

The Interplay of Culture and Compensation: How Financial Rewards Impact Engagement in the Public Sector?

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Abstract

Cultural research on the influence of individuality and collectivism on employee engagement is lacking. This study aims to analyse the impact of employee financial rewards on employee engagement, focusing on individualistic and collectivistic cultures as moderating variables in a public sector organisation. This research employed standardised face-to-face open-ended interviews. The research instrument is made from one theme and five open-ended questions to address the objectives of this study. The constant comparative data analysis approach was employed in conjunction with content analysis. The researcher categorised the data based on their disparities and similarities. This study found that the municipality offers its employees financial rewards; however, due to inequality, unfairness, favouritism, and political influence, employees are not rewarded fairly, leading to unhappiness and disengagement from their work and the organisation. The municipality does not practice either a collectivistic or individualistic culture. A poor imbalance between individualistic and collectivistic cultures reduces the impact of financial rewards on employee engagement. This study's findings emphasise that the effectiveness of monetary rewards on employee engagement depends on the organisation's practices and the equilibrium of individualistic and collectivistic cultures.

Article info

Article history:

Received 26 November 2026

Received in revised form 13 March 2026

Accepted 31 Maret 2026

Available online 31 Maret 2026

DOI:

Keywords: Culture, Employee Engagement, Financial Rewards, Public Sector

How to Cite: Mdhlalose, D. (2026). The Interplay of Culture and Compensation: How Financial Rewards Impact Engagement in the Public Sector?. *Journal Ilmiah Manajemen dan Bisnis*, 12 (1), 38-58.

INTRODUCTION

The word "public sector" refers to the combined national and municipal governments. In South Africa, there are several changing trends in compensation and rewards. These include attractive salaries and comprehensive perks, varying wages and performance-based bonuses, and non-financial rewards, personalising rewards to meet the needs of each employee, and utilising technology to handle rewards (Raath & Phillips, 2023). Modern human resources

management (HRM) ideas are incredibly sluggish to get on in non-profit organisations like municipal governments (Branka & Marija, 2021). The rewards system has gained widespread traction in the commercial sector as an ideal method for optimising an organisation's human capital engagement. It dismantles the functional barriers inside an organisation's employee management divisions, leading to higher productivity, reduced labour expenses, and engaged employees. Its suitability for use in the public sector is still debatable despite its apparent efficacy with employees in the private sector (Stoeckmann, 2010). Aktar, Sachu, and Ali (2012); Kiley (2018); Nel et al. (2020); Tsede and Kutin (2013); Werner (2020) classify reward systems into two subsections: Extrinsic rewards and intrinsic rewards. Extrinsic Rewards are tangible and consist of prizes, financial rewards, bonuses, and pay raises. Intrinsic Rewards are self-granted and consist of intangible factors, including psychological factors, accomplishment, praise, acknowledgement, and success. However, in this study, the author focused on extrinsic rewards that encompass direct and indirect rewards. Swanepoel et al. (2014) states that direct financial rewards encompass basic salary, overtime, commission, bonuses, gain sharing, profit sharing, and stock options, and indirect remuneration encompasses unemployment insurance fund, compensation for occupational injuries and diseases, payment for time not worked, retirement, life insurance, medical expenses, and other benefits.

There is a shortage of cross-cultural studies on the impact of individualism-collectivism on employee behaviour (Noordin, 2004). The only thing that may affect how individuals behave in work environments is culture. Then, culture may be defined as a learnt life, with some inheritance transmitted both horizontally (as customs within a particular society) and vertically (from generation after generation to generation) (Winkler, 2008). Culture is a set of rules, values, beliefs, attitudes, and principles that influence how individuals behave within an organisation and carry out their daily responsibilities (Armstrong, 2012). According to LeFebvre and Franke (2013), the degree to which people in society identify as a separate person or an element of a broader group is called individualism. Cultures prioritising collective needs and objectives over individual wants and aspirations are known as collectivist cultures (Cherry, 2022). Although not all organisations are the same, many have individualistic or collectivist corporate cultures. Others encourage self-reliance and allow employees to make their own decisions. Some emphasise human connections, mutual dependency, and collective thinking (Corna, 2021). Employee engagement refers to an employee's "wholehearted emotional

investment" in the work he/she do for an organisation, and the drive inspires the workforce to work more efficiently and effectively (Werner, 2017).

If you Google "Employee Engagement," you will find professionals in research, interaction, and survey systems who all claim to be able to assist you in engaging your staff. Performing a survey may indicate to your staff that the organisation is interested in learning about their opinions. It can also highlight possible issues, but in most cases, it will not provide answers or solutions (Allen, 2014:2). Surveys of employee engagement hardly scratch the surface of measuring what matters to individuals. Instead, standard engagement surveys assess issues including growth, clarity, and the likelihood that an employee would suggest their place of employment to a friend. The problem this study seeks to solve is that there is no guarantee that current financial rewards for employees will increase employee engagement. Also, employee rewards unaided are not sufficient to amplify employee engagement. Thus, this raises the significance of employee engagement and cross-cultural (individualistic and collectivistic cultures) within the organisation. Studies on financial rewards on employee engagement are limited, and this study's research gap lies in individualistic and collectivistic cultures as moderating variables. This study aims to analyse the impact of employee financial rewards on employee engagement, focusing on individualistic and collectivistic cultures as moderating variables in a public sector organisation. Due to a lack of cultural awareness, governments are unsure about the expected benefits of contemporary financial rewards for employee engagement within the public sector, which makes this study essential. Figure 1 demonstrates the conceptual framework that guides this study.

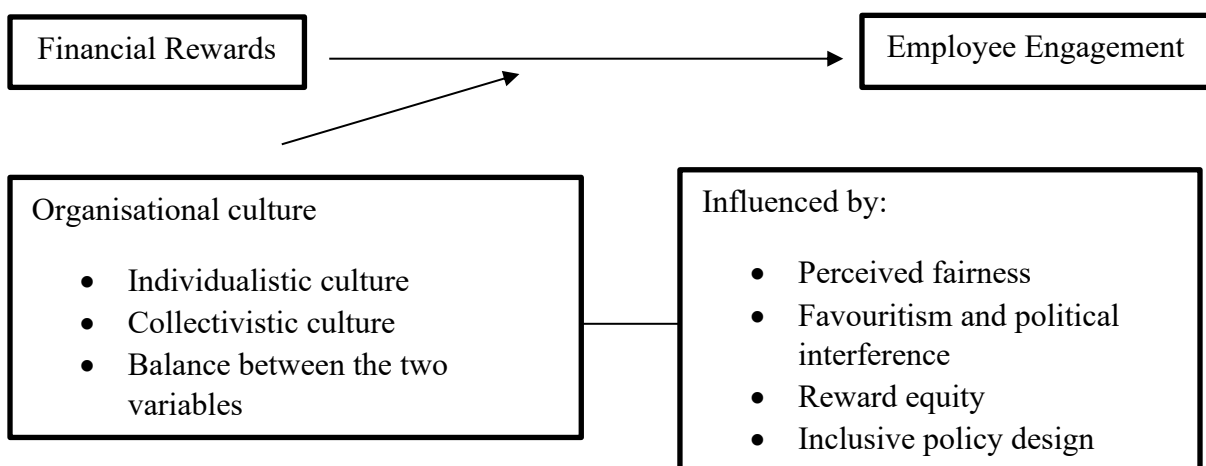


Figure 1. Framework

This study is guided by 6 hypotheses (H):

- H1: Monetary rewards have a positive impact on employee public sector engagement when they are fair and equitable.
- H2: The positive impact of the extrinsic money motivator on employee engagement is weaker when people have an imbalance (vs. a balance) between individualistic and collectivistic orientations.
- H3: Favouritism, political influence and unfair rewards allocation have a negative moderating effect on relationship between financial rewards and employee engagement.
- H4: Collectivism-culture with an orientation towards optimal group harmonisation and shared rewards should magnify the influence of financial reward on involvement more than individualism-culture (oriented toward personal gain).
- H5: Clear and open reward systems will significantly enhance the positive relationship between financial rewards and employee engagement, irrespective of cultural direction.
- H6: Employee disengagement in the public sector is more driven by perceived unfairness of reward allocations than by the amount of financial rewards.

The proposed hypotheses are rooted in modern elaborations of Equity Theory and Self-Determination Theory (SDT), wrapped around an organizational, cross-cultural context. According to Equity Theory (Adams, 1965), employees judge fairness through comparing their input-output ratio with others. Current public sector research has confirmed that the perceptions of inequity, due to favouritism and political patronage, significantly dampen the motivational power of financial rewards, resulting in heretic degradation (Mafini & Dlodlo, 2024; Ngulube & Mtshali, 2023). This evidence corroborates H1, H3, and H6 that reward fairness, compared to the magnitude of rewards, is a stronger predictor of engagement. At the same time, SDT (Deci & Ryan, 2000) posits a certain crowding-out effect of extrinsic rewards, given that they are experienced as controlling. In the cultural level, research by Lee et al. (2023) and Gelfand et al. (2022) finds that in collectivist cultures, collective harmony and shared gain reward more positively fulfill the need for relatedness, leading to higher engagement than individually competitive incentives. This conceptual synthesis supports the

validity of H2 and H4, emphasizing the importance of cultural fit for the effectiveness of a reward system.

This perspective is inspired by Institutional Theory and recent research in Cross-Cultural Management, on Swiss public organizations. The work of DiMaggio and Powell (1983), labeled theory on institutional forces, holds that organizations buckle under three kinds of pressure: coercive, mimetic, and normative. In government, you observe this reflected in crude political meddling and fumbling private-sector knockoff reward systems. The result? Harmful skew forms, clearly present in H3 and H5 (see Sibiya 2023; Madumo, 2023a). Then there's cultural tightness-looseness, a theory Gelfand detailed in 2018. It illuminates H2 by demonstrating how the tension between individualism and collectivism creates a sort of 'cultural vacuum'. Such companies get mired in a limbo where they are unable to create clear, motivating reward systems that actually take hold. Now, a series of studies support all this. Triguero-Sánchez et al. (2022) and Ritz et al., (2021). (2020), indicate that individuals participate the most when reward systems appear to be legitimate, transparent, and consistent with the fundamental cultural values of the workforce. Overall, these considerations provide a strong theoretical foundation for each of the hypotheses presented here.

METHOD

The researcher sampled ten participants from the Nkangala District Municipality. Qualitative research focuses on content rather than forming broad hypotheses (Crouch & McKenzie, 2006). A non-probability sampling technique was used since this study used an exploratory research design. This study used a haphazard convenience sampling technique because (Mexon & Kumar, 2020:33; Sekaran & Bougie, 2016:250): It is instant, appropriate, and inexpensive. This research employed standardised face-to-face open-ended interviews. The research instrument is made from two themes and fifteen open-ended questions to address the objectives of this study. Data was collected using interviews. This study used the deductive themes data analysis method, and this study adopted Braun and Clark's (2019) procedure when using thematic analysis, which involves familiarising yourself with the data, creating initial codes, collating codes with supporting data, grouping codes into themes, reviewing, and revising themes, and writing a narrative. The constant comparative data analysis approach was employed in conjunction with content analysis. According to Morse and Field (1998), every relevant data item must be assessed against all other pieces of data. Constant comparative, as

employed in this study, refers to an inductive data coding procedure used to categorise and compare qualitative data to facilitate analysis (Glaser & Strauss, 1967). The researcher categorised the data based on their disparities and similarities. The interview's main takeaway, along with any codes that went along, is to comprehend the entire interview, including any challenges, high points, and contradictions.

Effects of Financial Rewards on Employee Engagement

Despite increased efforts by organisations, approximately eighty per cent of employees globally are either actively disengaged from their jobs or not engaged (Gallup, 2023). According to Kahn (1990), the development of employee engagement occurs when the three psychological requirements of psychological meaningfulness, psychological safety, and psychological availability are met. Abun et al. (2020) state that disengaged employees are less productive and cost more money. Madhani (2020) stresses that a sound reward system improves employee engagement. The organisational engagement and productivity rate rise when talent is valued, acknowledged, and compensated fairly. Certain rewards correlate more strongly with work engagement than others (Hoole & Hotz, 2016). Several rewards influence employee engagement at work. However, these components' relative importance and attractiveness to employees vary (Koskey & Sakataka, 2015; Neranto, 2022). Seid (2019) states that employee engagement increases when a culture of appreciation is fostered. On the contrary, extrinsic rewards were found to decrease employee engagement. In addition, the study's findings indicated that perceived fairness affected the association between total rewards and employee engagement. Employee engagement is not significantly influenced by materialism. Herzberg (1954) argued that not having enough money might anger and demotivate employees, but this does not indicate that having more money will boost motivation or even contentment. Reward and punishment constitute both facets of a single coin. Since rewards are deceitful, much like harsh punishment, they have a punitive impact (Herzberg, 1954, 2005). The reward alone could be appealing, but when managers tie a bonus to specific actions, they control their employees. In the long run, that control will probably seem punishing.

Financial rewards were found to decrease employee engagement. In addition, the study's findings indicated that perceived fairness affected the association between total rewards and employee engagement. Chioma (2020) showed that financial rewards and indicators of employee engagement (such as physical, cognitive, and emotional involvement) are

significantly and favourably correlated. Dow et al. (2010) argued that the financial rewards that most affect employee engagement are bonuses and short-term rewards. Although the influence of benefits can seem paradoxical to specific individuals, it is possible to argue that benefits are the type of reward distributed more equitably among all employees. Due to their typical direct correlation with performance, short-term rewards could receive high marks. Financial and long-term rewards have the least effect on participation. Employee engagement is significantly influenced by pay satisfaction, rewards and compensation, and total reward, including both financial and non-financial rewards. Employee engagement is not significantly influenced by materialism. Yet, employee engagement is inversely correlated with total compensation, indicating that individuals are dissatisfied (Adarsh, 2020). Choudhury and Mohanty (2018:290) argued that the current generation differs from previous ones in valuing a healthy balance between work and life, decision-making autonomy, and access to professional development opportunities more than financial rewards.

Individualistic and Collectivistic Culture

Culture and how individuals exercise power throughout it significantly impact their workplace environment. A key variable influencing these patterns is the difference between individualism and collectivism (Samantha, 2023). Culture substantially influences creativity more than individualism, with people in collectivistic cultures believing they are more creative than people in individualistic cultures. Being social beings by nature, humans have an inbuilt urge to build interactions with the individuals surrounding them. As a result, most organisations prosper when their staff members collaborate to benefit the organisation, society, and fellow employees. These ideals and individualism frequently clash (Neely, 2023). While we should be mindful of the overall "personality" of the working environment (Goff-Deakins, 2019) contends that we need to recognise the unique personalities of the people that comprise it while ensuring that individualism is being celebrated. Piek's (1997) research shows that, in South Africa, individualism and collectivism coexisted in the form of an individualistic orientation and the philosophy of Ubuntu, a different kind of collectivism comparable to humanism. In societies that value collectivism, people are viewed as integral parts of their society, and the idea of an independent self is downplayed. According to (1993) research by Morris et al., entrepreneurship thrives in circumstances where individualism and collectivism are balanced, and it suffers in those who are more collectivistic and very individualistic. The current study

has shown that individuality and collectivism influence organisational results and are a significant aspect of organisational culture. Additional evidence suggests that a highly individualistic mindset may not support entrepreneurship. However, entrepreneurship struggles again in environments where the organisation's culture is reasonable or highly collectivist.

The tendency to stress hierarchy varies throughout cultures. Cultural orientations that are horizontal or vertical deal with the idea of authority and hierarchy (Shavitt & Cho, 2016). Social interactions are shaped by an individual's cultural inclinations toward horizontal/vertical individualism and collectivism, as well as by environmental circumstances and temperamental features (Moon et al., 2018). Horizontal individualism holds that people's primary goals are achieving or maintaining their independence from other people. In the view of vertical individualism, individuals exist as autonomous entities within a hierarchical environment, vying with one another to surpass them and advance in rank. Under horizontal collectivism, connections inside the in-group are governed by egalitarian standards, and the self is seen as interdependent with other group members. A pattern known as vertical collectivism occurs when people regard themselves as belonging to a group whose members have varying statuses. A shift in culture, including how executives act and decide on choices, constitutes what employee engagement means. Most organisations try to foster a culture and environment that aligns with their principles, vision, and objectives; certain ones even explicitly prioritise employee engagement as a critical factor in achieving their goals (Allen, 2014:1). Given that organisational culture shapes the context and setting in which people work, it has a direct impact on employee engagement. On the other hand, a hostile or poisonous workplace culture can drive out employees and damage the organisation's image. Excellent workplace cultures that support employee principles and foster an atmosphere of significance can boost engagement (Quartz Enterprises, 2023). (Bloom & Milkovich, 1998; Gomez-Mejia & Welbourne, 1991; Luthans et al., 1997) emphasized that cultural considerations ought to be included while developing reward systems.

High individualism and compensation strategies: With this culture, salary structures strongly focus on individual rewards. Organisations ought to acknowledge employees' accomplishments through extrinsic rewards. While employees contrast their achievements with those of their peers in financial terms and link personal accomplishment with their financial standing, outward equality is crucial. Rewards and personal achievement can contribute to compensation practices prioritising immediate goals (Gomez-Mejia & Welbourne, 1991). Low

individualism and compensation strategy: Employees hope for long-term partnerships and believe their employer will look out for their welfare. Longevity and compliance determine promotions, and organisational regulations sometimes depend on an organisation's trust. This mindset is supported by compensation plans based on collectivism, wherein all employees receive rewards when the group achieves a goal. Although they generally encourage less competitiveness in the workplace, intrinsic rewards should be used more frequently than extrinsic ones (Gomez-Mejia & Welbourne, 1991). Individualism and compensation strategy: Employees in strongly individualist nations adhere to an increasingly pragmatic connection with their employers, whereas employees in focused group nations are described as possessing ethical links towards the organisation in question. Since employees prefer to compare their remuneration schemes with those of their colleagues, organisations must prioritise internal equality issues for employees who stay with the organisation. In nations with low levels of individuality, like South Africa, as supported by Hofstede's (1980) research, collaboration may be encouraged by emphasising the value of cooperation and collective outputs and rewarding group goals.

Result and Discussion

Prevalent Inequality

To improve employee engagement, methods and strategies for HRM are still lacking. Since there is no one-size-fits-all approach to increasing employee engagement, it is debatable whether employees everywhere need the same HRM strategy (Singh et al., 2024). According to this study, the municipality provides a variety of financial rewards, which is in line with more general research on traditional public-sector benefits. *"The municipalities offer salaries, thirteenth checks, performance bonuses, overtime, long service, bonuses, and other cash benefits,"* as one participant attested. Roberts (2004) also found that local administrations compete fiercely regarding conventional perks (medical care, retirement savings). The financial rewards the employees receive from the municipality are demotivating, thus leading to employees being disengaged in the workplace. Demotivating rewards detrimentally influence the organisation's staff engagement, leading employees to be aloof from their work. As a result, employees cannot give it all and go the extra mile. Gubler et al. (2013) found that even a reward system that seems to be working well might have unforeseen repercussions that drastically lower the reward system's overall value, leading to demotivated employees. The efficacy of the government's reward system and employee review hinges on the structure's underpinning conviction in justice (Omaru, 2021).

Favoritism and Political Obstruction

However, the results of this study differ as it found that the organisation does not handle financial rewards the same way for all employees working in the municipality. Only favourable employees have consistently been granted the chance to work overtime and are eligible for performance bonuses. Senior management earns substantial compensation, whilst lower-level staff receive minimal. Some overtime employees receive compensation without question, while others are requested or receive no payment. The unequal distribution of monetary rewards was a significant issue. *"The organization does not handle the financial rewards the same way for all employees,"* participants emphasized time and time again. Employees reported that *"overtime is only given to favourable employees; performance bonuses are also only given to favourable employees,"* suggesting that favoritism was deeply ingrained. *"Senior management in the organization earn exorbitant salaries while lower-level employees receive meagre salaries,"* and *"Some employees are being paid for overtime without being questioned, while other employees are being questioned or not paid at all"* are two examples of the disparities in compensation that were brought to light. These findings affirm Gbande (2016) claim that good performance fails to correlate with the public sector's inequitable compensation scheme. Throughout history, it has created inequalities that have left employees unhappy. This study found that there has never been any reward system policy or standard operating documents in the municipality. When such policies are being developed, lower-level employees are not consulted nor invited to participate, making these policies not inclusive and impartial. Even though a political document exists as a guide, the policy is not implemented correctly due to favouritism in the workplace. The lack of inclusive and well-thought-out reward systems is another issue. *"There has never been any reward system policy or standard operating documents in the organization."* Additionally, *"When such policies are being developed, lower-level employees are not consulted nor invited to participate, making these policies not inclusive and impartial."* This supports Mueller's (2019) argument that the difficulty of the tasks causes many policies to fall short. It makes sense why things frequently do not work out as planned when combined with the tendency for corruption, ineptitude, and political reasons that many public policies are susceptible to. A crucial component of a healthy existence is financial stability. Anxiety or worry related to economics can harm how well we feel physically and mentally and even hinder our productivity at work (Flare, 2022). This study found that the employees are not happy with the financial perks they receive from the municipality. This is because of unfairness and small salary increments, which lead to salaries not being on par with the current economy.

Mismatch between Responsibilities and Rewards

Strong financial dissatisfaction also surfaced. *"The employees are not happy with the financial perks they receive from the organization,"* one participant said. *"Unfairness and small salary increments, which lead to salaries not being on par with the current economy,"* was the root of this discontent. Similar concerns were raised in Akuoko et al. (2014), who found that employees felt that the municipality's reward system was inadequate, which led to employee

dissatisfaction. Encouraging local human resources (HR) experts and compensation committees to let the business strategy guide and inform the rewards strategy is a noteworthy problem. Organisations regularly seek to emulate industry leaders or measure themselves against standards regarding compensation policies. This often occurs at the expense of jeopardising and erasing an organisation's distinctive reward package and brand. Frequently, it is less complicated for an organisation to compete with a salary package from a rival than it is to appraise and explain to staff members its significance PricewaterhouseCoopers (PwC), 2010. The study found that the employees' salaries are not comparable to those of other places where they might work. Employees working in other municipalities are receiving better salaries for the same work. Employees want high wages since they work in a district municipality of a higher rank than the local municipalities. As a result, this leads to employees from the municipality not respecting them, especially since they are from a district municipality. Employees within the municipality think their pay does not correspond with their efforts and achievements in their work environment. Employees have more responsibilities than employees at the same level but from a different unit or municipality. They think that the salary they are receiving is too small for the work that they are doing. They believe that other municipalities pay better for the jobs that they do. *"The employees' salaries are not comparable to those of other places where they might work,"* and *"Employees working in other municipalities are receiving better salaries for the same work"* are two more reasons why workers claimed their pay was uncompetitive. Participants emphasized that *"Employees within the organisation think their pay does not correspond with their efforts and achievements in their work environment"* and that *"Employees have more responsibilities than employees at the same level but from a different unit or municipality"* in support of their belief that their compensation did not adequately reflect their workload. These findings resonate with Cullen and Perez-Truglia (2021) explain that employees put in less effort when they learn that their colleagues on the same level make a more excellent salary. This study found that the businesses' bonus programmes are unreasonable due to many inconsistencies. The performance bonus programmes are inappropriate since managers' performance appraisals are incorrect and biased. The only reasonable bonus programmes in the organisation are those received by management. Unreasonable and inconsistent bonus programmes were the subject of additional complaints. Participants stated that *"the only reasonable bonus programmes in the organization are those received by management"* and *"the businesses' bonus programmes are unreasonable due to many inconsistencies."* This is consistent with Langat's (2021) survey, employees in the government strongly disagreed with the notion that managers recognise exceptional performers by giving rewards and benefiting from the organisation by going on trips to this establishment.

Municipal Procedures and Deprivation of Fairness, and Transparency

The municipality's procedures for deciding on pay and benefits are partial and unfair. Favouritism and political connections play an essential role. There is a massive gap in the rewards received by managers and non-management employees, which results in non-management employees being dissatisfied and demotivated. There are inconsistencies in

employees doing the same job responsibilities in the same unit. A similar study by WorldatWork (2011) discovered that employees' grievances over internal equity or fairness regarding base pay levels, merit increments, job grading, job titles, salary variations, benefits for retirement, and professional growth possibilities were affected by the magnitude of the organisation. Standards and processes, rewards undermine employee views of equity within their organisations; this phenomenon is linked to uneven administration, partiality, and anomalies in various circumstances. Reward fairness was found to be further undermined by inadequate reward correspondence. Administration and governance, as well as the form and method of rewards, have also been found to be variables that undermine employee views of equity or justice. Langhneja (2023) postulates that due to insufficient pay and perks, employees want to be paid fairly for their labour. Dissatisfaction may result if they believe their perks and salaries are inadequate in comparison or do not adequately acknowledge their hard work. This study found that employees working in the municipality are not happy. None of the extrinsic rewards makes employees working in the municipality happy. Employees are only satisfied because they are employed, since South Africa experiences a high unemployment rate. Other employees are delighted to be just gaining experience and having an excellent colleague experience. The municipality's compensation procedures were criticised as *"partial and unfair,"* with participants citing *"favouritism and political connections"* as decisive factors. This inequity directly undermined morale, leading to pervasive unhappiness where *"none of the extrinsic rewards make employees... happy."* Respondents indicated their job satisfaction derived not from the reward system, but from mere employment security in South Africa's high-unemployment context. Heneman and Coye (2007) concluded that it is reasonable to infer that it is oversimplified to say that rewards are the only factor that determines employment engagement, considering the complexity of total rewards, as well as the various aspects of employee engagement.

An articulated organisation's vision is essential for guiding staff members' efforts as they develop a new organisational proposal. The most significant influences on innovation are convivial collaboration, challenging work, and managerial support (Mdhlalose, 2024). However, the results of this study found that the municipality prioritized the needs of its municipality over those of its employees. It was found that the municipality does promote the needs of each employee. Management's word is final, and changes are implemented without consulting the affected individual employees, who do not have a say in the matters that affect them. The organizational culture was a key barrier to engagement. Participants reported a top-down ethos where *"the municipality promoted the needs of the municipality over the employees."* Decisions were imposed autocratically, as *"management's word is final,"* leaving employees without input on changes affecting them, which fostered disempowerment and disconnection. This reinforces Rickard et al. (2016) emphasise that reward strategies are frequently implemented with barely any thought paid to employee needs for various rewards. In the environment of an array of employees in the municipality, awareness must be provided, for instance, to fulfill the possibly varying needs of employees in business purposes duties alongside those providing conventional support services. At the same time (Butler et al., 2014)

emphasise that juvenile employees quit their organisations for not receiving financial recompense, even though the employment is aligned with their needs and goals.

Political Interference

There are political interferences and favours within the municipality. Participants reported a culture that actively suppressed employee voices while privileging political and managerial directives. They stated that the municipality “*does not encourage employees to accept the group’s ideals, perspectives, and motives*” and that employees were “*discouraged from communicating their values, beliefs, and objectives.*” This silencing was reinforced by a top-down communication structure where, critically, “*the municipality only considers what management has to say.*” The Sibiya, V.L, (2023) study confirmed that problems, including bias, inadequate education, and other unfavourable factors, contributed to low or non-existent employee engagement in the municipality. The municipality does not encourage employees to accept the group's ideals, perspectives, and motives and is thus discouraged from communicating their values, beliefs, and objectives. Employees are discouraged from communicating their values, beliefs, and objectives. The municipality only considers what management has to say. Thus, it prevents them from sharing their values, beliefs, and goals. According to the Chartered Institute of Personnel and Development (CIPD) (2017), for organisations and employees to maximise their benefits from the exchange of knowledge, concepts, and viewpoints within the structure of contemporary employment practices, an entirely novel structure for communication is required. The conventional methods of addressing employee feedback remain restricted to a certain extent, driven by the belief that the primary objective of management should be to maximize corporate benefits. An unsupportive work environment directly obstructed employee performance. Respondents felt the municipality failed to create conditions where effort led to achievement, stating it “*does not enable employees to feel that doing their best would help them achieve their goals at work.*” This was exacerbated by the systematic dismissal of staff contributions, as “*employees’ ideas and inputs are not taken into consideration,*” stifling both efficiency and morale. Research by Sixpence et al. (2021) also found that a municipality's learning culture was inadequate, and employees were unwilling to learn due to a lack of an enabling atmosphere. Because of this, skill gaps persisted, and performance among employees declined. A municipality ought to employ a holistic HRM method, including (South African Local Government Association (SALGA), 2012): individual growth is essential to HRM and planning. Personal development methods and plans shall be founded on good HR customs, which include competency profiles and career paving; to achieve the essential connectivity with performance management, the system for performance management and growth must embrace remedy options via employee growth programmes; Career guidance implies employees get assigned and nurtured in occupations that match their skills and assess their capability.

Decision Making

The municipality does not enable employees to feel that doing their best would help them achieve their goals at work, making them more efficient and effective. Employees' ideas

and inputs are not taken into consideration. There are political interferences and favours within the municipality. The municipality only cares about its goals, and that's it. Ali et al. (2021) argued that managers understand that employees are an organisation's greatest asset. However, getting the most outstanding value out of employees is a pragmatic and cognitive objective of the initial degree. This difficulty is especially acute in public-sector organisations since legislation, politics, or the unique character of public-sector activities limit most administrative mechanisms accessible to private-sector organisations. The investigation discovered that decisions in the municipality are not made collaboratively or on common ground. The municipality uses a centralised decision-making system and an autocratic leadership style. The municipality is not focused on the significance of teamwork but on its organisational objectives and needs. The municipality's leadership was characterized by centralized control and an autocratic approach. Employees observed that *"decisions in the municipality are not made collaboratively or on common ground,"* and described a *"centralised decision-making system and an autocratic leadership style."* This focus on top-down authority was further evidenced by a clear prioritization of institutional aims over collective effort, as *"the municipality is not focused on the significance of teamwork but on its organisational objectives and needs."* Madumo (2023b) similarly confirmed similar findings, revealing that political beliefs influence the collective decision-making process in local government. However, Triguero-Sánchez et al. (2022) research results indicate that the predominance of collectivism in government organisations promotes greater engagement among management. Employees' desire to stay in the organisation to give their expertise and a psychological sense of belonging demonstrates this dedication.

CONCLUSION

This study aimed to analyse the impact of employee financial rewards on employee engagement, focusing on individualistic and collectivistic cultures as moderating variables in a public sector organisation. Based on the findings of this study, it is argued that municipalities/local governments will continue to suffer and provide poor service delivery to the public. This is because of unhappy and disengaged employees and the imbalance between individualistic and collectivistic cultures. Even while highly compensated employees are happy to be compensated, they do not labour to receive a salary. Instead, they work to achieve their goals. They labour because they have a passion for it. The impact of employee rewards on employee engagement in an organisation is undeniable. However, it depends on employees' reward preferences and the balance of individualistic and collectivistic cultures in an organisation. This study was limited to one government organisation, and the resources of the current books and journals related to the study were limited. This study only used a qualitative paradigm. Several rewards influence employee engagement at work. Further studies can focus on non-financial rewards as an independent factor and /or comparison between financial and non-financial rewards on employee engagement in individualistic and collectivistic cultures as mediating variables. Studies can be done on financial and non-financial rewards on employee innovation: employee engagement as a mediating variable.

ACKNOWLEDGEMENTS

The researchers are grateful to the City of Johannesburg Metropolitan Municipality and Nkangala District Municipality for allowing me to carry out this study in their organization.

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