

Employee Satisfaction of SAINSBURY'S An Exploratory Study

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Abstract

This paper focuses on employee satisfaction with reward system at UK retail industry considering SAINSBURY'S as the prime case. The sample was drawn randomly from SAINSBURY'S store. A structured questionnaire was used to collect data. The results showed that the employees of the company were happy with the reward system. An issue of strategies significance was revealed in the survey that employees kept themselves aware of the market reward system, so the employers should strive hard to continuously improve the reward system of the company.

Key words: Reward, Market, Retail, Industry.

1. Introduction

The UK retail industry is the most advanced in terms of concentration, segmentation, and integration (Sparks, 2000). The retail industry employs over 3 million people which equates to 11% of the total work force and also almost 8% of the GDP of the UK is generated by the retail sector. Currently UK retail industry employs 1.1 million full timers and 1.6 million part timers (Lynch S. 2005). Being holder of 14.7% market share, Sainsbury is playing a significant role in UK retail sector while operating in 785 stores (2009, Sainsbury). According to Brignall and Ballantine (1996), for operational control Sainsbury adapted centralized business strategy. But in 2004, the management has transformed vibrantly as Justing King (present CEO) has joined with the slogan of 'making Sainsbury great again'. Moreover to ensure the efficiency at every level they are trying to reshape their management strategies and cultures. Reward system is one of the vital tools of management and HR control. Being the 3rd largest UK retailer, Sainsbury is also trying to improve its performance from shop floor to overall business success.

1.1 Sainsbury's Goal

Sainsbury's supermarket delivers an ever improving quality shopping experience for its customers with great products at fair and competitive market prices. It aims to exceed its customer expectations for healthy, safe and fresh tasty food, making their shopping valuable.

1.2 Sainsbury's Values

The values of the Sainsbury's brand, passion for healthy, safe and fresh tasty food, its focus on delivering great products at fair and competitive market prices, with history of innovation and leadership and strong regard for the social values, ethical and environmental issues. Sainsbury Five (5) basic principles for its business are as follows;

- a. The best for food and health,
- b. Sourcing with integrity,
- c. Respect for the environment,
- d. making a positive difference to the community,
- e. A great place to work.

These principles help provides differentiation from its major competitors in the retailing industry and define, direct its core business activities. To boost up company's overall success nowadays organization are trying to craft a 'reward culture' to enhance individual as well as team job satisfaction and performance. For any organization reward system is very vital if it is well introduced, planned and implemented but on the other hand if it fails to meet the initial objectives it may de-motivate employees.

In this paper, focus will be on analyzing the impact of reward system on employee job motivation using Sainsbury's as the main case for this research and how its managers influence motivation of its employee through reward strategy.

2. Literature Review

Employee reward is a strategic issue faced by many organizations and Sainsbury's Supermarket is one of them. It plays a key role in realization of the organization's business objectives, in terms of being able to attract the right talent to the organization, retain their services and further develop these talents into vital assets for the organization.

Thus, employee reward is very important for an organization like Sainsbury's Supermarket Ltd. to retain its staff. This is because, in any competitive industry employees are likely to leave or move from one competitor to another in search of better reward package or remuneration.

In the light of the above, Armstrong, M., (2006:624), suggest that the organization should introduce a system of reward management. He claims that reward management includes "belief in the need to achieve fairness, equity, consistency and transparency in operating the reward system".

Reward management is concerned with the formulation, implementation of employees reward and the maintenance of reward systems, practices and procedures. The process is directed towards meeting the needs of both the employees and the organization. (Wright, A., 2004).

The main aims of reward management according to Mabey, C. *et al.* (2003) are listed below:

1. To reward employees according to the organization's values and what to pay i.e. Rewarding employees for the value they create at work.
2. To help motivate employees and to gain their commitment to the organization's goals and objectives.
3. To attract and retain talented employees the organization needs to be competitive.
4. To help create and design a total reward process that recognizes the importance of the financial and the non-financial rewards used by the organization.
5. Reward management helps to develop a positive employer- employee relationship and further boost the psychological contract of employee.

Another commentator, Brown (2001) also supports the concept of the reward management system; He goes on to say that "alignment of your reward practices with employee values and needs is very important as is alignment with business goals".

The ideal behind reward management highlights the strategic importance of how employees should be treated or valued for their contribution to the organization. This is to help the organization address any issues regarding employee reward and benefits in the long-term. Torrington *et al.*, (2008) mentioned that the reward system should be attractive to staff and prospective applicants, employee retention, staff motivation and fairness.

3. Research Objectives

The core objective of the paper is to evaluate employee job motivation and motivation level in Sainsbury's and to assess the impact of present reward system on employee job satisfaction.

4. Methodology

Whitechapel branch of Sainsbury supermarket have been chosen to conduct this research work. About 20 to 25 employees of Sainsbury (Whitechapel geopic Chartical outlets) were randomly chosen for the research work. Managers and subordinates of Sainsbury have participated in the data gathering process. Data was collected through structured questionnaire. A total number of 30 questionnaires were distributed and out of which 25 questionnaires were returned.

5. Findings and Analysis

Preliminary data analysis shows that out of the total respondent (25), 18 (72%) were male respondents and 7(28%) were female respondents. Out of the total respondents 20% belong to 18-22age groups, 40% belong to 23-27 age groups and only 2% of them were above 33. The questionnaires were distributed to the different departments. About 24% checkout staffs, 28% customer service employees and 36% counter staffs have participated in the survey. Out of them, 56% were part time employee, 36% were full time worker and only 8% were contract staffs. Majority of the respondents (48%) had 3 to 4 years experience and (28%) had 1 to 2 years job experience. About 42% participants were degree holder, 31%.post graduate holders, whereas, only 23% respondents were diploma holders.

The major findings of the study are given below:

Percentage analysis shows that the majority of the responders (76%) agree that their job responsibilities are challenging enough which has a favorable impact on their motivation level because the employees in the have to involve with customers in shopping process and thus become a part of their shopping experience.

Only 28% employees agree that their job provide them with the opportunity to experience a real sense of personal accomplishment, whereas (48%) disagrees. It indicates that the majority responder do not consider that the present job add any value to their lives. Besides, 40% respondents agree that they have sufficient opportunity to learn new skills and develop new talents at work whereas, another 40% disagreed and 20% remain silent. These two findings have important significance for the Sainsbury's because these signals that the employees do not consider the company as a success factor for the development and their bondage with the company may be very weak which may have negative impact on employee retention.

Sainsbury needs to review its training and skills development process or policy to create opportunity for its work to learn new skills. IBM, Microsoft and Oracle spends around 60% (Technology and Resource Improvements - Times Magazine: 2007) of its HRDM (Human Resource Development and Management) budget on training and development this is basically to equip employees to contribute to innovations, maintain better practices and for overall development in the organization.

The survey also found that 56% of the responders feel that their organization has concern for the welfare of the employees whereas only 16% disagree & 28% remain silent. It suggests that Sainsbury's already has been able to create a positive feeling among a good majority of the employees but still it needs to improve the employer-employee relationship to find out the factors that could be improved. Though, this shows a favorable figure but a long way to go for reaching the top.

The survey indicates that the majority 72% of the respondent feel that the reward system is performance based. It means they believe that the better their performances would be the

better reward they could get. Surely, this is a very positive attitude of the employees toward the organization and has a significant impact on employee retention. To ensure the optimum level of customer satisfaction & to gain competitive advantage this is one of the most important issues for Sainsbury's to consider. Here the equity theory plays a major role and the management has been successful to strike a balance between the efforts and rewards for the employees. Another positive result found from the survey is that more than half of the respondents feel that the organization's reward system is fair enough. 24% disagree with this issue & 20% remain indifferent. Considering these two findings, it can be said that employees of Sainsbury's are happy with their compensation system.

However, it is important for Sainsbury's to consider the interest of those who disagree about their reward system, as this can help influence the attitude of the workers towards the organization's goals and objectives. Although majority of responders (80%) feel that they got a competitive payment compared to others' in the industry, a constant review of the reward management of the company is required to match with the industry standard on a continuous basis. The survey also found that the respondent (77%) employees are aware of the market standard, so major deviation from the market rate may cause dissatisfaction among the employees.

The survey also enquired about the employees' perception about organizational attitudes towards employees. It is found that 68% of the respondents feel that they get desired respect & dignity from the organization and 76% agree that the organization also has concern about the employees; personal circumstance i.e. employees with children, disability etc. It is obvious that to gain a long term commitment from the staffs, Sainsbury's should design more effective policy for the accommodation of employees'. From the above discussion, it's evident that the evidences of Adam's motivation theory are found in the Sainsbury's human resource policy. Another important findings came out from the survey is that most of the employees (80%) agree that their attitude and performance could be influenced by the different motivational strategies (reward system) of the organization. This provides the company with the unique opportunity to influence the productivity standard of the employee by adjusting the reward system.

6. Discussion and Conclusion

Commentators like Spreitzer (1995), Hartling and Ferrell (1999) suggest that performance related reward reinforces employee competencies and motivates them to participate in the decision making process. It also encourages them to exercise responsibility and initiative by rewarding them for displaying appropriate behavior. The present survey also confirms the findings in that employees of Sainsbury's linked their performance with reward they receive from the company.

Armstrong (2006:748) observation about the importance of communicating the reward policies and practices of the organization to employee also become significant as it is found from the survey that the employees are well aware about the market standard, Sainsbury's should keep

their employees informed about their pay package and future developments to avoid any confusion in the employees mind. In the same manner, as per

Armstrong (2006:747) suggestion Sainsbury's HR people should be given relevant training in reward systems. This is to help the organization ensure that they are implementing a system of reward and other benefits in the organization fairly and efficiently.

Reward systems as discussed in this paper are said to be developed and designed to align with the organization's corporate objectives. Reward systems help to drive organizational performance. (Wright, A., 2004). Reward systems are designed to obtain and keep the type of people the organization needs and to encourage behavior which will contribute directly to the achievement of the organization's goals. Moreover, Wright (2004) also claimed that the impact of reward systems on performance arises not only because of their instrumental value in motivating and increasing but also because they contain powerful symbol which communicate management's philosophy, attitudes and intent. The paper concludes that the employees of Sainsbury's are happy with the human resource policy of the company.

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