

Effect of Reward Management on Employee's Turnover Intention and Performance

Abstract

This research intends to derive a relation between reward management on turnover of the employees and their performance. Quantitative research has been conducted in this case. A survey with the employees has been performed in the research. Based on this research, it has been found that effective reward management policy plays a vital role in reducing the attrition rate of the employees.

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Chapter 1: Introduction

The management of reward system can be considered as one of the most crucial yet problematic part of human resources management (HRM) within any organisation (Storey, 2014). Though reward management process is a highly demanding facet of HRM, it is also a controversial and complex aspect in terms of the debates and assumptions that have surrounded the drivers of work behaviour and human motivation (Storey, 2014). Due to the rapid increase in competition and scarcity of sufficient skills, the attraction as well as retention of adequately skilled employees has been emerged as a major challenge for business organisations. Terera and Ngirande (2014) have explained that the process of attracting, retaining and motivating employees for the desired profit generation of any organisation required novel reward system that can efficiently satisfy employees. On the other hand, the current financial crisis has increased debates against the process of rewarding employees within organisation. Strong criticism, financial downfall as well as new regulations have enforced the management of various organisations to restructure or freeze the reward and bonus structure. Focusing on these arguments, the further research process is based on analysing the effect and importance of reward management in the turnover intention and retention of employees in any organisation. The research is also targeted to evaluate the effect of reward management in terms of influence the performance of workforce. In order to test the impact of reward management on the performance and turnover of the workforce, the case of Suning Commerce Group would be evaluated. Suning Commerce Group is a renowned Chinese retail brand that has started becoming a popular retail brand worldwide. The brand employs approximately 8364 employees, which promotes significant employees strength. It would be interesting to evaluate the current reward management strategies of Suning Commerce Group and if the reward strategies help improving the employee turnover situation.

1.1 Background of the Research

Reward is one of the most important elements to increase the motivational level of employees in terms of providing their best efforts to generate efficient and innovative solutions for organisational challenges (Cerasoli et al., 2014). This process is also targeted to improvise the performances of organisations in a non-financial as well as financial manner. Aguinis et al., (2013) have described that the process of rewarding employees is one of the major component for efficiently manage human resources of any organisation. A number of motivational theories,

such as Vroom's Expectancy Theory, Lawler's Discrepancy Theory etc., have demonstrated that rewards and the satisfaction generated through it possess high potential to simulate desired employee performance and commitment while discouraging unfavourable behaviours such as absenteeism, turnover etc. As per Dewhurst et al., (2012), employees tend to provide their maximum potential when organisations initiate a trustworthy relationship with the employees through reward management.

There are various other factors that also affect the loyalty and performances of employees such as training and development processes, employment relationship, job security along with the overall reward management policies. Dewhurst et al., (2012) have also elaborated that apart from financial compensations there are various other means to provide reward to the employees such as opportunities to perform on important and challenging tasks and projects, leadership attention, appraisal from management etc. Various researches in leadership power have stated that reward power by supervisor can be positively associated with the productivity, task performance, job satisfaction, turnover and loyalty of employees (Murayama and Kitagami, 2014). By supporting this statement Gohari et al. (2013) have detailed that rewards can be intrinsic or extrinsic. Extrinsic rewards are tangible in nature such as promotion, bonus, salary, incentives etc. On the contrary, intrinsic rewards involve a number of intangible rewards such as challenging responsibilities, job rotation, appreciation etc (Gohari et al., 2013).

Apart from performance and loyalty management, handling turnover rate is also a major concern for the management of any organisation. Increased turnover rate generally incur vary high cost to companies. It also highly impacts the overall outcome and performances of different business processes. According to Hong et al. (2012), retaining the valuable employees is a crucial job of any organisation as failure to it restricts organisations to capitalize on the organisational human resources. Literatures have detailed that the treatment of employers to employees as a valued contributor assists organisations to remain important human assets. Therefore, maintaining the job satisfaction plays an important role in terms of retaining valuable employees to the organisation. Mahal (2012) has revealed in his study that the turnover rate in organisations is increasing rapidly due to the dissatisfaction and lack of commitment of the employees. Hence, it increases the responsibilities of management to assure employee satisfaction through right amount and kinds of rewards and recognition.

1.2 Research Problem and Gap

Understanding employee's perspectives as well as measuring their performance motivation and retention factors are very crucial for organisations to ensure long-term business success (Meyer, 2014). However, assumptions related to organisational activities and policies and understanding towards any phenomena different from employee to employee. The individual understanding of any situation generally provokes the actions of any employee. Meyer (2014); Aguenza and Som (2012) have detailed a number of factors that assist organisations to enhance the motivational level of employees in terms of improving their performance as well as commitment to the company. Various studies and literature have dispelled a misconception that good salary structure or wages play the most important role in increase the motivational level of employees regardless their industry and activities (Halpern, 2011; Haer et al., 2013). James and Mathew (2012) have described that this generalization about employee motivational activities has misdirected a number of major organisations and industries in the long run. The researchers have also detailed the shortcoming in the traditional practices of any organisation by stating that a number of companies still concentrate on only providing financial benefits to their employees while practitioners and scholars have highlighted the advantages of additional financial rewards to the motivation, loyalty and satisfaction of valuable employees. However, less of scholars study the effects of non-financial rewards, extrinsic and intrinsic rewards in reward management. In addition, few researchers study the effects of reward management on employee's job performance and turnover intention.

Employee productivity, performance, commitment and retention issues can be considered as the most critical challenges for management in terms of efficiently managing skilled and valuable workforce (Mowday et al., 2013). The corporate restructuring efforts, loyalty concerns of employees and high volume of competitions in terms of accruing and retaining key talents are the major challenges that a number of organisations are facing or going to face in the immediate future. Unexpected and frequent employee departure can provide significant effect on business execution plan. It can also decline the pace of productivity and revenue generation of organisations (Purce, 2014). The process of hiring new employees not only increases the overall cost of the company in terms of recruiting as well as training and development programs, but also demonstrates high potential to decrease the performance level due to loss of the talented and

skilled employees. To efficiently retain and motivate the valuable and talented employees, employers and management need to focus on measuring the factors that satisfy and motivate employees to reduce their turnover intentions while enhancing the overall performances (Jamali et al., 2015).

Hence, the discussion in this research study will emphasize on the evaluation of the importance and effect of financial as well as non-financial rewards on the employee productivity, performance, commitment and retention issues.

1.3 Research Aim and Objectives

The main aim of the research study is to analyse and evaluate the effect and importance of different financial and non-financial reward programs or policies on the development and effectiveness of human capital as well as employee retention.

The objectives of the research study are concentrated on:

- Evaluating the effect and importance of the satisfaction gathered from financial as well as non-financial rewards on the employee turnover.
- Analysing the impact of the satisfaction acquired from well-organised reward programs on the performance of organisational workforces.
- Evaluating constructive solutions and recommendations for the proper and effective usage of reward program for the improvement of employee performance and retention policy.

1.4 Research hypothesis

H1a: Satisfaction gathered from financial and non-financial reward programs does not provide significant impact on decreasing the turnover intention of employees.

H1b: Satisfaction gathered from financial and non-financial reward programs provides significant impact on decreasing the turnover intention of employees.

H2a: Satisfaction generated from financial and non-financial reward policies does not provide significant impact on influencing performance of employees.

H2b: Satisfaction generated from financial and non-financial reward policies provides significant impact on influencing performance of employees.

1.5 Significance of the Study

The study and its analysis will be significant for employers and management from different industry backgrounds. The analysis will provide valuable information regarding the importance and effect of different reward policies, such as financial and non-financial rewards, on employment relations and human capital. This research will provide valuable impact on the theoretical framework of employee retention and performance development with referenced to reward management and policies. The results of this research study can provide significant impact on reducing the gap between theoretical perspective and practical applications of different reward policies and programs. Finally, this research study can be also utilized for the development of different organisational strategies to utilize different forms of reward and recognitions to increase the employee retention rate along with their performance outcome.

1.6 Outline of the Rest of the Research

The first section of this study has detailed the research topic along with the problem statement, aims, and objectives. In this section different hypothesis as per the research topic has been described. The second section of the research will emphasize on the process of reviewing various literatures that supports the research objectives and hypotheses. The third section will be based on the process of designing adequate methodologies for the effective and efficient execution of analysis along with validation of various research processes. The forth chapter is the most crucial section which will be based on rigorous analysis and evaluation of the data and information gathered in this research process. This section will be targeted to elaborate the data analysis and its discussion as per the research methodologies. Finally, the last section will detail the conclusion of the analysis along with valuable and constructive recommendations.

Chapter 2: Literature Review

2.1 Introduction

With the rapid globalization of businesses, different workplaces are losing the effectiveness of their traditional management processes. Therefore, it has been very essential for organizations to revise their workforce management process through introducing new motivational tools for their employees. Chenhall et al., (2003) have strongly asserted that the rapid changes in work environments have enforced top management to evaluate new methodologies for developing durable and strong relationship within employees and businesses which can be beneficial for both organisational goal and individual employee's priorities. The review of literature will be based on various second hand data available on relevant journals, books, documents and articles.

This section of the research study will review a number of literatures to gather in-depth knowledge about the research topic and the objectives. The literature review section will be targeted to illustrate and critically analyse the opinions, theories and arguments of various researchers and authors regarding the structure, importance and limitations of different reward management processes. The evaluation of literatures will also highlight the human resource management factors and practices in terms of retaining and motivating employees within organisations. Finally, this section will emphasize on the importance of human resource management in terms of maintaining and developing the performances of valuable employees. This analysis will assist the researcher to relate the reward management programs with the employee retention and performance development programs of organisations.

2.2 Reward Management and Types of Rewards

Armstrong and Stephens (2005) have evaluated reward management as a method of designing as well as implementing strategies in terms of fairly rewarding employees with the target of attracting, motivating and retaining valuable employees that can facilitate the efficient achievement of organisational goals. McDonnell (2012) has explained that over a large period of time most of the reward scholars and HR practitioners were exclusively focused on financial rewards. The author has also illustrated that this process has enforces a number of organisation to experience difficulties in the process of attracting as well as retaining employees. As per the

research works of McDonnell (2012) and Chiang and Birtch (2007) the combined effects of societal, demographics and economic changes have influenced management of different organisations to rework on their reward policies which stimulated the trend towards the total reward management. As per Chiang and Birtch (2007), total reward management describes reward as a valued outcome that is received by employee from the employer in exchange of their performances as per the organizational standard and norms. Therefore, total reward management process highlights that though the proper structuring the financial reward is essential for organizations, management also need to stress on complementing the financial rewards with other reward types.

Cappelen et al., (2014) have supported this view of total reward management by explaining the equity theory which suggests that the motivating factor of any employee to provide their best in any organisation is mainly determined by what he/she considers as a fair reward or compensation in comparison to others. Therefore, this theory evaluates the importance of using bonus as well as other performance related payments to influence performances of employees. On the other hand, Greenberg and Cohen (2014) have opposed the equity theory by stating that this theory lacks finest details in terms of strategic movement to restore equity. This theory also fails to detail the course of actions that any individual is likely to take in terms of properly following the theory.

The current reward management system within organisation can be divided in three major parts such as extrinsic and intrinsic rewards, membership-based and performance-based rewards, and non-financial and financial rewards (Allen and Kilmann, 2001).

2.2.1 Extrinsic verses Intrinsic Rewards

Reiss (2012) has described intrinsic rewards as the intangible award or recognition that provides employees a sense of satisfaction and achievement. The researcher has detailed that intrinsic rewards exist within individual and it arises from within the employees through different behaviour and activities. Armstrong, Brown and Reilly (2011) also referred it as psychological rewards. Professional growth, personal achievements, sense of accomplishment and pleasure can be considered as intrinsic rewards for employees. On the other hand, extrinsic rewards describe physical or tangible rewards which are generally offered by the supervisors or managers of

organisations. This reward is based on the external performances and activities of any individual (Deci, Koestner and Ryan, 2001).

Fang and Gerhart (2012) have explained that the validity of extrinsic as well as intrinsic rewards is one of the major concerns for organisation across the world. The authors have conveyed that a number of studies regarding the effectiveness of intrinsic and extrinsic rewards or motivation in the employee retention and motivation activities have provided varied conclusions. However, a significant number of researches have derived that extrinsic reward and motivation process is quite old-fashioned in comparison to the intrinsic process (Fang and Gerhart, 2012).

Porter and Lawler's model of motivation and Herzberg's two factor theory have elaborated the significance of intrinsic rewards in the performance of employees. Malik and Naeem (2013) have evaluated that Herzberg's motivation theory is based on two major factors, such as hygiene and motivational factors, which influence employee satisfaction and motivation. As per the researcher, though hygiene factors are essential for the maintenance of motivation within workplaces, it cannot be termed as the motivators. Most of the hygiene factors are extrinsic rewards such as job security, physical working condition, pay, interpersonal relationship etc. This factors are called dissatisfies as they are most expected by the employees and their absence can cause dissatisfaction to them (Malik and Naeem, 2013). On the other hand, motivational factors are inherent by the employees in exchange of their work activities and achievements. The motivational factors are intrinsically rewarding and symbolize the psychological needs of employees which can also be considered as additional benefits or satisfiers. These intrinsic rewards include recognition, responsibility, meaningful and challenging works, promotion opportunities and growth (Pinder, 2014).

Figure 1: Herzberg's two factor theory



(Source: Gupta and Tayal, 2013)

The tenants of the job characteristic model as well as job enrichment practices are also based on the theory that the satisfaction related to intrinsic rewards resides within the job offered to or performed by any individual. Therefore, management of any organisation must provide adequate importance towards offering job enriching opportunities to employees.

2.2.2 Membership-based and Performance-based Rewards

Gerhart and Fang, (2014) have described two different modes of organisational reward program such as membership-based and performance-based rewards. The researchers have detailed that organisations can utilized any of these two reward systems in terms of motivating workforce. Schay and Fisher, (2013) have illustrated performance-based reward as the most common type of reward system within wide number of organisations. This type of reward system can be directly linked with the performance of any individual or a team. In the process of performance-based reward system organisations generally construct certain objectives, which are agreed and approved between supervisors and their subordinates, to assess the performance of the employees. The results of this assessment are highly valuable in terms of rewarding the employees. Most of the times organisations follow cash reward to facilitate performance-based reward system (Propper and Wilson, 2003). Strombach et al., (2015) have stated that the process of performance-based rewarding requires good benchmarks which can strictly followed by

management to measure the actual performance of the employees as well as to eliminate unfair practices of assessment.

With the assistance of Vroom's expectancy theory Ganster et al., (2011) have illustrated that the performance-based reward policies generally encourages management to motivate their workforce to provide their best performances. According to Vroom's expectancy theory, employees can be motivated to efficiently undertake the day-to-day challenging tasks of organisation by positively serving their perception regarding forthcoming rewards (Malik et al., 2015). The expectancy theory demonstrates three basic stages such as expectancy, instrumentality and valence. The first stage describes the assumption that the genuine effort of individual can result in higher level of performance while the second stage emphasizes on the fact that the quality and desirable performance can assist organisations to achieve their targeted outcomes. Finally, the last stage, valence, describes the value any individual places on the reward of any outcome (Abadi et al., 2011). The value of the reward is based on the performance benchmarks of the specific tasks as well as the need and preferences of the employees. Therefore, this valuation of reward enables employers to enhance the motivation of employees in terms of job performance and retention (Abadi et al., 2011).

Figure 2: Vroom's expectancy theory



(Source: Abadi et al., 2011)

On the contrary to the performance-based reward system, Lin and Lo, (2015) have described membership-based reward system as another major process of employee motivation. The researchers have defined membership-based reward system as the process of allocating rewards on the basis of membership of any individual in a specific group of organisation. Beel, (2007) has also illustrated the effectiveness of this kind of reward system by detailing that it assist management to enhance the motivation level of adequately skilled and talented employees to stick to the organisation and provide their best performance by rewarding them as per their membership within different qualification groups such as specific technical certification and master degree holders.

2.2.3 Financial and Non-financial Rewards

Malik et al., (2015) has evaluated that financial and non-financial reward system can be categorized as extrinsic rewards. Financial or monetary rewards are mainly provided to the employees in the forms of wages, salaries, bonuses and pay increase. These kinds of rewards are targeted to enhance the financial well-being of workforce (Lau and Roopnarain, 2014). The authors have also detailed that the financial rewards can be divided into two major categories such as direct as well indirect compensations. Direct compensations are generally consists of increments in hourly pay, increase in salary, performance based merit pay, organisational service time based seniority pay etc. On the other hand, the indirect compensation structure includes enhancement in additional benefits such as medical plan, provident funds, recreation fees, paid leaves for newly become parents and adult care leaves (Chung et al., 2013).

Schlechter et al., (2015), on the other hand, have evaluated the importance and efficacy of non-financial reward system in the development of employee-employer relation as well as employee motivation within any organisation. Gao et al., (2015) have also argued that the non-financial reward systems generally impose significant cost to organisations while do not provide any direct improvement in the financial situation of the employees. Good office location, easy accessibility of required amenities, proper supply of utilities, flexible working hours, desired work assignments, impressive job title and designation etc. can be considered as the non-financial or non-monetary rewards (Lee et al., 2015). As per Bussin, (2015), though non-financial rewards are incapable of providing any kind of monetary benefits to employees, it is highly preferred within different organisation due to its significant and positive impact on overall

job satisfaction of employees. In accordance to this evaluation of the impact of non-financial reward policies, Fisher, (2015) has detailed that this kind of reward policies not only facilitate the performance of employees, but also assist the management to create a sense of prestige and status within the employees.

2.4 Employee Satisfaction

Hofmans et al., (2013), have stated that happiness and satisfaction can be achieved by employees only in the situation when they tend to eagerly and maximally put their effort in terms of efficiently fulfil all the organisational responsibilities and tasks. This satisfaction of employees is essential for organisations to retain their valuable human resources while reducing the overall costs. Linz and Semykina, (2012) have also supported this view by elaborating that employees are more productive as well as loyal if they are satisfied. According to the authors, this satisfaction of employees directly influences organisational productivity as well as competitive advantages. Abraham, (2012) has defined job satisfaction of employees by illustrating that it combines affective reaction of employees towards differential perception regarding what the employee seeks to receive in comparison to what they have actually received. Therefore, organisations are mainly targeted to supply as per the expectations and characteristics of employees to achieve maximum employee satisfaction. Sageer et al., (2012) have also argued that the emotional state of any employee can also be considered as one of the major motivators of their overall job satisfaction which enforces the management to create as well as sustain desirable work atmosphere within organisation. The research works of Turkyilmaz et al., (2011) have demonstrated that satisfaction of employees is one of the basics for any organisation and its citizenship behaviour. They have also elaborated that the well-satisfied employees tend to work more willingly which can enhance their contribution to the organisation.

Instead of widely known as motivation theory, Maslow's need hierarchy theory can also be considered as a major contributor in the practices of organisations to enhance job satisfaction. The theory is based on five major needs of human such as physical and psychological need, safety, compassion and belongingness, self-esteem and employee self-actualization (Anderson, 2014).

Figure 3: Maslow's need hierarchy



(Source: Anderson, 2014)

The evaluation of the need hierarchy theory has illustrated that within any organisation monetary compensations as well as healthcare facilities generally imparts significant benefits which assist employees to meet their basic physical and psychological needs. The need to safety of employees can be enhanced by the safe and secure work location, transportation system etc (Anderson, 2014). Job security also plays a vital role in terms of enhancing the sense of safety within employees which subsequently results in job satisfaction. The incorporation of these satisfactory parameters in the job responsibilities of any employee enhances their requirement of values and appreciation from the fellow employees and management. These assist employees to enhance their self-esteem within any organisational environment (Taormina and Gao, 2013). Finally, the last level of the hierarchy explains the requirement of self-actualization of employees that can be fulfilled through proper allocation and distribution of growth opportunities as well as challenging jobs (Anderson, 2014).

In terms of enhancement of employee satisfaction most of the factors of Maslow's need hierarchy is highly dependent on non-financial rewards such as healthy workplace, job security, recognition, challenging job structure etc. Sell and Cleal, (2011) has elaborated that reward programs assist management to retain high spirit within the employees which is essential to boost

up their morale. The authors have also argued that the basic purpose of undertaking a reward policy is to introduce a systematic pay and communication process to employees that can improve the satisfaction level.

2.5 Employee Performance

Rummler and Brache, (2012) have defined employee performance as the parameter of adequate and efficient executing of job responsibilities and duties by employees as per the organisational standard and norms. The authors have highlighted that most of the organisations seek high performing employees to meet their goal in terms of delivering quality products or services within a stipulated deadline. Chiang and Hsieh, (2012) has also illustrated that job performance not only provide significant impact on the betterment of any organisation, but also equally important for the morale development of employees along with their job satisfaction. According to the researchers, appropriate and timely accomplishment of tasks and performance of higher level awards employees a sense of job satisfaction along with the feeling of pride and mastery. On the other hand, lower performances and inability to achieve goal can result in dissatisfaction and personal failure. Moreover, Avey et al., (2011) have highlighted that the recognition of performance by others and the management of any organisation assists employees to gain financial as well as non-financial rewards which directly impacts on their job satisfaction and motivation.

The relevance of employee performance also reflects in the psychological research of organisation and its work culture. Reactance theory emphasizes on the impact of employees psychological changes within their overall performance as well as organisational work culture. Mackey et al., (2014) have discussed reactance theory by evaluating that the personal feeling of any individual or employee tends to choose the course of action that is restricted. This kind of behaviour is highly influenced by the disagreement and dissatisfaction of employees within any particular organisational scenario. This kind of reactive behaviour includes long-hour breaks, absenteeism, faulty notification of sickness etc. The authors have emphasized on the point that these kinds of behaviours are mainly generated from the improper employee-employer relationship and results in decreased work performance.

2.6 Turnover Intention

The practices and factors impacting and influencing employee turnover intention is one of the much studied phenomena within the research works of human resources management. Valentine et al., (2011) have defined employee turnover as the rotation of employees within the labour market and organisations as well as different jobs and occupations. Hom et al., (2012) have elaborated “turnover” as the ratio or number of organisational workforce that have left during a considerable time period which further get divided by the entire number of workforce available within the organisation within that specific timeframe. According to Stanley et al., (2013) the management point of view of turnover refers to the entire process of filling vacancies by hiring and training new employees. They have also detailed that most of the time this replacement cycle is termed as “replacement woods”. As per Mitchell et al., (2014), the unfolded model of voluntary turnover mainly represents the divergence from traditional beliefs and thinking by focusing on the decisional aspect of the employee turnover.

A number of organisational studies have proven that employee turnover can cause a huge amount of cost to the company (Direnzo and Greenhaus, 2011). Higher ratio of voluntary turnover indicates poor job structure, absence of proper motivation and rewards and improper employer-employee relationships. The process of voluntary turnover enforces organisations to invest huge amounts for the process of new employee hiring and training (Diefendorff and Gosserand, 2003). In accordance to that, Becker and Cropanzano, (2011) have also illustrated that the process of voluntary turnover not only affects the overall cost of the company, but also hampers the standard performance as well as output of different operations. A huge amount of attention has been paid towards the issue of voluntary turnover due to its extensive impact on the performances and competitive advantages of any organisation (Maertz and Kmitta, 2012). Long et al., (2012) have described that higher rate of turnover ratio possesses huge possibility to negatively impact the profitability of any organisation. Therefore, the researchers have suggested that organisations must provide adequate importance towards the proper management of employee satisfaction and motivation to reduce the intensity of voluntary turnover.

2.7 The Effects of Satisfaction on Employee Performance

Imran et al., (2014) have highlighted the fact that the evaluation of the relationship between reward facility and employee performance motivation generally provides ambiguous result as the performance and its effectiveness is a multidimensional concept which includes both task as well as extra role performance. The authors have also illustrated that different types of performances can be embedded in organisational operations through the utilization of different processes such as self-rated performance, objective performances etc. Williams et al., (2006) have demonstrated a meta-analysis which describes a statistically significant but weak positive relationship between satisfaction with financial rewards and self-rated or supervisor-rated task performance. This analysis also details a moderate positive relationship with objective task performance.

2.8 The Effects of Satisfaction on Employee Turnover Intention

Various studies have demonstrated that the dissatisfaction of employees with their financial as well as non-financial rewards can increase the risk for their voluntary turnover (Choi et al., 2012). According to Drenzo and Greenhaus, (2011), apart from financial reward, the absence of different non-financial rewards also displays huge impact on the dissatisfaction and turnover of efficient employees. In this context the researchers have detailed that employees are tend to compare their benefits and remuneration structure with groups or individuals from external or internal organisational atmosphere of organisation. All the inequalities in compensation and other benefit structure from the inside as well as outside of the organisation can provide dire consequences on the overall organisational practices. As per Fila et al., (2014), in comparison to internal inequality, external inequality has been proven to be most destructing in terms of reducing employee morale and motivation level which subsequently results in rapid turnover rate.

Mowday et al., (2013) have evaluated that different researches on reward and beneficial compensation has clearly presented a strong link between offered rewards by organisation and attraction of individuals in terms of initiate as well as continue their job relationship with the organisation. Yücel, (2012) has emphasized on the fact that in the recent years the compensations

for employees in different organisation has increased their focus towards different non-financial materials that can enhance the self-esteem and self-actualization of the employees, especially, the higher management. C.O.O. of Rare Hospitality International Inc., Philip J. Hickey Jr, has also supported this fact by stating “We are not seeing an erosion of our managers going to other industries, per se; but there is a strong interest on their part to pursue quality of life issues” (Milford, 2000). He has also mentioned “The experienced managers in their late thirties and forties are increasingly leveraging their value to the company and the shortage of qualified managers in the restaurant industry by making a statement about who they are, where they want to live, how they want to work” (Milford, 2000). Therefore, Philip J. Hickey Jr. has influenced the entire upper management to shift their focus towards the development of the non-financial rewards and their benefits to ensure the lower turnover rates of valuable and skilled managers and employees (Milford, 2000).

2.9 Summary

Summarising the literature, reward management has a direct impact on the employee turnover scenario. The relationship between the two variables is found to be proportionate. Thus, effective reward management system is likely to lower the employee turnover. On the contrary, an ineffective reward management is likely to affect the turnover. Employees in contemporary businesses are not satisfied with the financial rewards only. The majority nowadays expect a combination of financial and non financial rewards in their compensation packages. Therefore, organisations following the total reward strategy are likely to experience better turnover scenario.

Chapter 3: Methodology

3.1 Introduction

Designing a properly structured research methodology is one of the vital parts of any research study. The appropriate structuring of all the required stages of research methodology is essential to develop an effective and suitable process that can enable researcher to attain desired result as per the objectives. Flick (2015) has described that research methodology assists researchers to design hypothesis as well as questionnaire which are essential for achieving desired result for the study. Hence, the selection of an appropriate research process is important in terms of ensuring positive impact on the overall outcome of the dissertation. Generally, a fully structured research methodology includes research approaches, data collection procedure, method selection, structuring of questionnaire and sampling techniques. Finally, it will also consider the ethical implication in the proper completion of the research methodology. In order to reduce the overall complexities concerning the research method selection, a research onion can be evaluated. Thus, the appropriate research philosophy, approach, strategy, choice and data collection during conducting the research on Suning Commerce Group have been evaluated.

3.2 Research philosophy

In reference to the research onion, research philosophy is the outer most layer of the research onion (Bernard, 2011). The research philosophy needs to be evaluated at the outset. Research philosophy can be categorised into epistemology, ontology and axiology. However, for the current research, the different philosophies of epistemological researches have been considered. As cited by Garner and Scott (2013), epistemology comprised of positivism, realism and interpretive research philosophies. Both realism and interpretive philosophies are not relevant to the research context as these philosophies prioritised the approach of generating facts that are approximate in nature. Realism does not emphasise on scientific methods, while interpretive philosophy rely on generating research outcomes through verbal human responses (Creswell, 2012). However, none of the approaches can help in generating absolute research outcomes.

The research study has been based on positivism philosophy so that a scientific study can be conducted. According to McMillan and Schumacher (2014), positivism philosophy promotes

scientific researches that consider scenario evaluation through real time data analysis. The application of a similar approach is assumed to be crucial during the current research on Suning Commerce Group so in order to analyse the impact of reward management on employee turnover. Hypothesis testing procedure has been prioritised during the research using a range of statistical tools, which is only supported by the positivism philosophy. As cited by Denzin and Lincoln (2011), quantitative data analysis is only supported by positivism research philosophy. As a consequence, following positivism philosophy is assumed to be justified in the current context.

3.3 Research Approach

There are mainly three types of research approaches such as deduction, abduction and induction. Deductive and abductive approach both focuses on the observations of specific theories while the abductive approach is generally not targeted to create any final conclusion. On the other hand, inductive approach is targeted to generate new theories by evaluating existing data and information (Crowther and Lancaster, 2012). For this research study, deductive approach needs to be selected. This approach is majorly concerned with development of hypothesis based on the existing theories. Therefore, the research strategy follows the process of testing of the hypothesis to generate proper conclusion. Deductive approach also enables researchers to efficiently conduct quantitative research process. Hence, it will be an essential mean for the data and information analysis for this study (Somekh and Lewin, 2011). The utilization of deductive approach can allow the researcher to conduct the research analysis in a timely and efficient manner. This approach is highly recommended to researchers in terms of demonstrating casual relationship between important variables of the study. This approach is also helpful to maintain proper structure for the research process as well as “straight-to-the-point” approach. Accumulation and maintenance of sufficient size of sample is one of the major requirements for this approach failing to which can be considered as one of the limitations (Sekaran, 2006).

3.4 Research strategy

The third layer of the research onion suggests the choice of research strategy that is likely to provide a framework for conducting the case analysis. The onion suggests that the strategy choices can be amongst experiment, survey, case study, action research, grounded theory,

ethnography and archival research (Bernard and Bernard, 2012). While each research strategy has its own merits and demerits, the choices determine the critical success factor concerning the research study. As cited by Hannes et al., (2015), researchers can choose from either a particular strategy or a combination of strategies depending on the nature of the study. In order to analyse the reward management and its impact on employee turnover at Suning Commercial Group, survey strategy has been focused.

A survey research strategy has been prioritised so that the research problem can be addressed by evaluating the responses of the associated stakeholders. This has been done by conducting a survey questionnaire approach in which the employees of Suning Commercial Group have been surveyed. The employees were asked to fill up questionnaire based on reward management and employee turnover. As cited by Maxwell (2012), survey strategy is useful for collecting responses based on structured questions. Thus, a combination of rich and statistical data has been obtained through the process that has been evaluated to generate research findings.

3.5 Research Data

Research data can be defined as the factual recorded materials that are commonly retained and accepted by researchers to validate research findings. There are two major kinds of data, such as primary and secondary data, that can be utilized for the successful completion of any research study (Schoenherr et al., 2015). Primary data is the fresh information and data that are collected specifically by the researcher for the purpose of any research project. Primary data is often regarded as the first hand data that can be collected directly from the respondents. On the other hand, secondary data defines the second hand information which is already being collected and presented by others for different research purposes. This kind of data is generally available within different articles, journals, books and online sources. For this research study the researcher will strictly utilize primary data collected from a specific set of respondents (Bryman and Bell, 2015). In this research study, the primary data will be helpful for the researcher in terms of conducting statistical analysis process to evaluate the hypothesis as well as research objectives. The process of primary data collection will assist the researcher to analyze the observation of the theories while assisting in creating connection or relationship between important variables of the study. The primary data used in the study is quantitative in nature. The

quantitative data represent the perception of the employees of Suning Commerce Group on the organisational reward management and employee turnover situation. The quantitative data represent the numeric data on the employee perception regarding the reward management and turnover of the company that have been generated using statistical tool like SPSS software.

This kind of data will be effective in terms of maintaining the accuracy of the research process and its conclusion. This process will also be beneficial for efficient data interpretation while effectively addressing specific research issues. On the other hand, the process can turn out to be highly time-consuming. Therefore, researcher need to properly and efficiently organize the time as per the research objectives and targeted consumers (Wilcox et al., 2012).

3.6 Research Method

While deciding upon the core method for efficient execution of research process, researcher can select from two different styles such as qualitative and quantitative (Neuman, 2005). The qualitative research method is based on exploratory method which mainly focuses on gaining and understanding the underlying reasons, motivation and opinion of any research approach. Alternatively, quantitative research method generally emphasizes on the statistical and mathematical approach of any research process (Creswell, 2013). Quantitative research process follows systematic approach which generally utilizes close ended and numeric data. For this research purpose the researcher utilized the quantitative research method to ensure the accurate utilization and evaluation of the primary data gathered from different respondent sources (Hartas, 2015). This research method will be essential for this study to analyze and experiment the cause and effects interactions between different variables while examining their relationship. This method of research will also be helpful to ensure the accuracy and standard of the analysis of the collected data as well as the processed conclusion. On the other hand, the huge time requirement and unstructured cost requirement can be pronounced as the major obstacles for this kind of research method (Hartas, 2015).

3.7 Data Collection

The entire data collection process can be segregated into two parts that are primary data collection and secondary data collection. The secondary data collection process has been

initiated at first. During secondary data collection, various secondary sources of information have been identified, which are mainly online university archive and the past corporate reports of Suning Commercial Group. Considering the proposition of Bryman (2012), the choice of secondary sources of information can be vital as the majority of the secondary sources contain insufficient information. However, the online library database contains some authentic peer reviewed journals that have served well to obtain literature on the relationship between reward management and employee turnover. On the other hand, factual data about the reward management and employee turnover of Suning Commercial Group have been gathered from the corporate reports of the company, accessing the official company website.

The primary data collection process has been conducted through a survey questionnaire process. It is assumed that survey questionnaire is the only effective option in collecting information from a larger population. Bryman and Bell (2015) appreciated the fact as a survey questionnaire approach is not only helpful in collecting responses from a larger population, but also conducting the data collection process within a short time interval. At the outset, some of the employees of the Suning Commercial Group had been approached for the survey. The participants, who filled up the ethics form, were sent a questionnaire each, which they filled and returned. Later the filled up questionnaires served as quantitative data for the research.

The meticulous and systematic execution of the quantitative research analysis needs to incorporate properly structures questionnaire survey process for the efficient data collection process (Hair Jr et al., 2015). Questionnaire can be defined as the list of research questions or survey questions which are designed to collect and extract valuable and project-focused data from respondents (Hassine and Amyot, 2015). There are four major purposes and advantages for incorporating a questionnaire survey for the research process, such as:

- Collection of appropriate and research-focused data,
- Making the data amendable and comparable to the analysis,
- Minimizing the biasness in terms of collecting data,
- Making questions engaging as well as varied to the respondents to collect maximum data (Hassine and Amyot, 2015).

Through the questionnaire survey process, data can be collected from a wide range of respondents. This process can also be beneficial for the purpose of quickly and easily quantify the research data through different analytical tools. Alternatively, lack of validity and improper handling of the questionnaire by the respondents are the major drawbacks for this kind of data collection process (Hair Jr et al., 2015).

3.8 Questionnaire Design

The questionnaire that has been prepared for the survey is comprised of a set of structured questions. Berger (2013) agreed with the fact that a standard questionnaire can be comprised of both structured and unstructured questions, although the researcher can use a single method as well. The unstructured questionnaire pattern had been deliberately avoided because of the stipulated time period for the survey. A structured questionnaire takes less time to be completed compared to that of an unstructured questionnaire. Since the employees at Suning Commercial Group were too busy for the survey, a structured questionnaire was provided to them.

The questionnaire is comprised of five segments including demographic questions, questions on financial reward, questions on non financial reward, questions employee performance and finally, questions on turnover intention. According to Marshall and Rossman (2014), a checklist approach is more effective in conducting survey across a large population. A similar approach has been followed while surveying the employees a Suning Commercial Group. There 34 questions in total and each question are of multiple choice type. The customers were encouraged to tick the most appropriate option according to them. For questions on financial reward, non financial reward, employee performance and turnover intention, the employees were encouraged to tick the most appropriate option in the five point Likert's scale.

3.9 Sample and Sampling Tool

The sample population for the survey was the employees working currently in Suning Commercial Group. Initially, 200 employees of the company were selected for the survey. However, among the total number of questionnaire sent, 183 questionnaires were found to be completely filled up. The remaining questionnaires were either partially filled or not filled at all. Therefore, the sample size for the survey becomes 183. As per Creswell (2013), the accuracy of

data analysis is likely to be increased with the size of sample population. A sample size of 183 is assumed to be large enough that could help in conducting an accurate data analysis.

Although there is a wide range of sampling techniques, but a simple random probability technique has been followed during the survey. Since the population was larger, the data analysis required to focus on average case complexity, which is addressed by the simple random sampling method. As mentioned by Bowling (2014), simple random sampling is suitable for avoiding probable biasness during data analysis. In addition to that, Corbin and Strauss (2014) also cited that during the simple random sampling method, each response obtains equal opportunity of being evaluated. Thus, simple random probability sampling technique is supposed to be relevant in the current context.

3.10 Ethics Thinking

During the survey, several ethical considerations have been focused in order to make sure the research is free of controversy. Marshall and Rossman (2014) acknowledged that the social researches need to comply with the ethical standards in order to be acceptable in the society. In order to comply with the ethical standards, it was initially ensured that the questionnaire was free of sentimental questions involving the topics race, religion or ethnicity. The consents of the respondents were assured prior to the survey in order to ensure none of the respondents were forced to involve in the primary research process. In addition to that, the use of the research findings is limited within the academic domain only and there would be no commercial use of the research findings.

3.11 Limitations

The current research relies on the findings from the quantitative data analysis. There is no qualitative data analysis in this research that could have helped addressing the research objectives to further extent. Bryman and Bell (2015) strongly convinced with the fact that a mixed method research can be more effective for a rigorous data analysis. Interviewing some of

the managers of Suning Commerce Group would have helped understanding the reward management process and turnover better.

3.12 Time Horizon

The time horizon concerning the current research depends on a cross sectional concept, which means the research concludes on the problem statement depending on the respondents behaviour at a given point of time. As stated by Marshall and Rossman (2014), cross sectional studies are short term dependant, while longitudinal studies are long term dependant.

Research Activities	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Evaluation of literature						
Research method selection						
Identifying appropriate instruments for data collection						
Initiating the data collection process						
Data analysis and interpretation						
Conclusion and recommendations						

Chapter 4: Finding and Discussion

4.1 Introduction

The data analysis has been conducted based on the findings from the survey questionnaire process. The data analysis represents the perception of the employees of Suning Commerce Group regarding the reward management process of the company along with the current employee turnover situation. The responses have been evaluated using various statistical processes in order to obtain numerical findings, which are later represented in graphical format. It has been assumed that graphical representation of data might be easier to interpret from a reader's perspective. As cited by Bryman and Bell (2015), data represented graphically, can be easy to understand and relate to the context of the study. The primary responses of the candidates have been plotted in SPSS software first in order to convert it into numeric responses. Accordingly, demography analysis, reliability analysis, Pearson correlation analysis and regression analysis have been conducted in order to analyse the relationship between reward management and employee turnover. The primary findings have been compared and contrasted with the secondary findings that have been obtained in the literature review section. Thus, an attempt has been made to test whether the primary and secondary research findings are related to each other. Finally, hypothesis testing process has been performed and the chapter ends with summarising the research findings.

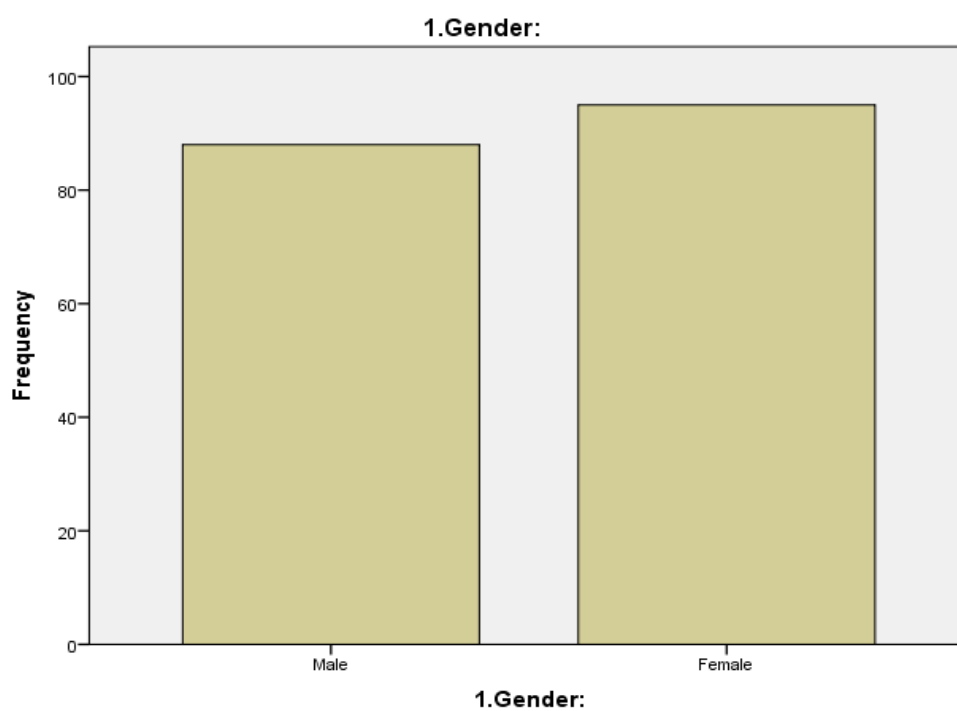
4.2 Demographic Analysis

The main objective of demographic analysis in this research is to measure the different dimensions of sample population. Suning Commerce Group is China's largest retailer that employs around 180,000 employees (Suning Commerce Group, 2015). Based on the discussions of the previous literature and research methodology it can be said that the findings of research will be more accurate and unbiased if the randomly collected sample maintains gender equity. Other factors like employee's experience (or age), educational qualification, monthly salary, location, etc. helps to analyse organisation and institutions properly. The sample survey questionnaires were circulated to 200 employees of Suning randomly. The following tables illustrate demographic dynamics of population:-

1.Gender:

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	88	48.1	48.1	48.1
Valid Female	95	51.9	51.9	100.0
Total	183	100.0	100.0	

The above table indicates that out of 200 respondents only 183 have responded. Total number of male respondents is 88 (or 48%) and female respondents are 95 (or 52%).

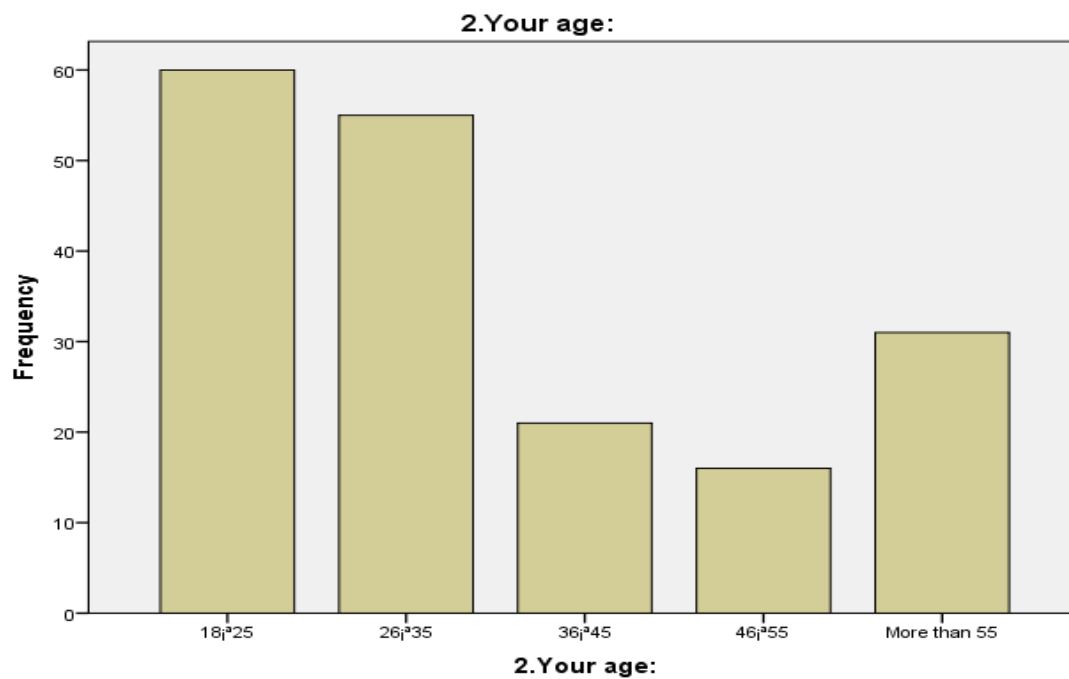


2.Your age:

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	18-25	60	32.8	32.8	32.8
	26-35	55	30.1	30.1	62.8
	36-45	21	11.5	11.5	74.3
	46-55	16	8.7	8.7	83.1
	More than 55	31	16.9	16.9	100.0
	Total	183	100.0	100.0	

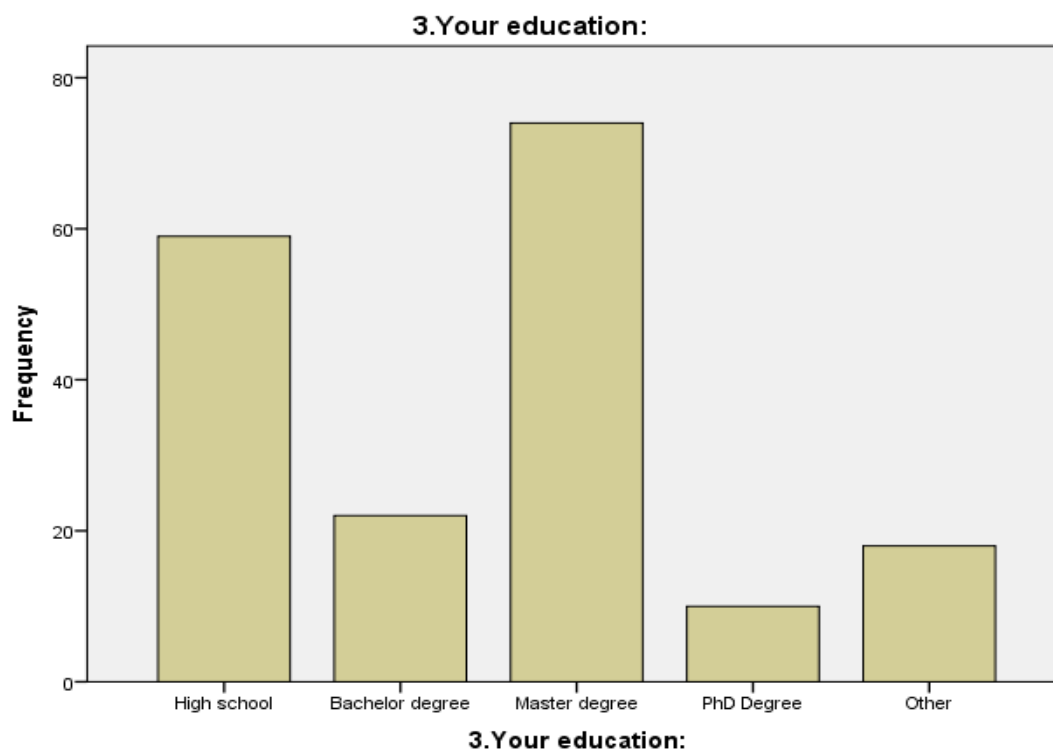
The above table indicates age demography of Suning highlighting that almost 33% of population is between 18 and 25 years old. The senior executives aged above 55 are only 17% of population.



3.Your education:

	Frequency	Percent	Valid Percent	Cumulative Percent
High school	59	32.2	32.2	32.2
Bachelor degree	22	12.0	12.0	44.3
Master degree	74	40.4	40.4	84.7
Valid PhD Degree	10	5.5	5.5	90.2
Other	18	9.8	9.8	100.0
Total	183	100.0	100.0	

The educational qualification analysis of sample population reveals that only 5.5% of population has Doctorate or PhD equivalent degree whereas over 40% of population has a Master's degree.



4. Your salary including bonus per month (Chinese Yuan)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 5000	83	45.4	45.4	45.4
5001-10000	47	25.7	25.7	71.0
10001-15000	24	13.1	13.1	84.2
15001-30000	17	9.3	9.3	93.4
More than 30000	12	6.6	6.6	100.0
Total	183	100.0	100.0	

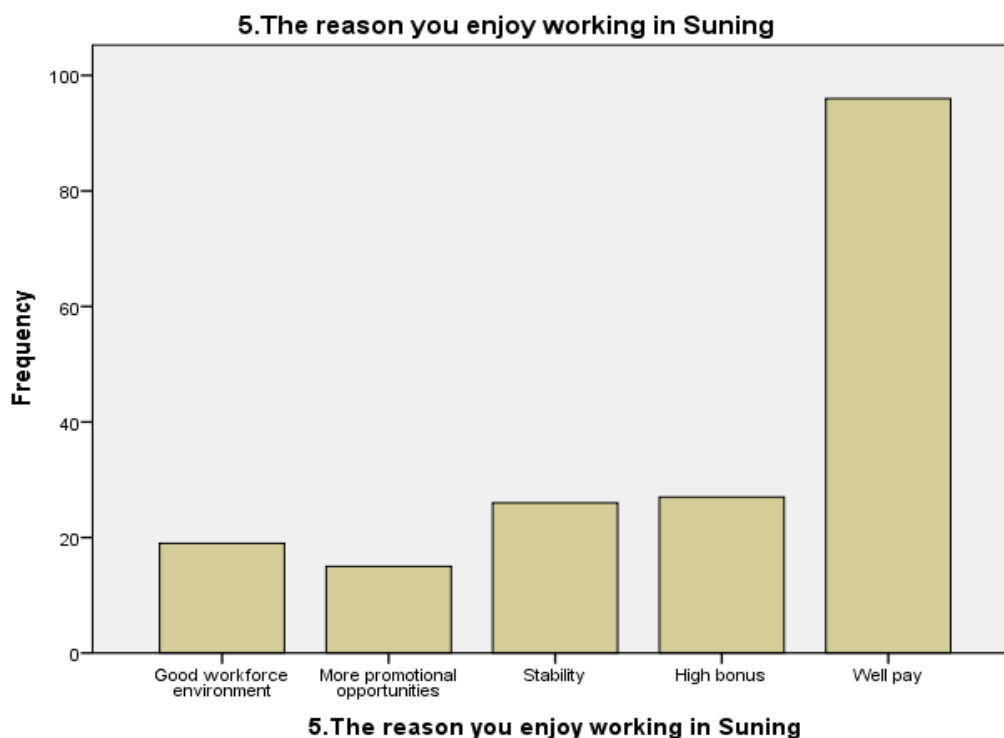
The above table indicates the dynamics of salary drawn per month of the population. It was found that only 6.6% of population has drawn above ¥30,000 (inc. bonus) while majority of population earns between ¥5,000 and ¥10,000.



5.The reason you enjoy working in Suning

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Good workforce environment	19	10.4	10.4	10.4
More promotional opportunities	15	8.2	8.2	18.6
Stability	26	14.2	14.2	32.8
High bonus	27	14.8	14.8	47.5
Well pay	96	52.5	52.5	100.0
Total	183	100.0	100.0	

The above table indicates the various reasons as to why an employee would love to work at Suning. It is found that 52.5% of population agreed to the fact that they are paid well while other have cited reasons such as promotional opportunities (8.2%), career stability (14.2%) and good work environment (10.4%).

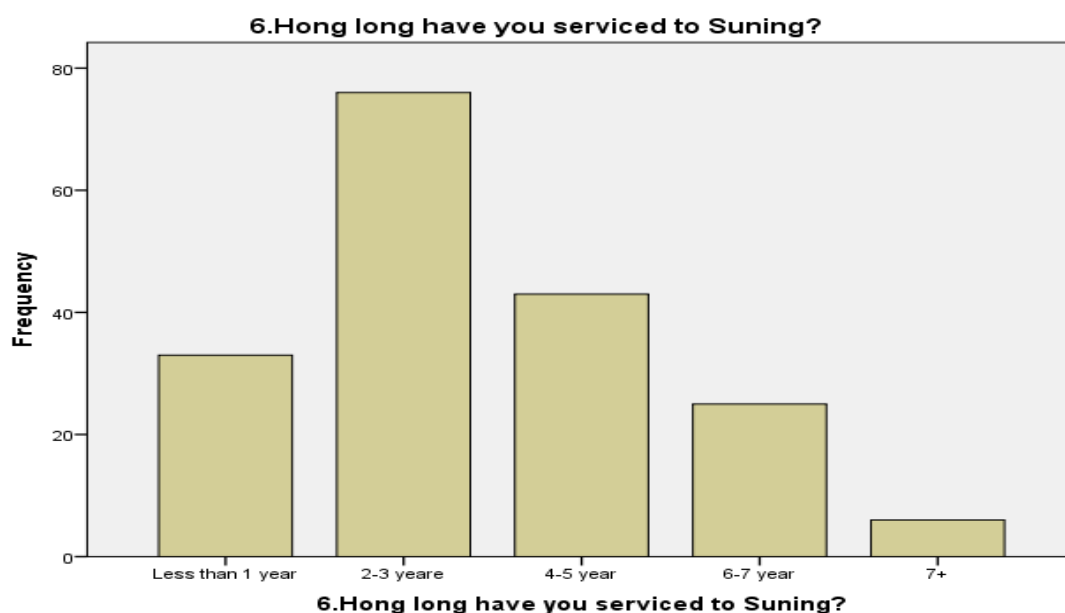


6. How long have you serviced to Suning?

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1 year	33	18.0	18.0	18.0
2-3 year	76	41.5	41.5	59.6
4-5 year	43	23.5	23.5	83.1
6-7 year	25	13.7	13.7	96.7

7+	6	3.3	3.3	100.0
Total	183	100.0	100.0	

The above table analyses the commitment of an average employee at Suning Commerce Group. It was found that most of the population (~41.5%) has been in the company between 2 and 3 years. The above data analysis indicates that only 3.3% of population has been working the organization for over 7 years.



The following table summarises the various findings of demographic analysis:-

	Frequency	%
<i>Gender</i>		
Male	107	58.47%
Female	76	41.53%
<i>Your Age</i>		
18-25	30	18.29%
26-35	103	62.80%
36-45	23	14.02%
46-55	6	3.66%

More than 55	2	1.22%
<i>Education</i>		
High school	31	16.94%
Bachelor degree	82	44.81%
Master degree	54	29.51%
PhD Degree	13	7.10%
Other	3	1.64%
<i>Your salary including bonus per month (Chinese Yuan)</i>		
Less than 5000	66	36.07%
5001-10000	71	38.80%
10001-15000	33	18.03%
15001-30000	11	6.01%
More than 30000	2	1.09%
<i>The reason you enjoy working in Suning</i>		
Good workforce environment	12	6.56%
More promotional opportunities	21	11.48%
Stability	13	7.10%
High bonus	54	29.51%
Well pay	83	45.36%
<i>How long have you serviced to Suning?</i>		
Less than 1 year	33	18.03%
2-3 year	46	25.14%
4-5 year	63	34.43%
6-7 year	30	16.39%
7+	11	6.01%

4.3 Data Reliability Analysis

In order to assess data consistency this study has run the Cronbach's alpha test. The following tables summarises how closely the dataset are related in the assigned groups – Financial rewards, Non-financial rewards and employee performance.

Case Processing Summary

	N	%
Valid	183	100.0
Excluded ^a	0	.0

Total	183	100.0
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a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.882	34

Variables	Cronbach's Alpha	Number of items
Financial rewards	0.740	7
Non-financial rewards	0.811	7
Employee performance	0.784	8
Employee turnover intention	0.729	6

Higher value of Cronbach's Alpha indicates that the variables have relatively high consistency in underlying datasets. Non-financial rewards of Suning have the highest value of Cronbach's Alpha signifying maximum data consistency. This is followed by employee performance and financial rewards respectively. The overall dataset of 34 questions has internal consistency of 88.2 percent. In short, the datasets used in this study are assumed to be highly consistent and reliable.

4.4 Pearson Correlation Analysis

The questions provided in the questionnaire have been divided into 5 segments. There are total 34 questions that were asked to the respondents. Out of them, question number 1 to 6 is categorised as "Demographic questions", 7 – 13 is categorised as "Financial reward", 14-20 is classified as "Non-financial reward", 21-28 is categorised as "Employee performance" and 29-34 is classified as "Employee turnover intention". Among the five given segments, last 4 segments have been chosen to conduct an analysis on the basis of Pearson correlation.

Person correlation has been chosen in order to find out the association between the selected variables. The correlation coefficient obtained in the analysis is used to measure the strengths and relationship between the variables. This is popularly known as Pearson R in the field of statistics. Correlation is referred to as the technique of investigating the degree of association or relationship between two continuous and quantitative variables. The correlation coefficient (r) would help in identifying the strength of this association. Also, the relationship among the chosen variables is assumed to be linear. In other words, an increase or decrease in one variable would lead to an increase or decrease in the other variable.

In the present paper, a two-tailed test has been conducted to identify the significance level of the strength between two variables. A two-tailed analysis has been chosen because the direction of the linear relation between the variables is unknown. The two-tailed test helps in testing the significance between the variables in order to determine the direction of their relationship. Thus, the hypothesis chosen (as described in ‘Research Hypothesis’) is non-directional.

The value of Pearson Correlation Coefficient is in the range of 1 to -1 (inclusive). The respective values denote the following results:

1 = Strong positive correlation

0 = No correlation

-1 = Strong negative correlation

The formula for Pearson correlation coefficient is given as:

$$\rho_{XY} = [\text{Cov}(X, Y)] / \sigma_X \sigma_Y$$

(Where Cov denotes covariance, σ_X denotes standard deviation of X and σ_Y denotes standard deviation of Y).

Table: Pearson Correlation

Variables		Financial reward	Non-financial reward	Employee performance	Employee turnover intention
Financial reward	Pearson Correlation	1	.521**	.452**	.460**
	Sig. (2-tailed)		.000	.000	.000
	N	183	183	183	183
Non-financial reward	Pearson Correlation	.521**	1	.465**	.571**
	Sig. (2-tailed)	.000		.000	.000
	N	183	183	183	183
Employee performance	Pearson Correlation	.452**	.465**	1	.434**
	Sig. (2-tailed)	.000	.000		.000
	N	183	183	183	183
Employee turnover intention	Pearson Correlation	.460**	.571**	.434**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	183	183	183	183

** . Correlation is significant at the 0.01 level (2-tailed).

Implication of different values of Pearson Correlation Coefficient:

“1” denotes that the relationship between the chosen two variables is strongly correlated. In other words, the value of one variable strongly influences or has an impact on the other.

“0” denotes that there lies no linear correlation between the variables.

“-1” denotes that the variables are negatively correlated. In other words, an increase in one variable has a negative impact on the other variable.

This implies that if Person's r is close to 0, there lies a weak correlation between the variables. In other words, change in one variable is not correlated with the other one. However, when Pearson r is close to 1, it implies that the changes are strongly correlated to each other.

Also, the significance of the linear relationships is analysed using 'Sig (2-tailed)' value. This value will illustrate about the statistical significance of the correlation between the two variables.

The survey was conducted for 200 people from the HR department, management department, etc. Out of these, 183 responded to the questions asked. Thus, the sample size (N) is 183 in the present case. As is mentioned earlier, the aim of the research is to analyse and evaluate the effect and importance of different financial as well as non-financial reward programs or policies on the effectiveness and development of human capital and employee retention. If the value is greater than 0.05, it implies that the variables have no statistical significant correlation among them. On the other hand, if the value is less than or equal to 0.05, it implies that the variables are correlated and are statistically significant.

The four variables considered for the analysis of the result includes "Financial reward", "Non-financial reward", "Employee performance" and "Employee turnover retention". The occurrence of employee turnover is due to financial reward, non-financial reward and employee performance. Thus, the present analysis is conducted to find out the correlation between the following variables:

1. Financial reward and Employee turnover
2. Non-financial reward and Employee turnover
3. Employee performance and employee turnover
4. From the analysis shown in the table below, the following results are obtained:
5. The Pearson correlation between 'Financial reward' and 'Employee turnover intention' is 0.460. The correlation coefficient is statistically significant at 1% level (<0.01).
6. Pearson correlation between 'Non-financial reward' and 'employee turnover intention' is 0.571 and it is statistically significant at 1% level (<0.01).

7. Pearson correlation between ‘Employee performance’ and ‘employee turnover intention’ is 0.434 and is statistically significant at 1% level (<0.01).

4.5 Regression Analysis

This section conducts regression analysis of the responses of sample survey questions of 200 employees of Suning Commerce Group Co. Ltd., out of which 183 have responded. A linear regression analysis has been conducted using SPSS. In this model it is assumed that the dependent variable is the ‘employee turnover’. The list of independent variables includes employee performance, non-financial rewards, and financial rewards. Basically, this study is based on a set of 34 close-ended questionnaires which may further be classified into various sub-categories on the basis of questions identifying patterns of demography, employee performance, relationship between turnover and financial rewards, relationship between employee turnover and non-financial reward. Mathematically, the linear model may be represented as follows:

X = Employee turnover intention

Y = Employee performance

Z = Financial reward

T = Non-financial reward

$$X = b_0 + T*b_1 + Y*b_2 + Z*b_3$$

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.619 ^a	.383	.372	.79219855

- a. Predictors: (Constant), Employee performance, Financial reward, Non-financial reward

The above output represents the ‘Model Summary’ regression analysis. The main predictor variables are represented by T, Y and Z. This model basically indicates how employee turnover intention is related to the predictor variables.

In order for the researcher to understand how well the data collection fits into the regression model, the value of R-squared may be checked. The objective of linear regression analysis in SPSS is to find a solution equation that minimises the gap between data set and fitted line. For instance, the Ordinary Least Square (also known as OLS) model generally minimises the total value of summation of residual squares. The value of R-Squared gives an estimate of how closely the data set may be represented in the regression line. The value generally ranges from 0 to 1 which represents low to high degree of explanation of variables using the model. In other words, value of R-Squared which is close to 0 indicates that the model is poor because the very less number of variables or respondents data are positioned around the mean. Conversely, for a dataset that has high R-Squared value implies that dataset clearly explains the movement of variables around mean. In practice, it is desirable to get a high value of R-Squared but it is not mandatory. Sometimes a few questions out of many may be sufficient to explain linear models.

In this case it has been observed that the value of R-squared is 0.383 which implies that out of 34 questions distributed to respondents only 38.3 percent of variable data may be explained with this model. It is important to note that generally the researcher will get an unbiased responses / values from an external stakeholders’ sample group. However, the main objective of the study is to analyse and evaluate the effect and importance of different financial and non-financial reward programs or policies on the development and effectiveness of human capital as well as employee retention. Generally, the response of the employees will be biased to a certain extent because of personal grudge or dissatisfactions. This model has factored-in such biasness into consideration and hence the model summary shows the standard error of estimates.

The following table represents the analysis of variance or (ANOVA):-

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.663	3	23.221	37.001	.000 ^b

Residual	112.337	179	.628		
Total	182.000	182			

a. Dependent Variable: Employee turnover intention

b. Predictors: (Constant), Employee performance, Financial reward, Non-financial reward

The above table depicts the significance or p-value of the independent variables on the dependent variable X. Theoretically if the value of significance level is less than 0.050 then the model may be considered as statistically significant. In this linear regression model the p-value is 0.000 which implies that the researcher can use the predictor variables to explain the dependent variable with 100% confidence level. In the previous section the paper discussed the t-test between variables. However, one of the limitations of t-test is that it helps to measure only 1 coefficient of regression at a time. In contrast, the F-test of ANOVA can compare multiple coefficients at the same time. F-value indicates the chances of null hypothesis of the test to be true. In this case the f-value is 37.01. This indicates that the probability of null hypothesis to be true is less than 50 percent. On the basis of p-value it can be said that since the p-value is less than 0.05 the null hypothesis can be rejected. Hence, on the basis of significance level or p-value testing this linear regression model states that ‘satisfaction gathered from financial and non-financial reward programs provides significant impact on decreasing the turnover intention of employees.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-2.769E-017	.059		.000	1.000
Financial reward	.174	.072	.174	2.430	.016
Non-financial reward	.402	.072	.402	5.576	.000
Employee performance	.168	.069	.168	2.433	.016

a. Dependent Variable: Employee turnover intention

In the linear regression model depicted above the total variance has degree of freedom of 2 ($N-1$). The degree of freedom corresponds to one less than the total number of co-efficient. The co-efficient of the dependent variable (that is, employee turnover intention) shows the beta co-efficient of the linear regression model. The importance of this part is that includes the slope of regression line as well as the y-intercept. The first value, which is shown as constant is also known as the y-intercept. This may be interpreted as the value of the dependent variable when all other predictor variables are zero. In this case it may be interpreted as that if the company does not provide any financial rewards then employee turnover will be negative. The same interpretation follows for employee and non-financial rewards variables. The results and findings are consistent with Lau and Roopnarain (2014), Gerhart and Fang (2014) and Fang and Gerhart (2012). To be more specific, the non-financial reward or variable T is most significant among other predictors because the significance level of T is nearest to 0. In contrast, the significance level of variables Y and Z are same and hence these predictors also play a vital role in employee turnover intention. The beta value represents the relative significance of each predictor variables. From the co-efficient table depicted above it is clear that the significance levels of financial rewards are 0.016 and since the value is close to zero and less than 0.05, this variable dataset has linear relationship with dependent variable. Similarly, the significance or p-value of non-financial rewards is 0.000 implying that the linear relation between financial rewards and employee turnover is explained by the underlying dataset. Similarly, in case of employee performance the p-value is 0.016 (<0.05) and hence the linear relation between this variable and dependent variable is explained using this linear regression model.

4.6 Hypothesis Testing

After an analysis of regression and correlation, it is important to test the fitted hypothesis in order to check the validity of the observed results. Hypothesis testing is referred to as a testing that is conducted on the basis of some observed results or process modeled through a set of random variables. It is a method used for inferring the statistical test. Alternatively, it can be said that the main objective of hypothesis testing is to check the empirical validity of a particular theory based on the economic analysis. The test is conducted in order to find out the relationship between two data sets. Two hypotheses are fitted for the empirical testing:

Null hypothesis: It referred to as the common view that people think.

Alternative hypothesis: This refers to what researchers observe as a cause for any phenomenon.

As mentioned earlier, the employee turnover intention is the dependent variable whereas the independent variables considered are the financial rewards, non-financial rewards and employee performance. Also, the hypothesis set for the finding the effect of reward management of Suning Commerce Group, on their employee turnover intention is mentioned in section 1.4.

Based on the correlation as well as regression analysis, it is observed that the p-value of statistical analysis is 0.016 (<0.05) implying that null hypothesis is rejected and hence the alternative is accepted. In other words, H1b and H2b are accepted. From the analysis of first hypothesis testing, it can be inferred that satisfaction gathered from financial and non-financial reward programs in the Suning Commerce Group provides a significant impact on reducing the turnover intention of employees. Also, an analysis of the second hypothesis testing shows that satisfaction that the employees get from financial and non-financial reward policies significantly influences their performance.

4.7 Discussion

On the basis of the analysis conducted in the above sections, it can be deciphered that the employees of the company, Suning Commerce Group are significantly influenced by the organisation's reward systems. These rewards include financial as well as non-financial rewards. The performance of employees is also influenced by the level of satisfaction that they get through the reward system. The positive sign of correlation coefficients implies that all the three variables (financial reward, non-financial reward and employee performance) have an impact on the employee turnover intention. However, the non-financial reward is found to impact the employee turnover intention mostly (0.571) followed by the financial reward (0.460) and employee performance (0.434). This implies that most of the respondents are of the view that the employee turnovers are mostly influenced by the non-financial and financial rewards given to them. The analysis is briefly discussed below:

(1) It is being observed that financial reward and employee turnover intention is positively correlated (0.460) and is statistically significant at 1% level. This implies that an increase in

financial reward given by the management of the company, Suning Commerce Group, there is a positive influence on the intention of employee turnover. In other words, the reward system of the organisation largely impacts the intention of employees to leave or stay in the organisation.

Financial rewards are referred to as monetary incentives earned by an employee because of their good performance. Thus, financial reward to the employees mainly refers to their salary. These are the rewards that are aligned according to the organisational goals. Whenever an employee is found to help his company in achieving its goal, he is being rewarded.

Thus, to measure the influence of financial reward on the employee turnover intention, seven questions were asked to the respondents based on some areas. These areas include:

- the base salary of the employees
- increment in their past salary
- their recent salary
- process of determining the rise in their salary
- increase in the pay system of employees
- satisfaction of job due to additional pay to the basic salary of employees
- well-performance in the organisation leading to higher pay increase

The above stated areas were considered in order to find the extent to which the employees' turnover intention is influenced. In response to the question asked regarding the impact of the basic salary, most of the respondents (around 50%) said that they 'agree' with the fact that their intention for turnovers are strongly influenced by their basic salary. However, with regard to the past salary increment, many were 'neutral' and some respondents also 'disagreed' to its influence on their turnover intention.

When the participants were asked regarding the influence of their recent rise in the salary, maximum (90%) were of the view that their recent salary mostly influences their turnover intention. Similarly, majority of the participants 'agreed' to the positive influence of other parameters on their turnover influence. These includes process of determining the rise in their

salary by the management of the company, increase in the pay system, job satisfaction because of the additional pay they get and higher pay rise resulting from their good performance.

Thus, the overall correlation analysis of the two variables shows that the financial rewards have a positive impact on the employee turnover intention (Pearson Correlation = 0.460). This implies that the more the company rewards their employees financially, the less is the intention of employees to leave the organisation. The probable reason behind this finding could be the fact that financial rewards given to employees enhance his well-being. Similar to this result, Lay and Roopnarain (2014) also found that financial rewards are responsible for increasing the well-being of an employee and hence has a positive impact on his turnover intention (refer to section 2.2.3).

(2) The correlation between non-financial reward and employee turnover is found to be positively correlated (0.571) and is statistically significant at 1% level (<0.01). This denotes that the increase in non-financial reward largely influences an employees' intention to leave the organisation. To be more precise, the non-financial rewards that an employee gets in the organisation have a huge impact on employees' turnover intention.

Non-financial rewards are referred to as the benefits that the employees get for their loyalty towards work good performance. It is to be noted that these rewards are not the incentives that encourages loyalty and good performance by their retention. However, there is close overlap between the two. Some of the non-financial rewards may include social status, recognition, praises, etc.

In order to measure the influence of non-financial rewards on employee turnover intention, seven questions were asked based on some areas. They include:

- appropriate recognition for employees' contribution
- receiving continuous feedback and recognition
- informal praises received by employees
- formal praises received by employees (such as certificates)
- frequency and amount of recognition received from the supervisor of the company

- relevance of the feedback received
- fair and consistent recognition

These were the areas that were focussed while asking questions to the participants in order to measure the extent to which the non-financial rewards impact their turnover rates. In response to these questions, the overall analysis depicts that the employees are largely influenced by the non-financial rewards.

With regard to the area of ‘appropriate recognition’, the respondents were found to ‘agree’ with its influence on their retention rates. This implies that an ‘appropriate recognition’ for an employees’ contribution towards a job influences him to retain in the organisation. The responses also show that the continuous feedback and recognition that employees get within the organisation influence their turnover rate. The participants also said that their decision to stay or leave the organisation highly depends on the informal and formal praises (certificates). Similarly, the number of times the employees receive recognition and the relevance and consistency of the feedback also impacts their retention rates.

Thus, the overall analysis of correlation between non-financial rewards and employee turnover intention is found to be positive (0.571). This implies that more non-financial rewards given by the management of the organisation to their employees, leads to higher retention rates and hence lower employee turnover intention. The probable reason for this could be the fact that non-financial rewards are often found to motivate the employees to work in an organisation. Similar result was also observed by Schlechter, et al. (2015). According to him, non-financial reward system plays an important in developing the relationship between employer and the employee (refer to section 2.2.3).

(3)The correlation between employee performance and employee turnover intention is found to be positive and statistically significant at 1% level (<0.01). This signifies that the performance of employees largely impacts the rate of employee turnover.

Employee performance refers to different activities that are related to the job of the employee. It measures the extent to which an employees’ intention to leave the organisation depends on the

non-financial rewards. The turnover rates largely depend on the performance of the employees which in turn is regulated by the management of the company.

To measure the employee performance, the respondents were asked 8 questions based on the areas like:

- rise in salary leading to rise in the performance of the employees
- wage levels affecting the performance
- Special bonuses given at New Year or feasts which in-turn increases the performance of the employees
- Regular promotions given to the employees
- Appreciation and praises by the managers leading to successful work of employees
- Occurrence of social activities like company picnics, cinema, travel, etc creates closer relationships between the employer and the employee.

In response to the questions asked, the participants said that there are some major factors that have a large impact on their turnovers. Some of them include hike in salary, wage levels, regular promotions and occurrence of social activities which affects their performance at work. This in-turn is responsible for having a huge influence on employee turnover intention. Thus, this shows that performance of employees have an influential impact on the turnover rates of employees. This is because the performance of employees is highly associated with an employee's satisfaction or dissatisfaction towards his job resulting to his retention or turnover. Similar to this finding, Chiang and Hsieh in 2012 found that employee performance not only provides significant impact on organisation's betterment but also builds an employee's moral development and job satisfaction at his workplace (refer to section 2.5).

Thus, it can be inferred from the Pearson Correlation analysis that financial rewards, non-financial rewards and employee performance have an impact on the employee turnover intention. However, the non-financial and financial rewards are observed to impact the turnover rate in a greater proportion (Pearson correlation for non-financial rewards = 0.571 and that for financial rewards = 0.434).

From the above discussion it can be said that the linear regression model effectively fits the data set. The financial rewards or variable Z are represented by questions 7 to 13 (see appendix) and considers the financial aspects of career. The questions 7 to 13 are based on parameters like basic salary, previous or recent salary hikes, additional incentives, and so on. The non-financial rewards (or variable Y) on the other hand try to understand the sentiments of the respondents relative to changes in non-financial rewards. For example, in this case the question 14 to 20 represents non-financial rewards related questions. These questions are based on assessments like employee recognition, feedbacks, formal and informal appraisals, frequency of recognition, and so on. Finally, the last predictor 'T' or employee performance is measured by questions 21 to 28. The objective of these questions is to explore how the respondent's turnover intention is affected when performance related aspects are changed. These questions are based on factors like employee motivation influenced by both financial and non-financial aspects. The beta value of non-financial rewards is high (0.402) which implies that the relative importance of this variable is strong.

Employee turnover and influence of financial and non- financial rewards

According to the linear regression model discussed above, the significance or p-value of variable Y (non-financial reward) is highest implying that this variable explains the dependent variable (employee turnover intention). Alternatively it may be concluded that the non-financial and other fringe benefits provided by Suning Commerce Group minimises employee turnover. Similarly, the significance level of financial rewards is 0.016 which implies that this predictor variable can influence the dependent variable of the model. The findings of regression analysis are consistent with Chung et al. (2013) and Lau and Roopnarain (2014).

The financial rewards of the company includes bonus, basic salary, incentives on achieving sales target, etc. According to Maslow's Theory these resources help an individual to attain the basic necessities in life like food, clothing, and a place to live. In contrast, the non-financial rewards which are often related to employee's self-satisfaction and sense of accomplishments. The nonfinancial rewards are associated with generating employee's recognition and social status. From the discussion in literature review section it can be said that no worker likes to unappreciated (Hofmans et al, 2013). After analysing the responses of the sample survey it is clear that almost every respondent of Suning Commerce Group expects their salary to be at par

with their experience and educational qualification. Questionnaires 7 to 13 represent financial reward strategies of the company. In short, out of 183 responses 35 disagrees and 83 agrees that they are satisfied with their base salary. Since the majority of employees of Suning Commerce Group disagree with the views of the present financial rewarding system it can be interpreted that there is a need to re-balance the financial and non-financial performance strategies. A proper balance between financial and non-financial rewarding system will ensure minimum employee exits (Malik et al, 2015).

Employee turnover intention and influence of employee performance

The regression analysis model will help to analyse how the employee performance affects employee turnover intentions. The performance of an employee in the company are measured with factors such as regular appraisals, salary increment, increased social activities, grade of salary, and other perquisites. It is important to note that Suning Commerce Group is one of the largest retailers of China that provides employment opportunities to over 180,000 staff. Given the nature of business of the company, the various measures of performance of workers that interact with customers on a daily basis is much different from regular back-office executives. It was found that while the performance of the front-office executives are directly associated with turnover, the performance of back-office executives are indirectly related (Cerasoli et al., 2014; Fang and Gerhart, 2012). The linear regression equation suggests that the significance level or p-value of predictor variable 'T' is 0.016. In order to explain the influence of employee performance on employee turnover using the linear regression let us assume that the value of other two variables are zero. Then the dependent variable will be based on only one independent variable (employee performance) and constant. Judging from the beta co-efficient value it can be said that the variables are inter-related. In other words, it can be said that the changes in employee turnover is influenced by changes in employee performance as the p-value of the later is less than 0.05. In practice, the findings of the study are consistent with previous literature discussed earlier (Dewhurst et al., 2012; Aguinis et al, 2013). There are certain combinations of intrinsic and extrinsic factors, which influence employee performance. Generally, it is found in most cases that if employees are able to achieve their individual targets then they get recognition of their bosses and colleagues. As a result the morale of the employee is increased and the employee shows more commitment. According to Gao et al (2015), non-financial rewards do not

lead to better turnover and at the same time such initiatives lead to significant increase in cost of operations of the organisation. On the contrary Bussin (2015) have argued that although non-financial rewards do not lead to monetary benefits but it contributes to employee satisfaction and better performance at work.

4.8 Conclusion

The main objective of the study is to reveal the effect of reward management policies of Suning Commerce Group on employee turnover intention and performance. In order to address the research aims and objectives this study were randomly distributed sample survey questionnaires to 200 employees of Suning out of which 183 have responded. Various statistical analyses were conducted on the responses including demographic analysis, reliability analysis, correlation analysis, regression analysis, etc. High Cronbach's Alpha values indicate that the underlying dataset is highly consistent and reliable. The regression analysis indicates that a linear equation may be established with employee turnover retention being the dependent variable. The independent variables are financial rewards, non-financial rewards, and employee performance. On the basis of findings of correlation analysis it can be said that the non-financial reward policies of Suning are positively correlated to employee turnover of Suning followed by financial rewards and employee respectively. In other words, if these factors are increased then employee turnover intentions will increase and vice-versa. Conclusively, the p-value obtained regression analysis (less than 0.05) suggests that null hypothesis should be rejected. Overall it may be said that statistical analysis of sample survey indicates that company's financial, non-financial rewards and employee performance has significant impact on decreasing employee turnover.

Chapter 5: Conclusion and Recommendation

5.1 Summary of Findings

This paper was aimed to find out the effect of reward management of Suning Commerce Group on employees' performance and their turnover intention. An effort has been made to analyze and evaluate the effect and importance of financial and non-financial reward programs and policies on the effectiveness and development of human capital as well as employee retention. The main objectives of the paper were to evaluate the importance of satisfaction gathered from the financial and non-financial rewards on the turnover intention and performance of employees. To find the impact of the reward system of the company on their employees' performance and turnover intention, correlation and regression analysis was conducted. It was observed that that financial rewards, non-financial rewards and employee performance have an impact on the employee turnover intention. However, the non-financial rewards are observed to impact the turnover intention of employees in greater proportion. The probable reason for this could be the fact that though non-financial assets are incapable of providing monetary benefits to the employees, it is found to have a crucial and positive impact on the overall job satisfaction. Hence, the company should focus on improving the existing policies and maintain a proper balance between financial and non-financial rewards policies (Morning Star, 2015).

Thus, from the findings of this analysis, it worth emphasizing that the reward system in Suning Commerce Group plays a vital role in increasing the level of motivation among the employees. This influences the employees to give their best efforts in order to generate innovative and efficient solutions to face operational challenges. The reward system is considered to be one of the major components of human resource management of any company. It has a significant and positive impact on the employees' performance and their turnover intention. Thus, understanding an employee's perspective and measuring their retention factors are very vital for companies to ensure their long-term success (Morning Star, 2015).

5.2 Recommendations

The current employee turnover ratio at Suning Commerce Group is not that effective particularly compared to the rival retail brands. Perhaps there is scope for improvement in the existing

reward management system. The correlation analysis on reward management and employee turnover intention highlighted the fact that employees are likely to commit future to the organisation depending on the financial and non financial rewards. Considering the fact, the brand is suggested to emphasise on a total reward strategy, implementation of a balanced scorecard approach and conducting exit interviews so that the employee perception towards the reward system can be measured and counter strategies can be taken to improve the turnover index.

Total reward strategy

Suning Commerce Group is suggested to implement a total reward strategy to enhance the current reward management process. Following the total reward strategy, the brand is expected to emphasise both the organisational objectives along with the employee expectations. The total reward strategy is likely to prioritise every aspect of work including opportunities for learning and development, work environment growth prospect in addition to the basic pay packages and benefits packages. The findings suggest that the organisation is currently providing a combination of financial and non financial rewards to the employees, which satisfied the total reward benchmark to some extent. However, the brand needs to consider some other non financial rewards such as cutting edge training or flexible working conditions that could introduce greater growth opportunities for the employees. A standard total reward strategy is comprised of five elements including compensation, benefits, and work-life, recognition and career opportunities. Currently, Suning Commerce Group focuses on only two elements of the total reward strategy that are compensation and benefits. In order to fully incorporate the total reward strategies within the existing reward system, the brand needs to consider including the remaining three elements that are work-life, recognition and development opportunities. It is expected that implementing a total reward strategy can positively influence the employees to stay in the organisation, resulting in improved turnover index.

Implementing the balanced scorecard approach

Implementing a balanced scorecard approach can be a viable option for Suning Commerce Group as the process is likely to align the reward management system to the organisational strategic objectives. A balanced scorecard approach measures internal business operations and

promote relevant counter strategies to address the gaps. Thus, Suning Commerce Group is expected to address the gaps in the existing reward management system and employee performance and would be able to assess the problems accordingly. The process is likely to complement a total reward strategy and the auditing mechanism can help monitoring the employee turnover at the same time.

Exit interview

Conducting exit interviews can be an effective option for Suning Commerce Group to assess the turnover issue. The application of the exit interview process has become more common across the business sectors recently as the process is useful for forming a long term competent workforce. Following the exit interview process, the HR department would be encouraged to conduct a survey with the employees who are about to leave the organisation. In an exit interview, the respondents need to emphasise on the reasons behind leaving the organisations. The feedbacks are evaluated as a self assessment process. In the majority of the cases, rewards and compensation packages are the most common reasons. Therefore, the process is assumed to be effective for not only evaluating the employee perception on work condition in Suning Commerce Group but also the effectiveness of the reward mechanism.

5.3 Limitations and Future Scope

The research findings are based on the case of Suning Commerce Group only. There are other retail organisations that might have different reward strategies. Therefore, the applicability of the current research findings might be questionable in that type of scenarios. Therefore, future researches can be conducted on other business organisations in order to test whether the findings are similar for different business contexts. The overall research operation is longitudinal in nature, which suggests that the research has emphasised on short term respondent behaviour. However, researches based on cross-sectional time horizon can be conducted in order to observe long term workforce behaviour towards organisational reward management system. In addition to that, comparative research studies can be performed in future between two similar organisations so that the gaps in existing reward management practices and its impact on employee turnover can be further analysed.

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