

UNDERSTANDING TOTAL REWARDS FOR EMPLOYEES

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ABSTRACT

The concept of total rewards and related concepts such as rewards and recognition, performance-based rewards have always been gaining prominence in webinars, podcasts, corporate surveys and scholarly discussions. However, the use of these concepts has led to heterogenous and proliferating interpretations viz. social rewards, psychological rewards, and spiritual rewards. The article refers to literature on total rewards used in organizational settings to develop terminology and typology of total rewards which would leave little room for overlapping of other related concepts, thereby leaving no room for confusion. The terminology aims to offer precise definition of the concept and relationships between related concepts. The typology aims to offer parsimonious classification of categories of rewards in terms of need satisfaction, in turn expanding knowledge about total rewards. Taking terminology and typology together would help in understanding total rewards, uncover total rewards as a reconceptualization of previous conceptualizations of compensation and benefits, and provide a conceptual base for future work on total rewards.

Keywords: Total Rewards, Compensation & Benefits, Pay

Paper Type: Conceptual Paper

Introduction: Rationale of understanding total rewards

Concepts such as “total rewards”, “rewards”, “performance-based rewards”, “total compensation” had always ranked among the practitioners and academicians. These concepts have produced ever increasing organizational surveys in terms of sectoral analysis and scholarly works. The term “Total Rewards” first appeared in the 2000s and quickly developed into a common HR approach in most American businesses. It gained popularity thanks to WorldatWork, which drew a significant number of influential research and studies from academics. In rewards literature, the concept of *total rewards* (Armstrong and Brown, 2005; Jiang et al., 2009; Zingheim et al., 2009) and related concepts such as *work rewards* (Malhotra et al., 2007), *social rewards*, *psychological rewards*, *spiritual rewards*, *monetary rewards* are increasingly used. The root concept “rewards” imply substantial importance for OB and HRM, hinting at a clearly considerable prominence of the evolutionary advancement of the root concept.

Currently, however, the concept “total rewards” is frequently used in an heterogenous and proliferating manner, synonymously used with any kind of reward arising out of one’s tenure with the organization. First, the authors have used the concept of “total rewards” implicitly

subjected to a number of subjective interpretations irrespective of convergence or divergence of interpretations. This has led to coining many names of a single concept owing to convenience and different research goals (e.g.; Alhmoud and Rjoub, 2019; Gulyani and Sharma, 2018). The author opines that it is not possible for researchers to develop one universal definition of the concept. Second, the authors have failed to distinguish between different concepts of rewards and components coming under those respective concepts leading to contradictory and confused understanding (e.g., categorisation of total rewards by Nienaber, 2011; Armstrong & Brown, 2006; Alhmoud and Rjoub, 2019; Gulyani and Sharma, 2018). Last but not the least, authors have continuously used concepts to represent underlying and basic assumption. For example, most of the literature on total rewards have addressed motivational factor but have ignored the need satisfaction properties of the concept. Twenge et al, 2010 and Malhotra et al., 2007 have conceptualised total rewards in terms of social rewards, psychological rewards, spiritual rewards apart from monetary and non-monetary rewards. These concepts denote the dominant paradigm of rewards, that is, reward is a motivator. The current article on the concept of total rewards aims to draw from these seminal works and aims to conceptualise in terms of need satisfaction.

Conceptualization of concept is important for bringing out different perspectives of the, thereby leading to evolutionary advancement of the concept and avoiding divergence, confusion and misunderstanding (Suddaby, 2010). The present effort to conceptualize the concept of “total rewards” is to avoid coining “new designations for old phenomenon” and creating confusions and divergence of thoughts for the same concept. Else, new and variety of concepts used for “total rewards” and rewards per se such as “*rewards and recognition*” (Bhattacharya, 2016). The effort should be to ensure that there should be convergence in understanding the evolution of total rewards without diluting the underlying tenet of reward being instrumental in need satisfaction. Last but not the least, conceptualization is pertinent to avoid using multiple concepts for the same concept and also to avoid challenges while operationalizing “total rewards”.

It is against this backdrop that the present article aims to conceptualize “total rewards” in terms of the roots from where the concept was born. Due to numerous research on total rewards and new concepts replacing total rewards has faded the essence or the origin of total rewards for what it was meant to be. To do so, the author develops terminology and typology of total rewards by using Self Determination Theory’s need satisfaction. Conceptualization in terms of terminology will offer parsimonious definition of the concept and its inseparable relation with its root or evolution. Typology will create a parsimonious classification of categories and components coming under total rewards leading to deepening of evolutionary advancement of total rewards. Terminology and typology will conceptualize the concept of total rewards and provide a fundamental basis for further work on the concept.

Methodology:

Using databases including Google Scholar, EBSCO, ProQuest ABI, JSTOR, Emerald, and Sage, the authors carried out a detailed analysis of total rewards studies. Search terms used to find academic publications were "total rewards," "compensation & benefits," and "pay." Initial reading and analysis of the publications focused on their titles, abstracts, and keywords. In certain cases, the complete publications were reviewed to ascertain the study's kind. It was discovered that there has been study on rewards since 1983 and on total rewards since 1999. Since those dates, there has been a significant shift in the research on total

rewards. As a result, for the purposes of this work, articles from 1983 to 2021 have been taken into consideration. Finally, 50 items in total were chosen for shortlisting.

We have thought about theory-based investigations for the goal of conducting a systematic examination of the literature and creating a conceptual framework. The procedure improves our comprehension of the theoretical stances taken on the concept of total rewards and how it relates to workplace results.

Literature review:

Conceptualization-toward an understanding total reward

As a basis for developing terminology and typology of total rewards, the author presents key questions about what is known about the concept and what is not known or what went missing. This is going to aid not only in conceptualizing the concept but also aid in theoretical developments and robust literature review.

Sl.no	Source	Theory	Hypotheses of the study	Findings
1	Morgan et al. (2013)	"Herzberg theory"	The hygiene factor is money. An employee cannot be motivated by money alone.	Mixed
2	Twenge (2010)	"self-determination theory of motivation"	SDT makes a distinction between internal and external motivation.	Mixed
3	Cao et al. (2013).	"Equity theory"	Comparatively to those who are overpaid, underpaid employees will behave poorly at work..	Accepted
4	Huang & Tianshu. (2013)	"Total rewards & work engagement"	Accepted	
5	martin & Ottmann. (2016)	"Work force generational cohorts"	Accepted	

6	Mulvey et al. (2000)	"Maslow's principal"	According to a hierarchy of importance, employees are motivated to meet requirements. The pursuit of better circumstances and the lack of what one already possesses is a constant among employees.	Not Accepted
7	Schlechter et al. (2014)	"Generational theory"	According to generational theory, each cohort, made up of people from a certain generation, can be categorised as a separate workforce group with its own set of work values and incentive preferences.	Accepted
8	Degieter & Hofmans. (2015)	"Turnover intention & task performance"	Mixed	
6	rai et al. (2019)	"Total rewards"	Accepted	
10	Bohlander and Snell. (2004)	"Expectancy theory"	Employees desire recognition for their efforts at work. Employees decide which	Accepted

			rewards motivate them through a cognitive process.	
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Conclusion:

The study of total rewards dates back to the 1990s and is currently in demand. The majority of the research included for the current study were exploratory in character, atheoretical in nature, and based on recommendations made by consultants or consulting companies. Evaluation of the study of total rewards revealed distinctive patterns regarding the hypotheses used. Some people agreed with the main theories, while others disagreed. But the majority of the research has attempted to document the beneficial effects of total rewards in various ways. Organisational justice, dedication, and job happiness are examples of mediators. Additionally, theory-based research on total rewards has mostly focused on empirical scale development, with relatively few conceptual analyses. The use of qualitative approaches has sharply decreased.

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