

Intertwining Role of Work Motivation, Organizational Rewards and Employee Engagement: A Study on the Higher Education Sector of Pakistan

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Abstract

Fundamentally, rewards are motivational tools essentially required to retain the workforce as well as to effectively involve them in their work roles. There is a dearth of empirical studies on investigating the impact intrinsic and extrinsic rewards on employee engagement. Available studies on this topic are mostly from the western perspective. Therefore, the aim of the present study was to analyze the impact of tangible and intangible rewards on employee engagement of teachers in HEC recognized Higher Education Institutions of Pakistan. It is a quantitative and causal research. It is a cross-sectional study data was collected only at one point in time. Population of the study included faculty of HEC recognized universities of Sindh. The sample size was 384 with 95% confidence interval (Zikmund, 2013). Data was collected through 5-point Likert Scale Questionnaire. Results indicate positive relationship between tangible rewards & intangible rewards and employee engagement. Additionally, intangible rewards tend to have a stronger relationship with employee engagement as compared to tangible rewards. Tangible and intangible rewards collectively explain fifty percent variation in the dependent variable which is employee engagement.

Keywords: *Work motivation, employee engagement, intrinsic rewards, extrinsic rewards, organizational rewards*

Introduction

In the ever changing environment, motivating and engaging employees continue to be a challenge for managers and human resource professionals. According to Latham (2004), motivation is a cognitive process which reflects an individual's choices regarding allocation of his/her time and energy among various tasks and motives. It allows an individual to initiate, direct, and sustain efforts toward goal attainment. Hence, motivation leads to the arousal, the direction, and the sustainability of certain activity. Arousal allows initiating an activity, direction helps in deciding which activities to pursue and sustainability ensures persistence of efforts until the target is accomplished (De Vito et al., 2018). Hence work motivation is the very reason behind why employees initiate an activity in an organization and the intensity with which they pursue and complete it (Beck, 2003; De Vito et al., 2018). Researches guided by various theories of work

motivation, have indeed lead to the development of managerial and organizational practices to improve job performance and encourage positive employee attitudes (Tremblay et al., 2009). Motivation can be either intrinsic or extrinsic. It varies from individual to individual and from situation to situation. Intrinsic motivation refers to intangible feelings like enjoying the work itself, getting the job done and happiness to achieve targets. On the other hand, extrinsic motivation relies on tangible rewards given to individuals such as increments, bonuses, promotions and fringe benefits (Adoko, 2015). Despite of being separate notions, the terms of motivation, rewards, job satisfaction, and performance are often used synonymously as they are interdependent and closely interrelated. Work motivation, a proxy of rewards, usually translates into job satisfaction, employee engagement and employee performance. Research indicates job satisfaction positively influences employee performance provided effective motivational tools are used (Jalagat, 2016). Rewards play a dynamic role in shaping the substantial performance of an organization and determining employee outcomes, of which employee engagement is one of the many (Adoko, 2015).

Organizations formulate their reward strategies to achieve desired performance goals by effectively enhancing positive employee attitudes (Bakker, 2010). Fundamentally, rewards are motivational tools essentially required to retain the workforce as well as to effectively involve them in their work roles. Earlier, organizations focused on giving individualized rewards to employees but as times changed in terms of economic needs, employees were no longer satisfied and motivated by these kinds of rewards. They started expecting to be rewarded for the value that they are adding to the organization rather than for their work alone. Hence, it pressurized organizations to adopt a new reward strategy to effectively motivate and retain employees. According to Hoole (2016) total reward system consists of all those elements that employee reward package contained and also all those elements that the employee values the most; it could be direct/indirect financial and non-financial rewards, career opportunities, positive features of the work itself, social integration opportunities and various other perks and benefits or services offered by the employer to the employee. Total reward system is psychological contract that binds employee and employer relationship and ensures employee commitment to the organization given that rewards are those that he/she values the most; consisting of both, tangible and intangible rewards; however, according to him, in an organization's total reward system, intangible rewards in the form of recognitions are of prime importance that help in motivating employees (Danish, 2010). Aktar (2012) emphasized that tangible rewards alone should not be considered as a tool to motivate employees to stay involved in their work roles, as it loses the essence of rewards after some time and employees feel unrewarded. He highlighted the importance of incorporating intangible rewards in reward systems of businesses as it motivates them to perform what they are told to, hence, fully absorbing themselves in their work roles.

Nnaji-Ihedinmah (2015) stated that total reward system consists of not only quantifiable or measurable elements such as pay and bonuses but also non cash elements including opportunities for personal growth or greater job freedom and discretion. Peluso (2017) discoursed that incorporating only monetary benefits in organizational reward strategy will create insufficient conditions for developing a committed staff. Hence, it is essential to incorporate non-monetary benefits as well, encompassing learning opportunities, career growth and so on and so forth, in businesses' total reward strategies. He was also of the view that any organization's reward system

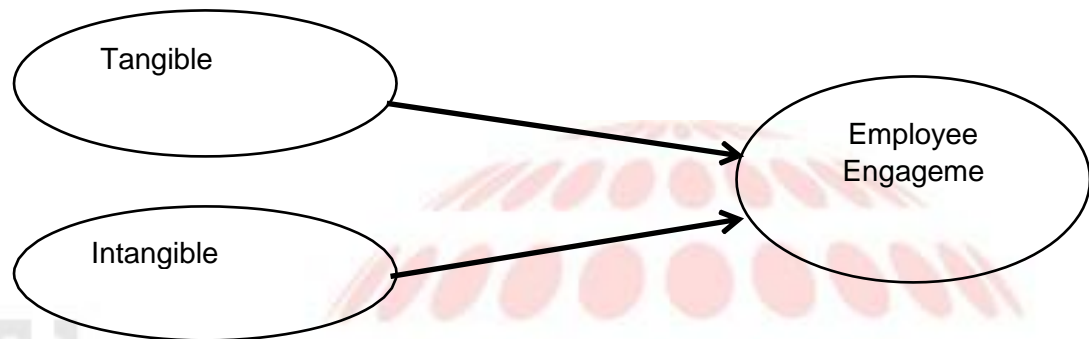
must include tangible rewards in terms of base pay, variable pay or stocks subject to an employee's performance, benefits in terms of retirement plans, savings or provident funds; intangible rewards in terms of providing training and development opportunities, succession planning, creating amiable and healthy work environment for employees where work life balance is ensured (Peluso, 2017). Further, Wickramasinghe (2018) suggested that a company's total reward system is a form of return on investment for that company; it should be designed in such a manner that it results in a win-win situation for both, employees and the business. Also, he put more emphasis on intangible rewards in reward strategy and stated that any business's reward strategy must be a balanced blend of both types of rewards in order to produce an engaged workforce. Furthermore, Nnaji-Ihedimah (2015) stated that definitions of total reward usually involve not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization. The more the autonomy and career development plans are offered, the higher will be the engagement of teachers at higher education institutes (Bari, 2013).

According to a study conducted by Bari (2013) where he studied the impact of non-monetary rewards on employee performance and engagement, it was noted that when employees in the higher education institutes are not offered non-monetary rewards based on their performance, they are likely to carry negative attitude towards their work and job. Employee engagement is a crucial work-related phenomenon which helps organizations in ensuring that all employees are giving their best each day through developing their motivation and capacities by offering those rewards that employees value the most. Rehman (2016) proposed that employee engagement is self-devotion of employees towards their work roles, whereas, Putra (2017) was of the view that if employees are given autonomy, learning opportunities, social support and coaching it will ultimately result in engaged employees. Employees who are fully engaged, always work towards organizational goals, provide a competitive advantage to the organization, and help increase overall organizational productivity. Paradoxically, fostering employee engagement has always remained a challenge for organizations as globally only 14 percent of employees are fully engaged with their work and organization (Bakker, 2010). Perrin (2003) defined employee engagement as employee's inclination and eagerness to perform beyond what had been asked of him/her. Saks (2006) referred employee engagement as positive employee feelings associated with their workplace and the extent to which employees are involved in their work roles. A similar definition of employee engagement was given by Bakkar and Scheufeli (2008) who stated that engaged employees are known for putting in effort beyond their capacities and working for organizational goals and objectives rather than achieving personal goals. An engaged employee is believed to have business knowledge and is connected with other organizational members while contributing meaningfully in achieving organizational goals (Sharma & Anupama, 2010).

According to Cattermole (2014), employee engagement is a method employed by organizations ensuring that employees stay committed to business goals, objectives and values. Numerous researches have been conducted on employee engagement but mostly examine its relationship between intrinsic and extrinsic rewards and employee performance or organizational commitment. However, there is dearth of empirical studies on investigating the impact intrinsic

and extrinsic rewards on employee engagement. Available studies on this topic are mostly from the western perspective. Therefore, in order to add to the existing body of knowledge, the aim of the present study was to analyze the impact of tangible and intangible rewards on employee engagement of teachers in HEC recognized Higher Education Institutions of Sindh, Pakistan.

Figure 1: Conceptual Model



According to the studies conducted by Adoko (2015), Hoole (2016) and Putra (2017) both intrinsic and extrinsic rewards have positive correlation with employee engagement. Kahn (1990) also states that the philosophies, ideas, and thinking capacities of each employee vary from one another and there must be a culture of freedom of expression and opinion. This will boost morale, and employees will be more engaged in their work which will in turn increase productivity. Moreover, he said that absence of connection with the organization, emotive deficiency; passive and incomplete role gives rise to disconnection among employees. In light of the conceptual model and the review of relevant literature, following are the hypotheses of the study:

- H1: Tangible rewards positively influence employee engagement
- H2: Intangible rewards positively influence employee engagement
- H3: Tangible rewards impact employee engagement
- H4: Intangible rewards impact employee engagement
- H5: Teachers at Higher Education Institutes are highly engaged in their work

Research Methodology

It is a quantitative and causal research which examines the relationship between tangible and intangible rewards and employee engagement. It is a cross-sectional study data was collected only at one point in time. Population of the study included faculty of HEC recognized universities of Sindh. Estimated total number of teachers in HEC recognized universities of Sindh is approximately one lakh, hence a sample size was 384 with 95% confidence interval (Zikmund, 2013). Data was collected through 5-point Likert Scale Questionnaires. Questionnaire of independent variables (intangible and tangible rewards) was adopted and adapted from Nnaji-Ihedinmah (2015), whereas, scale for measuring employee engagement (dependent variable) was adopted from Drake (2012). Non-probabilistic snowball sampling technique was used in this study.

Findings & Discussion

A total of 400 questionnaires were distributed, out of which 270 were received back. The response rate was 67.5%. Out of 270 filled questionnaires, 59 questionnaires were dropped in initial screening as they were incomplete or incorrectly filled. After omitting outliers, data of 197 questionnaires was analyzed indicating 49.25% effective response rate. As per the descriptive analysis, 67% of the respondents were males and 33% of them were females. 42% of the respondents were unmarried/single and 58% of were married. Age-wise, 35% of the respondents aged less than 29 years, 52% were 30 to 40 years old and only 13% were 40 years above. 76% of the respondents were permanent employees, whereas, 24% of the respondents were contractual. As for work experience, 33% of the respondents had less than 3 years of experience while 38% of faculty had 3-10 years of experience and 29% had more than 10 years of experience. Table 1 indicates skewness and kurtosis values for the independent variables and dependent variable, which is less than ± 2 and hence showing that data is normally distributed (Zikmund, 2013).

Table 1: Skewness/Kurtosis

		Tangible Rewards	Intangible Rewards	Employee Engagement
N	Valid	197	197	197
	Missing	0	0	0
Skewness		-.580	-.842	-.418
Std. Error of Skewness		.173	.173	.173
Kurtosis		-.411	-.080	.444
Std. Error of Kurtosis		.345	.345	.345

Reliability of scales was analyzed using Cronbach alpha (Table 2). The reliability statistics of intangible rewards, tangible rewards and employee engagement is 0.703, 0.700 and 0.793 respectively, indicating that the scales are reliable (Sekaran, 2016).

Table 2: Reliability Analysis

	Cronbach's Alpha	N of Items
Intangible Rewards	.703	4
Tangible Rewards	.700	3
Employee Engagement	.793	13

Table 3 presents the correlations between dependent and independent variable. Results indicate alpha value of 0.01 which means there is a significant and positive relationship between all the independent variables (tangible rewards and intangible rewards) and dependent variable (employee engagement). Hence, there is significant evidence to accept hypothesis H1 and H2. Additionally, intangible rewards have a stronger relationship with employee engagement as compared to tangible rewards. Regression analysis was carried out to analyze the impact of tangible and intangible rewards on employee engagement. As per the results indicated in Table 4,

tangible and intangible rewards collectively explain 50 percent variation in the dependent variable which is employee engagement.

Table 3: Correlation Analysis

		Tangible Rewards	Intangible Rewards	Employee Engagement
Tangible Rewards	Pearson Correlation	1	.449**	.458**
	Sig. (2-tailed)		.000	.000
	N	197	197	197
Intangible Rewards	Pearson Correlation	.449**	1	.694**
	Sig. (2-tailed)	.000		.000
	N	197	197	197
Employee Engagement	Pearson Correlation	.458**	.694**	1
	Sig. (2-tailed)	.000	.000	
	N	197	197	197

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

Table 4: Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.713 ^a	.508	.503	.38985

a. Predictors: (Constant), Intangible Rewards, Tangible Rewards

ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.486	2	15.243	100.296	.000 ^b
	Residual	29.484	194	.152		
	Total	59.971	196			

a. Dependent Variable: Employee Engagement

b. Predictors: (Constant), Intangible Rewards, Tangible Rewards

Overall, this model is significant, as it is depicted by the table above; showing the significance value less than 0.01. Hence, there is significant evidence to accept hypotheses H3 and H4.

Table 5: Standardized Coefficients Beta

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.963	.208		4.619	.000
Tangible Rewards	.126	.039	.183	3.251	.001
Intangible Rewards	.556	.051	.612	10.861	.000

a. Dependent Variable: Employee Engagement

Table 5 indicates the relative strength of independent variables, in which intangible rewards has the most impact on employee engagement with a positive relationship. The more the intangible rewards are offered to the faculty in higher education institutions, the higher will be their engagement in their work roles.

Table 6: One-Sample Test

	Test Value = 3					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Employee Engagement	22.501	196	.000	.88676	.8090	.9645

The above Table 6 represents the significance value less than 0.01, which shows that the faculty associated with the higher education institutions are highly engaged. Therefore, H5 is accepted.

Conclusion and Recommendations

This research intended to measure the impact of tangible and intangible rewards on employee engagement among faculty in the higher education institutions of Sindh, Pakistan. The findings of the study support that both, tangible and intangible rewards have a positive and significant influence on employee engagement. Moreover, intangible rewards had a strong relationship with employee engagement as compared to tangible rewards. Results also show that faculty associated with various higher education institutions of Sindh is highly engaged. Thus, all five hypotheses of the study are accepted. Further, the results of the present study are in accordance with the findings of research conducted by Scott (2010), where he studied the impact of tangible and intangible rewards on employee engagement and out of both, intangible rewards had the most impact on employee engagement.

Findings of the present study also indicate that intangible rewards had the most positive impact on employee engagement in higher education institutions. Therefore, it is recommended that higher education institutes to design their motivational strategy and rewards for the faculty accordingly. According to Scott (2010), ensuring to indulge employees in challenging tasks, recognizing them publicly and providing meaning to employees' work, results in optimal

employee engagement wherein they are willing to put in more effort in their work and deliver superior performance. Practical implication of the study for the higher education institutions is that they should focus on building strong relationship with its faculty through employee engagement in order to thrive in a competitive environment. In order to effectively engage faculty, it is an imperative for policy makers, departmental heads and human resource professionals associated with the higher education sector to be aware of needs and priorities of faculty and accordingly motivate them by offering the right combination of tangible and intangible rewards. Besides offering standard tangible rewards like compensation, allowances and annual increment, higher education institutions should go an extra mile to made intangible rewards like rewards autonomy, respect, trust, involvement in planning, training and career development opportunities as they are found to be more impactful for engaging faculty members. This would lead to continuously improve faculty engagement and ultimately boost performance of not only the department but the institution as well.

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