



Critically Analyzing the Role of Total Rewards and Compensation in Increasing Employee Motivation

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ARTICLE INFO

Keywords: Employee Motivation, Total Rewards, Compensation, Employee Engagement, Organisational Performance

Received : 5 May

Revised : 20 May

Accepted : 20 June

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ABSTRACT

Employees are the main assets for an organisation and motivating the employees can improve their performance. Several ways can be incorporated for employee motivation. The objective of this research is to understand the role of Total Rewards and Compensation in increasing employee motivation. Materials and methods: Survey has been conducted by incorporating 80 participants and the survey results has been analysed with the help of SPSS software. Findings: The result conveys that there is a positive relation between employee motivation and engagement. Conclusion: Employee motivation has strong relation with employee engagement and increasing organisational performance. Employee motivation can create positive working culture within the workplace. Significance of the study: The research will contribute to understand the role of compensation and total rewards in case of employee motivation. Besides this, this research is also helpful to understand the importance of employee motivation in case of organisational performance

INTRODUCTION

Employee motivation is a necessary and internal drive that can help to provide required actions related to business activities. As per the opinion of Asif et al. (2019), employee motivation can be referred to as the enthusiasm, creativity, and commitment provided by an employee towards an organisation. It has been identified that to improve the performance of an employee motivation plays an important role, which can eventually improve the performance of the organisation.

Employee motivation is an important aspect in case of achieving the goal of the organisation. As per the statement of Paais & Pattiruhu (2020), a positive culture can be created within an organisation through employee motivation. It has been identified that employee motivation can be generated through various ways. The management of an organisation incorporates compensation and rewards systems, which can help to provide recognition to the employees. This is crucial in case of increasing the motivation of employees to increase their engagement. In this present study, critical analysis has been done to understand the role of total rewards and compensations in case of employee motivation.

LITERATURE REVIEW

Employee motivation is an important aspect in case of achieving the goal of the organisation. As per the statement of Paais & Pattiruhu (2020), a positive culture can be created within an organisation through employee motivation. It has been identified that employee motivation can be generated through various ways. The management of an organisation incorporates compensation and rewards systems, which can help to provide recognition to the employees. This is crucial in case of increasing the motivation of employees to increase their engagement. In this present study, critical analysis has been done to understand the role of total rewards and compensations in case of employee motivation.

Hypothesis

The following hypothesis has been developed for this research:

H1: There is a strong relationship between employee motivation and organisational performance

H0: There is no relationship between employee motivation and organisational performance

H2: There is a heavy linkage relationship between positive organisational culture and employee motivation

H0: There is no association between positive organisational culture and employee motivation

METHODOLOGY

The purpose of this research is to investigate the role of total rewards and compensations in the case of encouraging the employees of an organisation. In order to achieve the research objectives primary quantitative research method has been chosen and survey has been conducted to gather necessary information regarding the research topic. As per the opinion of Pratama et al. (2022), quantitative methods are helpful to gather the numerical data related to the research objectives. The sample consists of 80 respondents using a random sampling method. A descriptive research design has been selected and a questionnaire has been developed consisting of 10 questions. As per the suggestion of Malmqvist et al. (2019), analysis of the gathered data has been the most effective part of conducting research. SPSS software has been used in this research and normality test, regression test, correlation and descriptive statistics test has been conducted in this research to formulate the data gathered from the survey. [Refer to appendix 2]

RESULT AND DISCUSSION

The survey results have been analysed and discussed in this present section, which helps to formulate the objectives of the research.

What is Your Age?

Table 1. Frequency Regarding the Age of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
1	27	33.8	33.8	33.8
2	28	35.0	35.0	68.8
Valid 3	21	26.3	26.3	95.0
4	4	5.0	5.0	100.0
Total	80	100.0	100.0	

From the above table it has been identified that the frequency of the participants belonging to the age group of 18 to 30 years is 27%. On the other hand, the frequency of the participants belonging from the age group of 31 to 45 years of age is 28% along with 21% frequency belonging to the age group 46 to 60 years of age. Besides, 4% frequency has been generated in cases of above 60 years of age group.

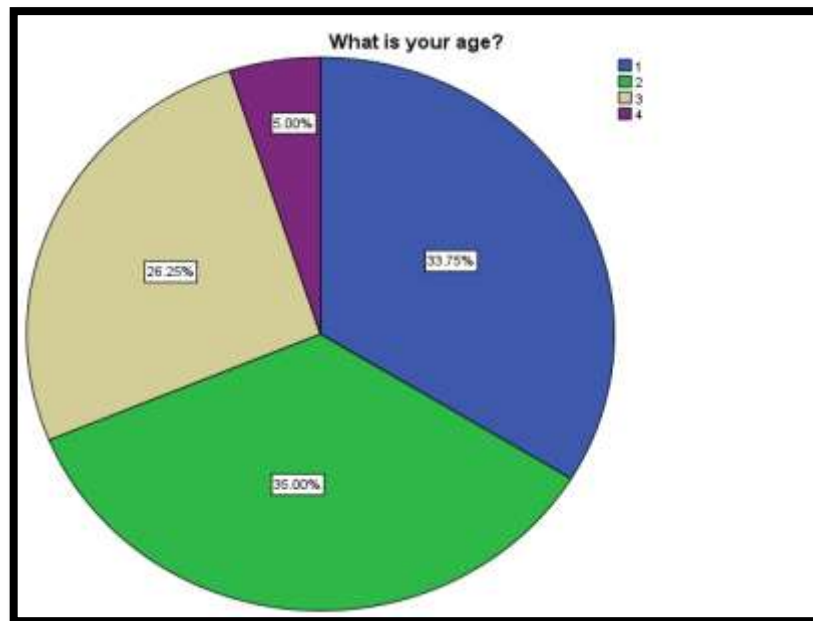


Figure 1. Age of the Respondents

From the above figure 1 it has been identified that 33.8% of the respondents belong to the 18 to 30 years of age group along with 35% of the respondents belonging from 31 to 45 years of age. Hence, it can be concluded that participants from all age groups have shown interest in this survey.

What is Your gender?

Table 2. Frequency Regarding the Gender of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	31	38.8	38.8	38.8
Valid 2	37	46.3	46.3	85.0
Valid 3	12	15.0	15.0	100.0
Total	80	100.0	100.0	

With the help of SPSS analysis 31% frequency has generated in case male participants along with 37% for the female participants.

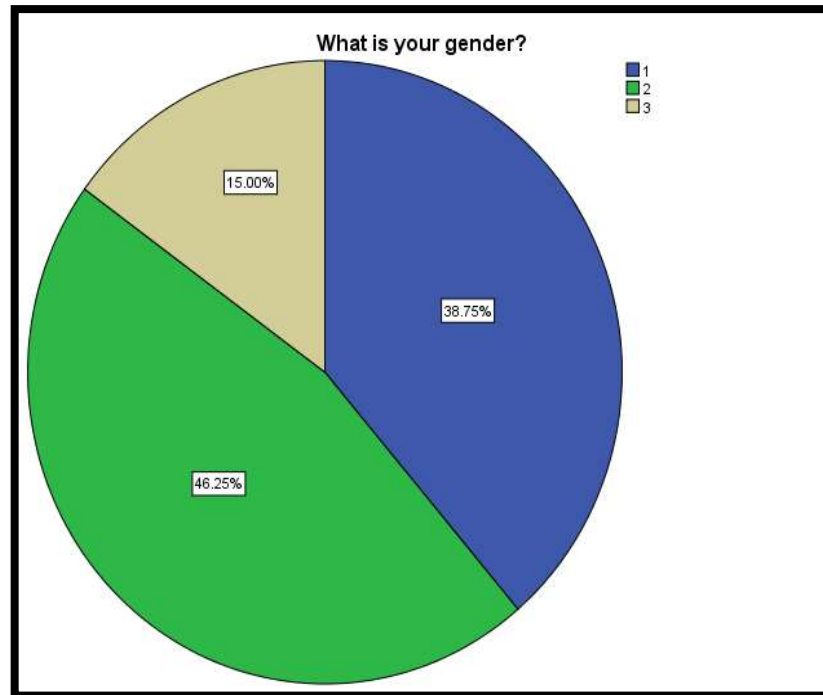


Figure 2. Gender of the Respondents

It has been observed from the above figure that 38.8% of the participants are male and 46.3% of the respondents are females, which reflects that both male and female have shown interest in this research subject.

What is Your Educational Qualification?

Table 3. Frequency Regarding the Educational Qualification of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
1	13	16.3	16.3	16.3
2	24	30.0	30.0	46.3
Valid 3	34	42.5	42.5	88.8
4	9	11.3	11.3	100.0
Total	80	100.0	100.0	

The above table reflects that 34% is the majority frequency generated from the survey from which it can conclude that the participants are postgraduates. 24% frequency has gained in case of participants having minimum educational qualification of graduates.

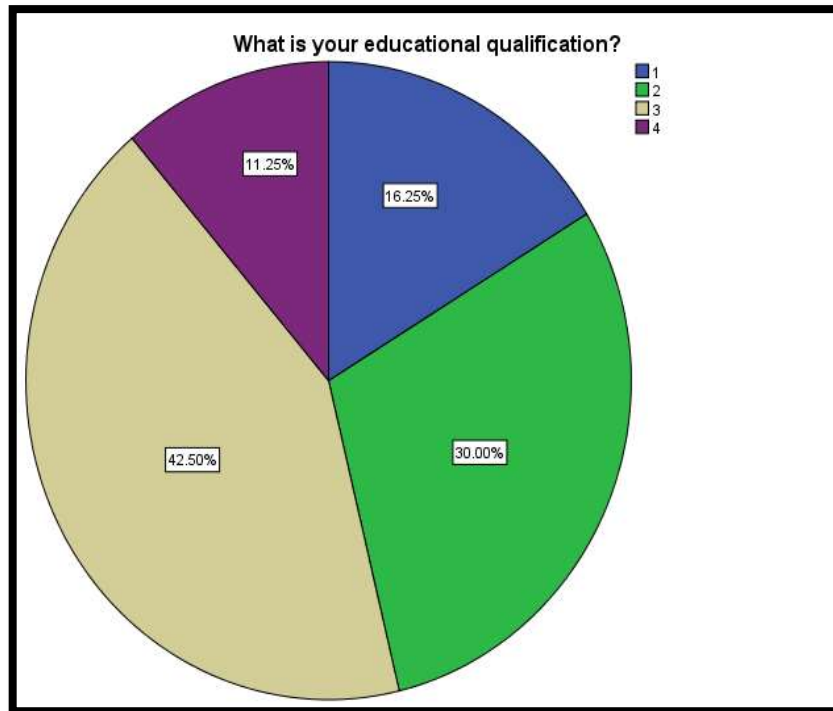


Figure 3. Educational Qualification of the Respondents

The above figure reflects that 42.5 % of the participants have post-graduation qualification along with 30% participants having the minimum educational qualification of graduate. Hence, it can be concluded that the participants have minimum qualification for having the knowledge regarding the research objective.

Model Summary

Table 4. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.590	.348	.295	.965	.348	6.502	6	73	.000	1.826

The above table 4 reflects the model summary of the survey conducted to understand the role of total rewards and compensation in case of employee motivation. In this case, the value of Durbin-Watson has been achieved from the SPSS analysis is 1.826.

Table 5. ANOVA Table
ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	36.291	6	6.048	6.502	.000 ^b
Residual	67.909	73	.930		
Total	104.200	79			

From the above ANOVA table the degree of freedom has been identified which reflects that in case of regression ANOV is valued at 6. On the other hand, in case of residuals the value of is 73 which amplifies the significance of the research which is .000%

Coefficients

Table 6. Coefficient Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	.579	.459		1.262	.211	-.336	1.494
Motivated employees can help to increase business performance	.178	.122	.182	1.461	.148	-.065	.420
Total rewards have an important role in case of employee motivation	.061	.122	.066	.501	.618	-.182	.304
Compensations have the potential to increase employee motivation	.174	.136	.172	1.279	.205	-.097	.444

Employee motivation is important to improve the work ability of the employees	.174	.132	.174	1.317	.192	-.089	.436
Employee motivation can help to create positive culture within the organisation	.179	.127	.183	1.414	.162	-.073	.431
Employee motivation helps to attain the goal of the organization	-.025	.109	-.029	-.234	.815	-.242	.191

Correlations

Table 7. Correlation Table

	Em- ployee moti- vation is im- portant to in- crease em- ployee en- gage- ment	Moti- vated em- ploy- ees can help to in- crease busi- ness per- for- mance	Total re- wards have an im- portant role in case of em- ployee moti- vation	Com- pensa- tions have the poten- tial to in- crease em- ployee moti- vation	Em- ployee moti- vation is im- portant to im- prove the work ability of the em- ploy- ees	Em- ployee moti- vation can help to cre- ate posi- tive cul- ture within the or- gani- zation	Em- ployee moti- vation helps to at- tain the goal of the organ- iza- tion		
Spearman's rho	Em- ployee motiva- tion is im- portant to in- crease em- ployee en- gage- ment	Cor- rela- tion Coef- ficient Sig. (2- tailed)							
			1.000	.412	.413	.399	.446	.371	.321
			.000	.000	.000	.000	.000	.001	.004
		N	80	80	80	80	80	80	80

Moti- vated em- ploy- ees can help to in- crease busi- ness perfor- mance	Cor- rela- tion Coef- ficient Sig. (2- tailed)	.412	1.000	.537	.497	.416	.347	.420
		.000	.	.000	.000	.000	.002	.000
	N	80	80	80	80	80	80	80
Total re- wards have an im- portant role in case of em- ployee moti- vation	Cor- rela- tion Coef- ficient Sig. (2- tailed)	.413	.537	1.000	.533	.405	.395	.427
		.000	.000	.	.000	.000	.000	.000
	N	80	80	80	80	80	80	80
Com- pensa- tions have the po- tential to in- crease	Cor- rela- tion Coef- ficient Sig. (2- tailed)	.399	.497	.533	1.000	.416	.436	.450
		.000	.000	.000	.	.000	.000	.000

em- ployee moti- vation	N	80	80	80	80	80	80	80
Em- ployee moti- vation is im- portant to im- prove the work ability of the em- ploy- ees	Cor- rela- tion Coef- ficient Sig. (2- tailed)	.446	.416	.405	.416	1.000	.581	.528
Em- ployee moti- vation can help to create posi- tive culture within the or- gani- sation	Cor- rela- tion Coef- ficient Sig. (2- tailed)	.371	.347	.395	.436	.581	1.000	.505
Em- ployee moti- vation helps to at- tain the goal of the or- gani- sation	N	80	80	80	80	80	80	80
Em- ployee moti- vation helps to at- tain the goal of the or- gani- sation	Cor- rela- tion Coef- ficient Sig. (2- tailed)	.321	.420	.427	.450	.528	.505	1.000
	N	80	80	80	80	80	80	80

The above table reflects the correlation between the independent and dependent variables of the research. It has been identified that the correlation coefficient significance value has been obtained as 0.000, which reflects that the research is significant the variables are related to each other.

KMO and Bartlett's Test

Table 8. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.884
	Approx. Chi-Square	219.539
Bartlett's Test of Sphericity	df	21
	Sig.	.000

The above table reflects that Kaiser-Meyer-Olkin Measure of Sampling Adequacy value is .884 and the df value is 21 which resulted in the significance value of .000 of this research.

Reliability Statistics

Table 9. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.867	.868	7

The research is considered reliable, as the Cronbach's Alpha value is more than 0.8 (Schrepp, 2020). In the above table, the Cronbach's Alpha value is 0.867, which reflects that this study is reliable and its results are related to the research objectives.

Tests of Normality

Table 10. Tests of Normality

	Motivated employees can help to increase business performance	Kolmogorov-Smirnov			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Employee motivation is important to increase employee engagement	1	.441	4	.	.630	4	.001
	2	.288	12	.007	.864	12	.055
	3	.232	15	.029	.846	15	.015
	4	.239	28	.000	.844	28	.001
	5	.251	21	.001	.839	21	.003

The test of normality table implies that the minimum df attained in case employee motivation and improved engagement and performance is 4 and the maximum df attained is 21 with the help of SPSS analysis.

Tests of Normality

Table 11. Tests of Normality

	Employee motivation is important to improve the work ability of the employees	Kolmogorov-Smirnov			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Employee motivation is important to increase employee engagement	1	.285	6	.138	.831	6	.110
	2	.254	5	.200	.914	5	.492
	3	.228	11	.116	.916	11	.285
	4	.210	35	.000	.868	35	.001
	5	.246	23	.001	.820	23	.001

The test of normality table implies that the minimum df attained in case employee motivation and improved engagement and work ability is 6 and the maximum df attained is 23 with the help of SPSS analysis.

Tests of Normality

Table 12. Tests of Normality

	Employee motivation can help to create positive culture within the organization	Kolmogorov-Smirnov			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Employee motivation is important to increase employee engagement	1	.407	6	.002	.640	6	.001
	2	.172	7	.200*	.967	7	.873
	3	.208	11	.200*	.854	11	.049
	4	.223	34	.000	.883	34	.002
	5	.224	22	.005	.871	22	.008

The test of normality table implies that the minimum df attained in case of employee motivation and improved engagement and creating positive working culture is 6 and the maximum df attained is 22 with the help of SPSS analysis.

Tests of Normality

Table 13. Tests of Normality

	Employee motivation helps to attain the goal of the organisation	Kolmogorov-Smirnov			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
	1	.290	8	.046	.794	8	.025
Employee motivation is important to increase employee engagement	2	.324	10	.004	.849	10	.056
	3	.164	11	.200*	.934	11	.448
	4	.286	27	.000	.758	27	.000
	5	.228	24	.002	.816	24	.001

The above test of normality table reflects that the minimum df achieved regarding employee motivation and improved engagement and attaining the organisational goal is 8 whereas the maximum df achieved is 24. Hence, it has been identified from the results obtained from the SPSS analysis that total rewards and compensation have a positive impact on the employee performance.

CONCLUSION

From the above discussion of this research, it has been identified that the role of total rewards and compensations has been crucial in case of employee motivation as it brings positivity in the employee to work more for the organisational goals. It has been also analysed from the survey responses that employee motivation can help to increase the employee engagement, which can have the potential to improve the performance of the business organisation. In addition to this, it has been also concluded from the research findings that employee motivation can also help to create a positive culture within an organisation.

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