward systems, such as missing intrinsic benefits like professional progression. Employees also reported a sense of mistrust, fostered by insufficient communication about reward schemes. There is also no formalised process for productivity synchronisation or award distribution, with senior management being disproportionately rewarded over lower-level employees. This study offers useful insights for public sector organisations to re-evaluate their outdated reward systems and adopt modern reward management practices.

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1. Introduction

Research on labour rewards was particularly extensive circa the late 1800s and 1920s, a period known as the "scientific management era", when applications for reward and motivation research emerged from laboratories. Employees frequently received piece-rate payments, which provided a clear financial incentive to work as efficiently as possible. Hourly or daily pay proved contentious after its implementation. A common concern was that paying employees solely for their time would prompt them to "exercise things leisurely" and put in less effort (Wong, 2018). In the past, the primary focus of reward systems was compensating employees financially. Nevertheless, the rapidly changing workforce necessitates a more holistic and integrated approach to reward management (Zingheim & Schuster, 2001). Contemporary human resource management (HRM) has become increasingly imperative as organisations realise the significance of immaterial resources for the long-term sustainability of their businesses. Reward management, also known as the management of reward systems, is a critical component of HRM Chartered Institute of Personnel and Development (Druker & White, 2000).

Reward systems comprise vital components, including people, procedures, rules, and laws required to meet a business's goals of providing suitable compensation for an employee's effort to the organisation (Emejulu, 2020; Pratheepkanth, 2011). Within organisations, the notion of a rewards system is by no means novel. Numerous researchers (Armstrong, 2007; Armstrong et al., 2011; Gerhart & Rynes, 2003; Kerr, 1995; Lawler III & Jenkins, 1992) have explored traditional reward system issues and total rewards structures in private sector settings while overlooking modern rewards, thus creating a gap and a lack of knowledge on the issue. Additionally, there is a dearth of research on whether these approaches can be customised for public-sector contexts, which are characterised by centralised regulations, limited resources, and distinctive social factors (Bwowe & Marongwe, 2018; Figueiredo et al., 2025). To fill these gaps, this study examines the obstacles to modern reward systems in resource-constrained public sector organisations, particularly in the overlooked context of South African municipalities. It contributes uniquely by (1) exploring the situational perspectives on enacting equitable reward systems in emerging economies; (2) empirically examining the opinions of employees regarding impartiality and its openness in a municipal reward programme, a component that is rarely addressed in the present research (Barnabas & Amah, 2018); and (3) suggesting workable modifications of total rewards fundamentals for government organisations with limited funding. The study broadens existing scholarly knowledge of reward system deployment in resource-limited settings and offers useful insights for human resources professionals, particularly in the public sector.

The terms "compensation" and "total rewards" are often used interchangeably with wage and salary administration; however, "compensation/total reward" is a broader concept. Compensation refers to both extrinsic (e.g., salary and benefits) and intrinsic rewards (e.g., achieving a personal goal, autonomy, and more challenging job opportunities)

(Armstrong, 2010; Grobler et al., 2011; Tropman, 2002; Zingheim & Schuster, 2001). In the public sector, the current structure of the reward system is defined by numerous significant developments and issues highlighting the special characteristics of public service employment. The pay scales used by public sector entities are usually set to prioritise uniformity and equity. This structure may limit compensation flexibility compared to the private sector, where salaries may be more performance-based and customisable. To improve employee engagement and job satisfaction amid wage increase constraints, certain public sector organisations are emphasising non-monetary benefits, such as work-life balance initiatives, career development opportunities, and reward schemes. The lucrative pension schemes and perks that public sector workers often receive can make up a sizable portion of their total compensation package; however, they can significantly strain public resources, sparking ongoing discussions about sustainability and equity. High-quality employees are hard to find and retain in the public sector, especially in competitive labour markets, where inflexible pay scales and lower pay might repulse prospective employees. Political and economic circumstances have a major effect on the reward systems of public sector enterprises. Budgetary restrictions and shifting political agendas can cause fluctuations in funding for employee awards, affecting morale and overall performance. Despite its aim of fostering justice and equity, the public sector reward system faces challenges with adaptability, sustainability, and competitiveness (Figueiredo et al., 2025; Liu & Liu, 2022; Yeh et al., 2018).

The dissatisfaction resulting from the unavailability of financial and non-financial rewards, poorly administered reward systems, and reward programmes that are not aligned with performance results can be devastating to employees, often leading to high employee turnover and poor performance (Mansaray-Pearce et al., 2019; Niguse & Getachew, 2019). A reward system that appears to be functioning effectively might have unanticipated consequences that significantly reduce the system's total value (Bromberg-Martin et al., 2010; O'Doherty et al., 2017). Even though the value of compensation has undoubtedly not been questioned, its scope has expanded to encompass new terms such as total compensation and total rewards. The significance of compensation has subsequently increased due to factors such as obsolescence, changes in psychological contracts, misalignment with corporate strategy, discrepancies between professed and applied theories, and senior leadership demonstrating double standards. One major flaw in present-day reward systems is that they are built on faulty premises about what motivates employees. Providing a reward in advance and anticipating excellent conduct is extortion, not reward, and unlikely to succeed (Kennedy-Moore, 2019). A person is an ordered whole that functions as a unit due to the interplay of varying needs, aspirations, ideologies, character traits, and talents (Snelgar et al., 2013; Werner, 2020). Employees' needs and preferences change with time, and many factors can affect their reward preferences, including age, values, religion, marital status, number of dependents, and culture (Gross & Friedman, 2004). Most modern organisations still use outdated reward systems shaped by the past and the expectations of their predecessors.

The fundamental source of all reward system conflicts is the disparities in responses to reward system inquiries. Asking a broad group about their opinions on reward systems would spark a passionate discussion with loads of emotion, but no clear winner. Khan et al. (2011) advocate that the complex nature of compensation requires accuracy and precision, and if not conducted properly, it may lead to organisational trouble. Nienaber and Bussin (2011) offer a clear defence, arguing that it is almost impossible for large and medium-sized organisations to distribute rewards based on each employee's preferences. In organisations with inconsistent key performance indicators, employees may feel that the reward system is unfair and opaque (Barnabas & Amah, 2018). The public sector still uses traditional rewards, which demotivate employees and undermine morale. Public sector organisations fail to create and adequately implement modern total rewards systems that address employees' individual needs, have a complete modern rewards system aligned with their corporate culture, improve employee engagement, and motivate employee innovation. This study aims to understand the public sector's reward system and reward management, which is imperative for policymakers in public sector organisations, as they have many uncertainties concerning reward systems and management. It contributes to the theoretical understanding of rewards management by integrating relevant theories (equity theory) in the analysis. This theoretical grounding allows for a more nuanced discussion of how rewards can be structured to promote desirable employee behaviours.

2. Literature Review

2.1 Reward Management

Reward management is the methodical process of creating and putting into practice plans and guidelines to compensate staff members equitably, regularly, and according to their contributions to the organisation. It includes a range of rewards, such as cash payouts, perks, acknowledgement, and chances for both career and personal growth. The main objective of reward management is to recruit, inspire, and retain staff to improve total organisational performance and employee happiness (Kerr et al., 2022). This mainly involves designing, implementing, and assessing the reward system strategically to ensure that the compensation system is just, equal, and in line with the organisational goals. Good reward management procedures entail regular performance reviews, open communication regarding rewards, and incorporating employees' input into the award system. Organisations can boost employees' motivation, satisfaction, and retention through effective reward management, which in turn improves individual, group, and organisational outcomes (Hamukwaya & Yazdanifard, 2014). The significance of reward management lies in its capacity to favourably impact employee performance and behaviour, with improved employee retention rates, greater motivation, and work satisfaction may result from a well-designed reward system. According to Ng and El-Kadi (2023), workers who feel appreciated and acknowledged for their accomplishments are more likely to be engaged and dedicated to their work, which eventually helps the company. Effective reward management also aids businesses in maintaining pay parity and fairness, two important aspects of creating a happy work environment and lowering attrition (Kerr et al., 2022). Prioritising reward

management puts businesses in a better position to attract and retain top people, which guarantees sustainability and long-term success in today's competitive business world.

2.1.1 Reward system and management practices in the public sector

Reward programmes are crucial in the public sector to improve organisational performance and inspire employees. In contrast to the private sector, where pay may be more performance-based and flexible, the public sector reward programmes frequently follow set pay scales and perks that prioritise equity and justice. This arrangement may make drawing in and keeping top talent difficult because public-sector pay may not be competitive with private-sector wages. Non-financial rewards, including work-life balance programmes, professional development opportunities, and recognition programmes, are being investigated more by public sector companies to solve these issues. Effective management techniques are essential for reward systems to be implemented successfully in the public sector. To promote the desired behaviours among employees, leaders must ensure that compensation structures are clear and in line with company objectives. This entails creating an environment where staff members feel appreciated and acknowledged for their work through open communication and feedback. Employee motivation and dedication to public service goals can be greatly increased by combining reward systems with more general management procedures like career development and performance reviews (Coccia & Rolfo, 2018). By implementing these all-encompassing management practices, public sector organisations can develop staff who are motivated and committed to fulfilling their mission and enhancing public trust.

2.1.2 Reward system outcomes

Researchers like Armstrong (2010), Chen (2022), and Ryan (2013) have achieved consensus regarding the sought-after results of a rewards system. From the employees' perspective, a rewards system should be able to sync employees' objectives with those of the organisation to help it achieve its goals, ensure that there will be enough people with the proper skill sets to go around in the organisation, reward employees fairly, motivate employees and preserve skilled employees, and advance the relationship between the employer and the employees. On the other hand, having a proper rewards system will enable employers to adapt to each person's demands with versatility, bring management and staff risk preferences in line with organisational policies, and manage pay ethically according to the law. Additionally, a rewards system should be inexpensive and straightforward to implement and able to fascinate, retain, and have an excellent long-term effect on employee commitment and motivation.

2.1.3 Modern and traditional employee rewards modern

Compensation costs remain a crucial component of all organisational budget types. Nevertheless, as the modern world changes rapidly, traditional pay management continues to conflict against enormous obstacles in both the public and private sectors due to the present business and economic climates (Jiang et al., 2009). Among the prominent elements include politics, economic state, rivalry, labour market, and the overall expenses of the organisation and administration. These elements have differing effects on the public and private sectors, thus prompting distinct strategic decisions to be made (Tatenda & Bhebhe, 2014). Such issues can seriously impact an organisation's performance and pose existential risks (Jiang et al., 2009). However, any alterations brought about by the internal or external reward setting are typically accommodated by an ideal reward system (Clark & Wilson, 1961). Modern employees do not trust traditional reward systems and instead want compensation for their value to the organisation. Understanding that modern rewards programmes could give more excellent value globally than antiquated, regional ones ultimately rang the end bell for traditional rewards methods (Reddy, 2023).

Table 1 shows the distinctions between conventional and modern employee rewards. According to Jiang et al. (2009), modern reward management is a particular action plan for the organisation's strategic purpose and value viewpoint conversion. Apart from recognising and rewarding individuals for their contributions to the business, modern reward management does more by emerging and growing within the framework of managing change. The categories of "Money" and "Substance" are somewhat broken down in modern reward management, suggesting that non-financial compensation and indirect income are becoming increasingly important in the framework of reward development. Thus, Landry and Whillans (2018) argue that organisations should prioritise non-financial, physical, and intangible reward programmes over conventional monetary rewards.

Table 1. The distinctions between traditional and modern employee rewards

Modern Employee Rewards	Traditional Employee Rewards
<ul style="list-style-type: none"> • A digital system with automation • Instantaneous rewards are determined by ongoing input • Tailored encounters • Range of innovation and advancement • With a focus on professional development • Prompt, proactive acknowledgement • Worldwide network • Leadership is centred on employees 	<ul style="list-style-type: none"> • Manual human resource guidelines • A performance reward determined by yearly evaluation • Basic rewards for accomplishment or service • Focused on outcomes and had a limited range • Exclusive financial rewards, such as employee stock ownership plans (ESOPs) • Reactive belated gratitude • Regionalised programme • Centralised management method

Reward systems are connected procedures and activities that guarantee successful reward management for a business and its employees. Figure 1 demonstrates how a reward system functions. Rewards stimulate employees and are favourable towards the organisation. However, if unsuccessful, they may negatively influence both employees and the organisation (Jahan, 2025).

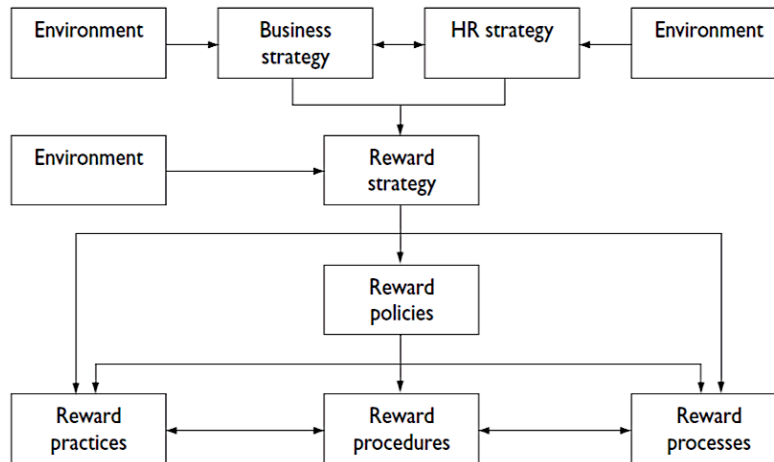


Figure 1. Reward system operates

Brown (2015) describes reward strategy as having three distinct dimensions: an integrated and transparent vision and mission, a versatile and adjustable (total rewards) concept and application methodology, and reward interactions and managerial procedures that satisfy the needs of employees (Armstrong & Brown, 2006; Brown, 2001). Changing from one business strategy to another, accompanied by compensation adjustments, is occasionally not simple, especially given that it will virtually undoubtedly necessitate an overhaul of culture. Cox et al. (2010) emphasise that reward strategies are frequently devised and implemented with inadequate consideration of employees' preferences for various reward categories. This could grow more evident if the employee population grows increasingly diversified and incorporates a broader spectrum of skill groupings, such as organisations in the health care or commercial sectors.

2.2 Constructs of Total Rewards in an Organisation

The idea of "new pay" can be illustrated in an equation using ten variables. The equation is based on a study by Tropman (2001) involving students enrolled in the Master of Business Administration (MBA) at the University of Michigan regarding what they desired from their jobs as well as countless discussions with business leaders and HRM specialists in Eq. (1):

$$TC = (BP + AP + IP) + (WP + PP) + (OA + OG) + (PI + QL) + X \quad (1)$$

where *TC* is Total compensation; *BP* is Base pay or salary; *AP* is Augmented pay, namely, either one payment, although if paid periodically (such as overtime); *IP* = Indirect pay (benefits); *WP* is Work-pay, namely organisation machinery, clothing, and others; *PP* is Perks-pay, and it has unique advantages, ranging from accoutrements to rebates on organisational items for employees; *OA* is Opportunity for advancement and augmented responsibility; *OG* is Opportunity for growth, via on-the-job training, off-the-job training, and credential completion; *PI* is Psychic income, the psychological uplift offered by the work, along with the environment (the employees); *QL* is Quality of life, namely, the chance to convey various vital parts of existence (position near home, flexitime on the spot at day-care, cross country to work, or anything); *X* is whatever employee-specific request that the employer may accommodate ("Can I bring my puppy to work?")

2.3 Factors Affecting Employee Rewards

Nowadays, environments, both inside and outside, provide several hazards and difficulties to organisations. These factors have impacted all HRM activities as well as both financial and non-financial rewards that are a part of the reward system (Elrayah & Semlali, 2023). A reward system, including intrinsic and extrinsic rewards, requires careful consideration of several elements (Nursalam et al., 2019). Table 2 shows the comparison of the top three reward risks by area. Bange (2013) found that job design, emotional determination, motivation level, organisational culture, performance management, the amount of government interference, and sector competitiveness can have an impact on an organisation's reward system. Employees with higher organisational grades often receive greater rewards than those with lower grades. According to Machendia (2010), employee reward systems can be affected by several factors, including competitors, advanced technological developments, labour market, cost of living, trade unions, economy, business strategy, job evaluation and performance appraisal, affordability, board of directors, and change in culture and employees. However, several researchers (Armstrong, 2010; Botha, 2020; Morris, 2021) have highlighted common elements that can influence a reward system. First, individual factors, such as gender, ethnicity, education, and behaviour, are the criteria that determine the best reward for an individual. Second, the size of the team, including aspects like the level of skills, makeup, and stage of growth, can affect the reward system. Third, organisational structure, such as market, market share, and culture, can influence the compensation plan of an organisation. The final element is environmental factors, whereby

government regulations, economic circumstances within the nation, and industry competitiveness may impact an organisation's compensation structure.

Table 2. Comparison of top three reward risks by area

United Kingdom	Ireland	Europe	Middle East	Africa	Asian Pacific
Employees do not appreciate the value of the total reward offering	Inability to change reward practices quickly	Employees do not appreciate the value of the total reward offering	Line managers have a poor understanding of reward	Inability to change reward practices quickly	Employees do not appreciate the value of the total reward offering
A reward for not engaging employees	Employees do not appreciate the value of the total reward offering	Inability to change reward practices quickly	Rewards not motivating	Employees do not understand performance and behaviour requirements	Unable to increase pay levels due to budget constraints
Unable to increase pay levels due to budget constraints	A reward for not engaging employees	The reward does not support the business strategy	Employees do not appreciate the value of the total reward offering	Unable to increase pay levels due to budget constraints	A reward for not engaging employees

2.4 Equity in the Workplace

In South Africa, equal pay for equal labour remains unrealised (Botha, 2020). Adam's theory of equity (Adams & Freedman, 1976) is based on the principle of reciprocity, which states that employees work hard and anticipate receiving something in exchange from the organisation. This suggests that employees anticipate compensation commensurate with their efforts and those of their colleagues who completed comparable work.

Many authorities appear concerned with reward management, with leaders expected to provide rewards reasonably and equitably to generate involvement and responsibility (Huang et al., 2010). Individualists advocate different rewards and equity allotment (Bass et al., 1979). Collectivists support group-based remuneration and equalitarian funding, except in out-group instances when equity distribution is preferred (Bond et al., 1982; Leung & Bond, 1984). Activity and target types have modest distribution preferences (Dorfman & Howell, 1988). The choice tends to shift gradually as organisations grow increasingly international (Triandis, 1989; Hui, Triandis, & Yee, 1991; Meindl, Hunt, & Yu, 1994; Chen, 1995). Equity may be obtained via financial and non-financial rewards, even though intrinsic and extrinsic motivations are the two primary sources of rewards in the relationship between the cultural value orientations of employees and the rules they choose for allocation. Likewise, when managers assign tasks to their staff members according to equality or performance above the call of duty, they are seen as being just as fair. Reward distribution based on task performance is typically preferred by employees who adhere to more "Americanised" ideals (high individualism, low power distance, and strong masculinity). On the other hand, employees with more robust "equality" values—high femininity, high collectivism, and low power distance—tend to favour equitable compensation distribution. Thus, compensation schemes must be modified to ensure that employees who adhere to more "equality" principles receive equal rewards. In contrast, those who adhere to more Americanised values receive rewards determined by job performance (Adamovic, 2023).

2.5 Conceptual Model

The analysis and improvement of the Nkangala District Municipality's rewards system and rewards management framework are the goals of the study's theoretical model, as shown in Figure 2. It focuses on comprehending important elements, involving stakeholders, and achieving possible results to improve employee performance and motivation. The Nkangala District Municipality's rewards management system can be reviewed and improved using this theoretical model as a framework. The municipality may construct a more effective and inspiring reward environment for its employees by emphasising both intrinsic and extrinsic rewards, including important stakeholders, and putting in place strong feedback mechanisms. The different kinds of rewards given to employees form the framework's cornerstone, while the perceptions and attitudes of the organisation are influenced by these rewards.

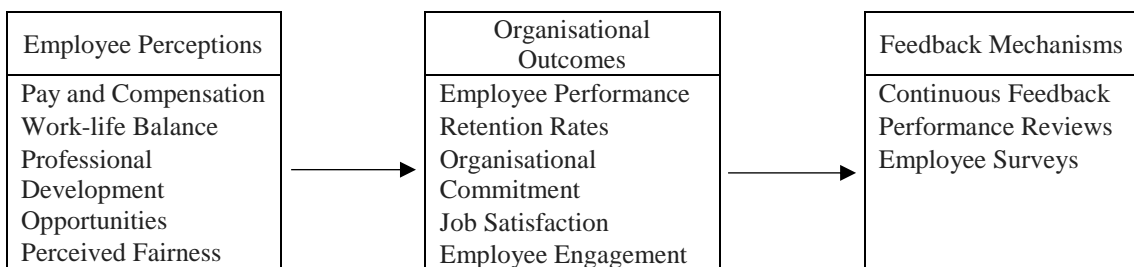


Figure 2. Conceptual model

Employees' perceptions of fairness, contentment, and engagement have a major impact on the efficacy of the compensation system. Increased commitment and motivation are the results of positive perceptions. Employees' impressions have a direct impact on the final goal, which is to produce better performance, higher retention rates, and a

stronger commitment to the organisation. Employee input is used to evaluate and improve the reward system through ongoing feedback procedures, keeping it current and efficient. This organised conceptual framework highlights the significance of a well-managed reward system in attaining favourable organisational outcomes at Nkangala District Municipality by illuminating the relationships between the important variables. The conceptual framework of this study was developed based on the author's original ideas and experience gained from working in the public sector.

3. Materials and Methods

The study selected 40 volunteers from the Nkangala District Municipality. These participants were chosen because they had specific knowledge or skills within the field and had firsthand experience with the research issue. Such direct involvement enabled them to offer valuable viewpoints and insights, making their contributions extremely pertinent to deepen the research data. Reputable sources were used during the document review to collect valuable thoughts and facts. The researcher gathered all completed interview forms from the participants' terminals at varied timings, namely 7 a.m., during the day, during free time and lunch time, and at 4.30 p.m. after work. Almost all participants completed the interview forms promptly, while some sought a meeting when free. The researcher took five working days to collect the data. Qualitative research prioritises content above general theories (Crouch & McKenzie, 2006). Non-probability sampling was used upon considering that this study employed an exploratory research methodology. A haphazard convenience sampling approach was employed as it is quick, suitable, and affordable (Mexon & Kumar, 2020; Sekaran & Bougie, 2016). Low-slung respondent rates are irrelevant since the researcher continued the survey until an unbiased and representative sample size was obtained.

Standardised in-person interviews with open questions were used in this study. Morse et al. (2002) created a system of confirmation that presents and assembles reliability and validity. The researcher made sure that the research questions, literature review, and research methods aligned with the standards of the Morse et al. (2002) system. To fulfil the goals of this study, the research tool consisted of 40 open-ended questions and one topic. Interviews were used to gather data. The present investigation employed the deductive subject information analysis method by following the protocol established by Braun and Clark (2019). This involves acquainting oneself with the collected information, generating preliminary codes, assembling codes with corroborating data, classifying codes, and crafting a plot. Content analysis was used in tandem with the information analysis's continual analytical method. According to Morse et al. (2002), each pertinent data component must be evaluated in relation to every additional pertinent portion of information. For this research, "constant comparative" means inductive codes for data processing that help with assessment by classifying and comparing qualitative data (Glaser & Strauss, 1967). The researcher classified the data according to their commonalities and differences. The primary lesson from the interview and any associated codes is understanding the interview and embracing all its difficulties, highlights, and paradoxes.

A thorough coding procedure and triangulation method were employed to confirm the results and guarantee the rigour of the qualitative analysis. Open coding was used to identify and classify the first data segments based on emergent themes at the start of the coding process. It was followed by axial coding, which entailed grouping these themes into more general structures to provide a fuller understanding of the connections between ideas. To improve dependability and reduce researcher bias, regular peer debriefing sessions were held to examine coding judgments. A triangulation technique was also applied by combining information from several sources, including document analysis, focus groups, and interviews. By offering a variety of viewpoints, this method not only supported conclusions from various data sets but also enhanced the interpretation of the findings. The use of these exacting techniques ensured that the qualitative results were reliable and credible, which eventually resulted in a deeper comprehension of the research issue.

4. Results and Discussion

According to Nel et al. (2008), matters concerning compensation have grown overly complicated that the remarkable and occasionally perplexing development of systems for compensation and developments throughout the 21st century may significantly impact new occupational formations and employee interactions. The study seeks to determine whether the municipality has a total reward system and its elements. The respondents emphasised that the municipality does not have a total reward system. The municipality has a reward system; however, it is not a total reward system and is unattractive, uncompetitive, and not inclusive. As stated by Grobler et al. (2011), paying employees is a form of art and partly a science, and there cannot be a precise, objective way to determine remuneration for any given job or individual. This study wanted to determine if the municipality has a traditional or modern reward system. It was found that the reward system used by the municipality is traditional, outdated, and does not address current employee needs. Participants 2, 8, and 9 stated that "It is traditional because it does not offer its employees flexible and customisable rewards such as gift cards, gift vouchers, and the rest to enable them to choose what they want based on their preferences."

The municipality's reward systems are not flexible and do not focus on employees' needs since the municipality is using a centralised decision-making system. Participants 2, 8, and 9 said, "It is traditional because it does not offer its employees flexible and customisable rewards such as gift cards, gift vouchers, and the rest to enable them to choose what they want based on their preferences." Participant 4 said, "The system is from the Department of Cooperative Governance and Traditional Affairs to top management and then down to employees for implementation; it is not employee-centred. Whatever has been agreed upon at the Department of Cooperative Governance and Traditional Affairs is the final employee's view." The findings align with Bwowe and Marongwe (2018), whereby the municipal system of rewards continues to rely heavily on traditional remuneration means. The study found that nearly a third of the participating municipalities lacked entire reward systems. Employing private sector tactics in government pay systems as specific methods may have social and political influences. It has been challenging for several municipalities to transition from

time-dependent to performance-based rewards and implement flexible pay systems. The municipality mainly uses a basic salary-based payment scheme. Participants 3, 5, and 9 stated, “The organisation does not have a total reward system. It only entails a few financial (Medical expenses, Basic salary) and non-financial rewards (Responsibility, Parking).”

Hareendrakumar et al. (2021) reported that the low performance of numerous public sector projects in India is attributed to an unstructured reward system, which causes dissatisfaction and lowers employee engagement. Nutakor (2019) argued that transparency remains a crucial component to guarantee that employee assessments are impartial, fair, and done without compromising workplace principles. This study lacked communication and consultation in understanding the municipality's reward management objectives and plans. Employees were asked if the municipality implemented a comprehensive reward system and if procedures were being followed. It was found that the municipality does not implement a comprehensive reward system since it does not have one. Participants 2, 3, 4, 6, 7, and 8 said, “No, the municipality does not have a comprehensive reward system.” Participant 1 said, “Reward management systems are there; a unit is dedicated to ensuring that reward operations are handled efficiently; however, they are not controlled.” Participants nine, ten said, “No, rewards operations are not efficiently managed, and government employees misuse the municipality's resources, leading to unnecessary expenses. Past research postulated that only 45% of organisations effectively carry out total rewards, while 21% aim to do so. Participants 1, 2, 3, 4, 6, 7, and 8 further stated that “The organisation does not have a total rewards system, and the rewards system they claim to exist only applies to senior management.”

The results also found that the municipality follows no existing procedure. Participants 2 and 9 said, “There is no procedure I know of that the institution is implementing or has been implemented.” This aligns with Nakin et al. (2023), who reported that while Municipality X has intrinsic and extrinsic reward mechanisms, they are not utilised appropriately. Among the difficulties include incentive systems that were not built with employees in mind, inadequate collaboration with employees, and insufficient information on reward systems and how they work. This study further explored whether the municipality's reward management systems guarantee efficient handling and control of reward operations and expenses. Armstrong et al. (2011) said that there are no unique and comprehensive measures that organisations can use to enhance their reward system and increase their impact on profitability. Insights from the participants revealed that the municipality's reward management system is not in place nor handled efficiently or kept under control.

The municipality's reward management objectives and plans are not communicated clearly, and there is no transparency for employees. Participants 2, 3, 5, 8, and 9 said, “No. There is a severe lack of communication and consultation in the institutions.” Several organisations neglect to supply their employees with sufficient details of one or more benefits. Employees want high wages since they work in a district municipality of a higher rank than the local municipalities. This subsequently reduces the employees' respect, especially since they are from a district municipality. Shore and Strauss (2012) found that workplace behaviours were more impacted by outcome-oriented (pay) inequality than by input-based (productivity) inequality. Work behaviours and in-house salary comparisons had a more significant impact than outside comparisons. Employees within the municipality think that their pay does not correspond with their efforts and achievements in their work environment. Employees have more responsibilities than others at the same level, but from a different unit or municipality. They believe that the salary they receive is too small for the work that they do, and that other municipalities pay better for the jobs that they do.

According to Barnabas and Amah (2018), the reward system should be seen as impartial and flawless so that every employee can view an assessment system as open, equitable, and reasonable. Based on the employees' responses, their salaries are incomparable to those of other places where they might work. Employees working in other municipalities are receiving better wages for the same work. Participants 2 and 10 stated, “Only favourable employees have always been allowed to work overtime and qualify for performance bonuses. Employees are not treated equally regarding growth opportunities and work balance.” Participants 5, 8, 9, and 10 said, “Senior management receives vast rewards, while lower-level employees receive little.” According to Participants 1 and 5, “Most places earn much more than we.” Participant 2 said, “Of course not. We are the district municipality responsible for six local municipalities; however, all six local municipalities earn more than we do. Hence, we cannot perform our duty of advising the local municipalities as expected. Because no one will take instructions from someone earning less than her/him.” Finally, Participant 2 stated that “employees in other municipalities doing the same work we do have better salaries than ours.”

Many State-Owned Enterprises believe that when perks are adequate, salaries do not necessarily need to be comparable. However, it has been shown that the lowest-paid employee in eThekweni gets around a hundred and eighty-eight thousand per year. However, an employee in a comparable position within one of the Gauteng metropolitan areas receives approximately two hundred and twenty-eight thousand, thus leading to employee strikes. The labour organisation requests that the local government pay a comparable salary. Although 75% of HR participants believe that employees are adequately compensated for their duties and accomplishments, only 33% concur. Employment of comparable or equal difficulty is assigned equal wages and ratings, irrespective of the employment outcomes (Branka & Marija, 2021).

This paper provides important theoretical advances by expanding and experimentally confirming Adams' (1965) Equity Theory in the little-studied setting of government-run reward systems. The results endorse the central claims of the Equity Theory by demonstrating how perceived disparities in reward dispersion, specifically the difference across employee contributions (determination, competencies) and results (the rewards), can cause discontent and disengagement in municipal entities (Adams, 1965; Werner, 2020). It also highlights how its elements—base salary, perks, workplace conditions, and career development—should be contextually adjusted in public sectors with limited resources. This advocates the prominence of possibilities for intrinsic rewards (such as psychological income and standard of living), thus expanding the Total Rewards structure (Tropman, 2002). The study further contributes valuable insights through the simultaneous integration of theoretical viewpoints by combining the Equity Theory and the Total Rewards fundamentals

to create a conceptual framework that clarifies how organisations in the public sector can accomplish a sense of equality while operating within comprehensive boundaries.

This study offers a methodical approach for integrating contemporary reward systems in government institutions by conducting a thorough needs assessment through employee input gathered via focus group discussions, surveys, and consultations to identify reward preferences and key pain points (Bwowe & Marongwe, 2018) while also benchmarking competitiveness against comparable organisations in both the public and private sectors. Based on these insights, a strategic reward structure aligned with organisational objectives should be developed, combining financial rewards (base salaries and bonuses) with non-financial benefits (professional development opportunities and work–life balance initiatives) and supported by clear, performance-based criteria to ensure fairness in line with the Equity Theory (Tropman, 2002; Adams, 1965). The framework further recommends piloting flexible reward programmes—such as health benefits and skills-based incentives—in high-impact departments and using feedback from these pilots to refine policies prior to full-scale implementation. To support effective execution, managers should be trained in fair and transparent reward administration, with an emphasis on unbiased performance evaluation and clear communication of reward decisions (Barnabas & Amah, 2018). Finally, the system should be continuously monitored and refined through regular audits to ensure consistency, alongside ongoing tracking of key performance indicators (e.g., employee engagement, retention, and productivity), with annual adjustments made based on empirical evidence and stakeholder feedback (Armstrong & Brown, 2006).

5. Conclusions

This study aimed to understand the public sector's reward system and reward management. It concludes that the municipality does have a reward system in place. However, it is not a total reward system; it is unattractive, uncompetitive, and non-inclusive. The municipality's current reward system is traditional and outdated, does not address employees' needs, and is not handled efficiently nor kept under control. There is also a lack of communication and consultation in the municipality. Additionally, rewards are not distributed equally and fairly. An equal and well-structured reward framework is essential for promoting employee engagement and organisational success, as demonstrated by the Nkangala District Municipality's examination of its reward management and system. The municipality can more effectively match employee expectations with corporate objectives by incorporating a variety of compensation components, such as financial, non-financial, and intrinsic, into a comprehensive strategy.

The results highlight the importance of professional growth, ongoing feedback, and perceived fairness in raising work satisfaction and retention rates. A strong framework for rewards management will help create a more motivated and engaged staff, hence setting up the municipality for long-term success. However, this study was limited to one local government organisation (municipality) and only used interviews and secondary sources. There were limited materials available for the study's contemporary concerns. The existing body of research on contemporary rewards is also small, and the researcher had minimal control regarding the accuracy of the information gathered. Nkangala District Municipality's antiquated reward system contributes to incompetence and discontent. Its modernisation with equitable, open, and adaptable procedures that are in line with employee requirements may improve continuation, commitment, and organisational effectiveness.

Based on the findings of this study, several recommendations are proposed for the Nkangala district municipality. Employee preferences and opinions on the present reward system can be found by involving them in focus groups and surveys. Understanding their demands will help personalise rewards appropriately. To accommodate a range of employee motivations, it is important to create a rewards system that is balanced and incorporates both monetary incentives (bonuses, salary) and non-monetary benefits (professional development opportunities, recognition programmes). The municipality can also establish a process for routinely evaluating the reward system to ensure it stays applicable and efficient. Employee input and performance data can also be used to make well-informed adjustments. Furthermore, the municipality should clearly define the criteria for reward distribution to ensure transparency and effectively communicate these criteria to employees to promote equity and trust in the system. The incentive programme should also be inclusive and consider the various demands of employees. This may involve acknowledging cultural accomplishments or creating awards specifically for various staff segments.

Furthermore, the Nkangala District Municipality can improve employee motivation, satisfaction, and overall organisational performance by putting these suggestions into practice and developing a more interesting and successful rewards management system. This research identifies key drivers of employee satisfaction and engagement for establishing an effective reward system. The findings can serve as a framework for policymakers and municipal managers to refine their reward strategies. By integrating the best practices identified in this study, the municipality can develop more effective and equitable reward systems that align with organisational goals. Future research can expand this investigation by comparing the modern total employee rewards of both private and public organisations. The research design can be improved by utilising the mixed methods from various local government organisations and incorporating mediating or moderating variables like individualistic and collectivistic cultures. Another possible improvement is to identify industry-specific issues and optimal procedures by comparing the reward systems, employee happiness, and turnover rates of public and private organisations. Finally, future research can evaluate long-term impacts on engagement and performance and track municipalities that adopt customisable rewards (such as health benefits or fitness stipends) for a period of three to five years.

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Declaration of Competing Interest

The author declares no conflicts of interest.

CRedit Authorship Contribution Statement

Dickson Mdhlalose (Methodology; Data curation; Writing - original draft; Resources; Conceptualisation; Formal analysis; Visualisation; Supervision)

Availability of Data and Materials

The data supporting this study's findings are available on request from the corresponding author.

Ethics Declarations

This study acquired prior ethical approval as it involved human participants. The human capital management of the Nkangala District Municipality examined and approved the study to ensure that it complied with the national ethical actions and rules established by the Declaration of Nkangala District Municipality. All participants gave their informed agreement and guaranteed that their rights and well-being would be given top priority. By confirming that the study was conducted in compliance with accepted ethical standards, this ethical approval statement protects both the participants' welfare and the integrity of the research.

Generative Artificial Intelligence Declarations

The authors claim that artificially intelligent-assisted technologies in the form of generative AI were not used to generate content, ideas, or theories. We have just utilised AI to enhance readability and refine the language. This was used with extreme human control and oversight. The authors take full responsibility for reviewing and approving the content.

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