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Total Rewards and Employee Performance: Investigating the Mediating Role of Employee Motivation in Telecom Sector

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Abstract: The present study investigates the influence of total rewards on employee performance with the mediating role of employee motivation in Pakistan telecom sector. Reward system comprises of both financial and non-financial components and plays an important role towards performance and achieving organizational goals. The study adopted descriptive survey design with a sample of 207 respondents belonging to different cadres of management of telecom companies. The results indicated significant relationship between total rewards and employee performance, financial rewards and performance, non-financial rewards and performance. Further, significant relationship also exists between total rewards, employee motivation and employee performance. The study concludes that organizations adopting total rewards system as a strategy are in better position as compared to organizations focusing only on financial rewards strategy. The study further points out that non-financial rewards are significant contributor towards enhancing employee performance as compared to financial rewards. The study also provides recommendations for future research.

Keywords: Total rewards, financial rewards, non-financial rewards, employee performance, motivation, Telecom.

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1. Introduction

Rewards and motivation has been the focus of many studies and is an important concern of organizations especially in an uncertain business environment where attracting and retaining talented employees has become a critical issue. Modern organizations are relying on total rewards strategies that encompass both financial and non-financial rewards (Tsede & Kutin, 2013). WorldatWork (2007) have highlighted that total rewards are complete package that helps motivate employees, attract and retain talented employees and build a good relationship between organization and employees. Total rewards can be categorized as compensation, welfare, work-life balance, performance and career development that not only affect employee performance but also their motivation (Giancola, 2009). Implementation of total rewards require organizations to view compensation as a strategic tool (Egan, 2011) that provides opportunities to employees for acquiring new skills and knowledge for their career development (Gentry et. al, 2007). Stone et al. (2010) have pointed out that not every employee is satisfied with the financial incentives as they do not necessarily satisfy the psychological needs nor differentiate the individual differences. Thus, total rewards in their holistic conceptualization encompass both intrinsic and extrinsic rewards that not only meet the financial needs but also address the psychological needs of employees.

In a highly competitive and uncertain business environment, total rewards play a critical role of motivating employees to higher performance, and help organizations achieve their needs such as attracting and retaining talented employees for attaining competitive advantage (Gentry et. al, 2007). Researchers have pointed out that organizations adopt numerous strategies to satisfy and motivate their employees for better performance (Cherotich, 2012; Burton, 2012). Literature is full of studies that concentrate on strategies to motivate employees (Ali & Ahmed, 2009; Muogbo, 2013; Dobre, et al. 2013; Danish, et al. 2010) as organizations can exploit the full potential of such employees for attaining goals and for bringing innovation at work (Eastman, 2009). Danish, et al. (2010) is of the opinion that employees can be motivated if their line managers appreciate them and interact with them informally. This helps build strong relationship between employer and employees, which increases the productivity and customer satisfaction. In this regard, total rewards strategy is the best tool of motivating employees to achieve higher performance.

The present study investigates the influence of total rewards on employee performance with the mediating role of motivation. Researchers have suggested that total rewards in relation to performance should be studied by taking the motivation perspective (Akhtar, et al., 2015; Cheema, et al., 2013). According to Danish & Usman, (2010) employees can be motivated and they can become loyal to their organizations if the total reward strategies are implemented in organizations. According to authors, such motivation can help achieve organizational goals efficiently and effectively. Thus, keeping in view the suggestion of different authors, the present study uses motivation as a mediator between total rewards and employee performance.

The sector chosen for this study is the telecom sector specifically cellular industry. This sector has shown an unprecedented growth in the past decade. The cellular tele density has seen an unprecedented upsurge from 3.29% in 2003-04 to 73.23% in 2018. The total revenues of telecom sector amounted to Rs. 464.1 billion in 2016-17 (PTA, 2017) and is estimated that the sector

would contribute 1.4% to GDP by 2025 (CIPD, 2007). The sector also attracted USD 722.3 million in foreign direct investment by the end of 2015-16 (PTA, 2016), while cellular industry share amounted to USD 486.1 million in 2016-17. Telecom sector has provided more than 1.3 million direct and indirect jobs (Rana & Abbasi, 2013). According to Arifeen (2018) mobile ecosystem in Pakistan has supported 28 million jobs in 2016. Furthermore, with the development of China-Pakistan Economic Corridor (CPEC), the telecom sector would also see growth in terms of FDI investment, employment generation and contribution towards GDP. In addition, the study of this sector becomes more important with the merger of two cellular giants – Mobilink and Warid creating one of the largest cellular network companies in Pakistan (Bemholdt et.al, 2006).

Despite the unprecedented growth, the sector is plagued by numerous problems especially in terms of rewards and benefits and employee performance and retention. Due to lower wages and high competition in the sector many employees feel unsatisfied. This has also been confirmed by the study of Azeem (2015) who found that employees are dissatisfied due to non-fulfillment of their basic needs by their jobs. Thus, the purpose of the study is to investigate the role of total rewards in enhancing employee motivation and performance.

2. Literature Review

The concept of total rewards system is not a new one. Adam Smith in 1776 pointed out some of the components of total rewards in terms of total net advantage that included not only pay, but also agreeableness or disagreeableness of effort, expense, job security, responsibility and possibility of success or failure (Armstrong, 2010). The contemporary total rewards concept emerged as a specific human resource strategy in 1990s, evolving from remuneration into interdependent triad of total rewards (Jiang, et al. 2009) and is based on the statement that people work more than the money they earn (Silverman & Reilly, 2003). The underlying fact is that total rewards is a strategy followed by different organizations. Scholars have pointed out that reward strategies relate to the present conditions and future concerns of organizations (Armstrong, 2005, 2009; Armstrong & Brown, 2008). These rewards not only increase the profits and productivity of an organization but also provide opportunities of trainings that help shape the business processes and improves communication between management and employees. However, Gungor, (2011) emphasizes that reward strategies are more reactive than proactive and changes over time.

Buch and Tolentino (2006) in their study have provided categorization of rewards as intrinsic, extrinsic, organizational and social remuneration. Researchers point out that intrinsic rewards provides job satisfaction to employees along with employee engagement, growth, autonomy and self-competence an individual experience during his/her career (Allen, et al., 2008; Malhotra et al., 2007; Buchbinder & Shanks, 2012; Gilsson & Durick, 1988); while extrinsic rewards both direct and indirect reflects organizational contribution and performance (Buchbinder & Shanks, 2012; Westover & Taylor, 2012). Armstrong (2012) further elaborating on the concept of organizational rewards, pointed out that direct rewards are a token of appreciation from the organization for the time and energies spent on job, whereas, indirect organizational rewards provide job security and better future prospects within organization. Buchbinder and Shanks (2012) view intrinsic rewards as intangible and highly subjective in nature. Intrinsic rewards are based on the internal feelings of the employees towards their work and associated value attached to it.

Majority of the organizations especially in developing countries still focus on financial rewards for motivating employees to perform. Employees also expect that organizations would compensate them for their work. Research also provides evidence that financial rewards are critical not only for attracting talented individuals but also aligning behaviors of existing employees with the organizational objectives (O'Neal, 1998; Zingheim et al, 2009). Armstrong (2010) categorizes financial rewards as monetary (base and variable pay) and benefits provided to employees. CIPD (2011) survey highlights that organizations use base pay to attract individuals; while benefits are used as retention strategies and variable pays are used for motivational purposes. However, Armstrong (2010) cautions that the situation is not that much clear and thought must be given in integrating the three components (base and variable pay, benefits) to ensure they work effectively. Many organizations either use hourly or salaried base pay. Greene (2009) while discussing pay, points out that pay rates adopted by organizations should be competitive if organizational objectives are to be achieved.

In contrast to base pay, performance of individuals affect variable pay. Thus, variable pay is considered as a more responsive strategy to reward attainment of organizational objectives. Many researchers point out that organizations adopt variable pay system so that employees are incentivized for showing more aligned behavior with organizational objectives (O'Neal, 2005; Greene, 2007; Zingheim & Schuster, 2005). Benefit packages such as insurance, health care etc. are considered integral to financial rewards and are used by organizations for retention purposes (McMullen, et al. 2009). From strategic point of view, benefits form an integral component of total rewards strategy and an investment in human capital (Zingheim et al., 2009). Roath and Schutt (2009) highlighted that organizations must understand the needs of employees and organizations alike and use reward systems effectively for the benefit of both.

Employees' expect more than just financial incentives, if they are working and spending more time at work. This is also recognized by organizations that non-financial rewards such as providing career advancement opportunities, comfortable work environment, respect and recognition, etc. all play an important role towards employee loyalty and commitment. CIPD (2011) survey have also highlighted that employees give more weightage to non-financial rewards as against financial rewards. Tausif (2012) found that older employees feel more satisfied with the amount of non-financial reward as compared to their younger counter parts. Furthermore, it has been found that employees perceive reward system to be fair if it includes non-financial component (Jiang, et al. 2009). Bari et al (2013) are of the opinion that organizations focusing on non-financial reward help create a positive image of the organization in the minds of employees that helps create satisfaction among the employees. Similarly, Olafsen, et al. (2015) have provided argument that employees having highly conducive and supportive environment are highly satisfied even if the pay is low, whereas, employees experiencing less supportive environment focus more on financial reward to compensate them for unpleasant work climate. Thus, intangible rewards are seen as enhancing the effectiveness of reward programs offered by organizations (Scott, et al. 2007).

2.1 Employee Performance

Employee's performance is of great relevance to the both the organizations and the individual employees. The accomplishment of the high performance results in the satisfaction and feeling of self-actualization. Furthermore the higher employee's performance affects the both incumbents, the individuals and the organizations. The employees get promoted, awarded and recognized,

whereas, organizations on the other hand secure the preset goals and objective (Sonntag, Volmer & Sychala, 2008).

In the contemporary world of business, which is characterized with the innovative business processes and designs, the employee's performance is assessed through the exigencies of multipurpose capacities. These can be categorized at various levels such as human, technological, organizational and institutional level (ICT). The employee's performances initiated by the top line management but its outcomes are being recorded at the bottom level or at employee's level (Ahmad, Farrukh & Nazir, 2015). As researchers (Jhonson & Cassell, 2001) have argued that the reward process is the very tool which exerts control or influences on the organizational mechanism thus it impacts the employee's performance. The reward system consists of various organizational components such as people, processes and the rules (Khanuja & Harvey, 2010). Some other researcher such as (Armstrong, 2009) opined that decision making processes or activities are also included in the reward system. According to the Fay and Thompson (2001), the reward system plays a pivotal role in first determining the ability of the organization and then also in the attraction and retention of the high performing employees thus to keep the performance levels high enough.

Employee's performance is becoming more and more critical for the success of the organizations. Employee's performance is also vital sign of the organizational health (Ahmad, Farrukh & Nazir, 2015). Efficient performance management processes and tools are essential for the high performance of the employees. Employee's performance is about the perfection in the work processes and work they are doing; synchronization and value up gradation to maximize the economic goals.

2.2 Total Rewards and Employee Performance

Balanced rewards system and employee reorganization programs are being considered as a basic tool for the growth of business industries and organizational development. According to Deeprose (1994) appreciation and acknowledgement, along with monetary rewards can enhance the productivity and performance of employees to a great extent and that will automatically have a direct positive impact on the overall organizational performance. Employees are an asset for the organization and its growth and development is majorly dependent on employee behavior, employee satisfaction and most importantly employee performance. Employee performance is a subset of organizational performance. Babakus et al. (2003) stated that employees are constantly concerned about their compensation packages, which makes them vigilant in their performance and enhance their productivity. Yearout and Trahan (2005) pointed out in their study that one of the best tools for increasing employee motivation is providing the tangible rewards i.e. monetary benefits. Unfortunately most of the companies do not use this strategy and hence the performance or employee productivity never reaches up to the expected level of the management.

The internal connection of employee performance with total rewards is basically the perception of employees regarding the benefits and bonuses provided to them by the organization. Employee performance can be boosted when the employee's skills, talent, qualifications are provided a platform or catalyst of intrinsic and extrinsic rewards, which indirectly improves their motivation level (Eshun & Frank K. duah 2011). It has been observed that most of the organizations, after realizing the value of total rewards, have adopted the pay on performance criteria in the organization instead of focusing on goal attainment or organizational development (Mullins, 2005). Organizational reward system, if implemented and utilized in the right direction, can prove to be very fruitful in the dimension of employee development, which eventually can

add value to the company enhancement. Among all the rewards, financial rewards have been observed to be the most efficient tool of enhancing employee's performance (Zingheim, et al. 2009). The impact of financial rewards on employee performance has been studied and it has been found that cash bonuses trigger the motivation factor in employees. Most employees believe that, either they get it or not, financial rewards have an influence on employee performance (Njanja et al. 2013).

2.3 Employee Motivation

Motivate in its very literal sense refers to "do something". An individual when seems to be in a less energetic condition or he's not creative he's said to be unmotivated. Contrary to this an individual who is creative and energetic is said to be a motivated individual. Anyone who is motivated and performing effectively is regarded as motivated but this give rise to another phenomenon of motivation level i.e. the actual level of their motivation or how motivated they are.

The theories of motivation shed light on this phenomenon by means of providing a scale of motivation which starts at the low motivation and ends on the high motivation. The level of motivation and amount, with respect to orientation and kind of motivation varies from individual to individual (i.e. how much motivation and of what type). The orientation of the motivation is related to the attitude and the task which stimulates or provide stimulus for the intended action. For example, a student can be motivated to get his homework done and to attain the attention of the teacher and the parents.

The problem is whether the particular employee is motivated and he is willing to put his efforts in line with the recommendation of the employer. The total reward is depended on the ability of paying the workers in an attractive manner. the employees have different and varying needs along with a varied thought pattern. Therefore their behavior prediction through the rewards and incentives might affect or vice versa (Armstrong and Murlis, 2005). Yousaf et. al (2014) has opined that in the modern working world people need the ability as an individual and then again as a member of the team which is attributed with the high creativity and coupled with initiative responsibility. The motivation and the performance are found to be the deceive variables which can predict the success. Thus the discovery of the employee's motivation becomes a suitable subject.

According to Armstrong, (2010) motivation is the power which comes from the person and accounts for the willful direction, intensity and the persistence of the individual towards the achievement of a goal. The motivation studies are related to those employees who act in a preset setting (Mullins, 2006) and how motivated employees perform effectively (Watson, 2005). However, these questions are difficult to answer as they involve the huge subject on the human motivation (Roath & Schutt, 2009). Besides this the theory of the motivation gives details on the work and the elements which determine motivation and strength respectively (Armstrong, 2010). Many researchers (Whiddett & Hollyforde, 2003; Mullins, 2006;) have pointed out two types of the motivation and created a line between them in the organizational setting these include the extrinsic motivation and intrinsic motivation.

The intrinsic motivation is what is done by the people for the people for which they will be motivated or the soft rewards which acts as a stimulus of motivation. The leadership offered rewards and promotions are the extrinsic motivation tool. Another example of the rewards is the increase in the pay. Many researches are available which discuss the motivation on job but the basic theory is 'content' or 'process' (Mullins, 2006; Armstrong, 2010).

The theory identifies the basic contract of the motivation and the delivered directions which needs to be addressed by the reward system. Furthermore it includes Maslow's Hierarchy of Needs, Herzberg's Two-factor theory and McClelland's achievement theories. The applicability of the motivation theories creates the environment or the conducive working conditions in the form of the incentives which helps to support the employee's motivation (Whiddett & Hollyforde, 2003). Armstrong (1991) discussed the theories of motivation and opined that these provide two significant messages. Firstly that it is not an easy job to address the poor motivation problems and secondly the important aspects of reinforcement, feedback, expectation and setting of objective should not be ignored. These theories recommend that the motivations intentions must never be handled without care by the management (Whiddett & Hollyforde, 2003). Roath and Schut (2009) suggest that every motivation theory can address the question how the total reward impact the performance of the employees. Whereas, another researcher Lawler (2003) discussed the higher motivation can be observed when people perform tasks that are both extrinsically and intrinsically rewarding.

2.4 Total rewards and employee motivation

When the individuals or the employees are both intrinsically and extrinsically rewarded, the greatest amount of the motivation is there as observed by Lawler, (2003). Shafiq and Naseem, (2011) suggested that the total rewards and the motivation have a significant relationship. Similarly, according to Tippet and Kluvers, (2009) a significant optimistic linkage between the intrinsic rewards and employee motivation exists. Hafiza, Shah, Jamsheed, & Zaman, (2011) have also opined that the similar relation between the extrinsic rewards and employees performance also exist. A significant contribution in the same field is by Armstrong, (1991) he argued that there are two types of motivations. First is when an employee is able to motivate his/her self by means of task completion and its is known as the intrinsic motivation. Whereas the other motivation is done by the executive at the workplace by the provision of motivating conditions such as the bonuses and the increased pay. These methods are known as the intrinsic and extrinsic motivation methods or approaches respectively. The intrinsic motivation approach consist of the feeling and the individual resources such as ability and task accomplishment, improvement in the expertise's and the capabilities, stimulating the challenging jobs and scope of the advancement and development. Whereas, the extrinsic approach consist of the thing which are done by the people and for the people in order to motivate them. In extrinsic motivation includes the pay and the bounces. They are also termed as the monetary factors. Ajile, (1997) noted that an intrinsically motivated person is dedicated to his work to the extent to which the job inherently contains tasks that are rewarding to him. And an extrinsically motivated person is given to the extent that he can pull in or receive external rewards for his business. According to the Malhotra et al., (2007) the total reward system plays an important role in the betterment and improvement of the building obligation and their performance between the employer and the employee. This high level performance further ensures the retention of the high performing employees.

In principle the role of the rewards is to motivate or cause certain behavior among employees, which are regarded as beneficial for the enhanced performance. While it also inhibit the other behaviors which they perceive as detrimental to organizational growth and proper functioning of the business operations.

Motivation is the very factor which will enable the employees to be active, efficient, and hardworking and to take the risk and also to dare for the expected performance. The employee's

performance is tied to the level of the motivation an employee has. Kotelnikov (2010) suggested that the level of the motivation of the employees is dependent upon their capability and the job description which describe the task. Furthermore the focus on the motivation is the very tool to gain the maximum work performance the more the motivated the employees are the higher performance will be expected from them. Sufficiently motivated employees enhance the value of the work however; in contrast to this the low motivated employees can negatively affect the value at the work as their performance is poor as compared to the earlier group. Motivation is the very tool through which the employees can achieve the benchmark of the high performance and at individual level, motivation also play a vital role in reducing the employee turnover ratio as opined by many contemporary authors. Here a strong linkage between the total rewards, motivation and employee performance can be found.

3. Methodology

The present study used descriptive research design for understanding the phenomenon of total rewards and employee performance with the mediating role of motivation. The population of the study was employees of telecom cellular companies. These cellular companies were limited to the Lahore region only. The target population was 920 employees divided into three tiers – upper tier managers (94), middle tier managers (210), and lower level employees (606). Stratified random sampling technique was adopted for the study. The sample size, calculated using CIPD, (2009) formula was found to be 274. The questionnaires were distributed as shown in Table 1.

Table 1: Sample Distribution

Category	Population	%age of total population	Sample
Top tier managers	94	10	28
Middle tier managers	210	23	65
Lower tier employees	606	66	181

Self administered questionnaires were distributed to 274 respondents on the basis of random sampling with replacement. The questionnaire consisted of statements related to total rewards, motivation and performance. The perceptions of the respondents were taken on 5 point Likert scale using satisfaction level anchor for total rewards and agreement level anchor for motivation and performance. Total rewards comprised of 30 items related to financial and non-financial aspects and were adopted from the study of Akhtar, et al. (2015). Motivation construct was measured using 8 items adapted from the studies of Jhonson and Cassell (2001) and Lawler (2003); while employee performance had 18 items adapted from the studies of Azeem and Yasmeen, (2015) and Burton, (2012).

Fully filled and usable questionnaires received were 207 indicating a response rate of 75.54%. Data analysis was conducted on 207 usable questionnaires. Reliability of the instrument was checked through Cronbach alpha reliability test and the values were found to be acceptable (i.e. above 0.70)

4. Results and Discussion

Pearson correlation result indicates that all the variables of the study have statistical significant association as indicated in Table 1.

Table 1: Means and Correlation

Variable	Mean	FR	NFR	M	EP
Financial Rewards (FR)	3.7214	1			
Non-Financial Rewards (NFR)	3.8090	.577**	1		
Motivation (M)	3.7077	.346**	.676**	1	
Employee Performance (EP)	3.7772	.643**	.676**	.491**	1

It can be observed from the table that there exists a strong positive relationship between employee performance and financial rewards as the value of “r” is 0.643. On the other hand a similar relationship exists between motivation and financial rewards as the value of “r” is 0.346. Thus it can be argued that with an increase in the employee benefits such as, financial reward and non-financial rewards on regular intervals cause a upward increase in their motivation level which further enhances their performance. This view has been endorsed by Yousaf et al., (2014) as they also opined that the both the financial and non-financial factors impact the employees’ performance by altering their level of motivation. Furthermore the relationship between the employees’ performance and the non-financial rewards also presents a vigorous view as the value of “r” is 0.676 and a similar value exists between the motivation and non-financial rewards. These results also justify the demographic inclinations as the 52% of the sample are young professional working in the telecommunication are found to be more inclined towards the acquisition of the non-financial rewards which ensure their career progression and growth then mere strengthening financial stability. The value of the correlation coefficient “r” in case of motivation and employees’ performance is 0.491 which indicate a weak uphill linear relationship between the two. The case is so, because of the fact that the young stratum, which constitute roughly 95% of the sample and aged below 40 years, are found to be motivated by their own performance and appreciation.

Additionally it is also found that total rewards exert a significant impact on the employee performance as the value of the β is 0.712 where the $p < 0.01$ (Table 2). Similarly, financial and non-financial rewards were also found to be significant as their β values are 0.527 and 0.599 respectively. It can be observed that among both the extrinsic and intrinsic rewards approaches, or in other words the financial and non financial rewards respectively, the latter i.e. non financial rewards are slightly more effective on the overall performance of the employees as the portion of employee performance explained by non financial rewards i.e. R^2 is 0.457 translates to 45% which is greater than the value of R^2 of financial rewards i.e. 0.413 which translates into 41% as compared to the financial rewards. This is because of the fact that the sample which is below the age of the 40 years are 95% of the overall sample, of which 80.7% have identified themselves as single which means they prefer non-financial rewards to financial rewards as it will further help them in their career development. Furthermore 69% of the sample stratum has identified themselves having a graduation degree thus the non-financial rewards in terms of training and educational enrichment hold higher significance and relevancy for them then the financial rewards. The financial rewards have a slightly weaker relation with employee performance (β 0.527, $p < 0.01$). These findings have also been endorsed by Deeprose (1994) in their work on the employees’ motivation and performance, as he opined that the non financial rewards such as recognition exert a positive influence on the employees’ motivation and performance. Gungör,

(2011) have also concluded these findings in his quantitative study on the relationship between the rewards and employees performance with mediating role of motivation.

Table 2: Regression Results for Total Rewards and its Dimensions with EP

Model	R	R ²	F-stat	Sig.	β	t-stat	Sig.
Total rewards	.742	.550	243.698	.000	.712	15.611	.000
Financial rewards	.643	.413	140.286	.000	.527	11.844	.000
Non-financial rewards	.676 ^a	.457	167.494	.000	.599	12.942	.000

Table 3 provides the result for mediator analysis of motivation between total rewards and employee performance. When motivation is checked as an independent variable it is found to have statistically significant impact of 35.3 percent on employee performance. However, when motivation acts as a mediator its influence become insignificant (β 0.074, $p > 0.05$) and the influence of total rewards is also decreased (β 0.656, $p < 0.01$) as compared to when it acts as an independent variable.

Table 3: Analysis of Mediation

Model	R	R ²	F-stat	Sig.	β	t-stat	Sig.
Motivation	.491 ^a	.241	63.134	.000	.353	7.946	.000
Mediator Analysis							
Motivation	.747	.558	124.762	.000	.074	1.780	.077
Total Rewards					.656	11.905	.000

The literature suggests that the motivated employees in organizations are critical for its success. However, often there exists a gap between what employees consider most beneficial and what they actually receive from their organizations. The study provides evidence that total rewards and employees' performance are strongly associated. The right type of rewards program help workers to grow and consequently add towards value creation by the organization.

Financial rewards also have a significant relation with the employee's motivation. Study results indicate that financial rewards enhance the employees' motivation. The executive stratum of the sample is found to be keen about the financial rewards. Similar findings are argued by Yousaf et al., (2014) that basic pay, variable pay and other monetary benefits all contribute towards enhancing employee performance.

Likewise, non-financial rewards influence employee's performance. Wjec (2012) suggests that the non-financial rewards exert a positive impact on the employees performance. The non-financial rewards include the job enrichment, the job design and the communication and training to help motivated the employees. These rewards are preferred by the both young professionals below the age of 30 years (52%) who seek on-job learning and recognition as well as by the single individual (82%) who prefer these over monetary rewards as they will help them in career progression and on-job recognition.

According to Tippet and Kluvers (2009) there exists a positive relation between the intrinsic rewards and the employee's motivation. On the other hand Hafiza, et al. (2011) opined that there is a positive relationship between extrinsic rewards and employee motivation. The results of present study indicates that non financial rewards exert a higher impact on employee performance than the financial rewards in the case of the employees of telecom sector of

Pakistan. The literature on motivation explains that the employee's performance is directly tied to the level of the employee's motivation. Kotelnikov (2010) refers this as the level to which employees are motivated in their work depends on how well those employees are able to produce in their job. This research concludes that motivation is found to be an integral part of the employee performance. Furthermore, the research also suggests that if the employees in the telecom sector of Pakistan are motivated either by means of financial or non financial rewards their performance will be multiplied.

5. Conclusion

This research work is aiming to assess the role of the total rewards on the employee's performance with a mediating role of the employee motivation. The study finds out that there exists a positive relationship between the total rewards and the employee performance. Furthermore, it is also found that both type of the rewards (financial and non financial) have significant relationship with employee's performance. The employee's motivation which is a mediator helps to multiply the employee's performance. In addition to this, the study points out that non-financial rewards are more influential than financial rewards. Thus, employees can be motivated to perform well if both types of rewards are provided. In the present study employee performance is taken as a holistic concept and future researchers can focus on task and contextual performances separately to find the influence total rewards can play towards performance. The scope of the study can be enhanced by adding more sectors. Total rewards depends on the motivation and commitment of the leadership. Thus, it would also be interesting if leadership role is checked on the variables.

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