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Sustainability in Employment: Reward System and Work Engagement

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Abstract

The objective of this study is to find out what is the relationship between Reward system and Work Engagement. To attain this objective the quantitative method was used to attain and collect data through questionnaires. A total of 250 questionnaires were distributed to few companies. And only given back 161 questionnaires were received and used for analysis. The data were analyzed using Pearson Correlation, and frequency test. The finding exhibited that, there is a relationship between Reward System and Work Engagement. Four of the dimensions for Reward system are significant towards work engagement. In conclusion, it is observed that Reward system have an effect towards the Work Engagement. Demographics factors also affect the work engagement. This shows that Reward system is needed to be upgraded more to increase work engagement.

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Keywords: Rewards System, Work engagement.

1. Introduction

Nowadays, rewards system has become an important part of management in organization. Especially when the company very concerns about the employees engagement and to the environment of the company. It is also essential that managers must know how to manage and handle employee's motivation and commitment to be a part of organization productivity. Whilst focusing the employee's commitment to the organization is important, employees

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can be kept motivated by awarding them accordingly depended on what kind of task they had done or in what current state to be fit for the job. In 2012, there has been a survey about which company is the best company to work with in Malaysia, and Petronas is in the 8th position of the nextup.asia. The company is known to provide for the well-being of employees and their families, in the form of comprehensive health care coverage, including maternity benefits, life insurance, staff care services and recreational programmes. When the employees, has these compensation that can benefit them, then they can be more committed to their job, hence they become more work engagement towards their organization and loyal to it.

2. Relationship between Rewards System and Work engagement

Rewards system has become one of the important factors that will affect heavily on how the employee will engage in their work. Rewards system, could be a means of powerful tool to affect an organization's culture. "The reward system defines the relationship between the organization and the individual member by specifying the terms of exchange (Jeffrey Kerr and John W. Slocum, Jr, 2005). This means that with the right reward system or compensation to the right employees, then we could get the means for the employee to become more motivated, and then will become more engaged to their work. This emphasizes that motivation can become one of the factor that makes the employees contribute more to the organization.

An engaged workforce is considered to be a cornerstone of sustaining a competitive advantage (Macey et al., 2011)." It is out of outmost importance that, an organization should be finding a strategy so that their organization have the competitive advantage. An engaged workforce can also be one of the competitive advantage in the organization. When the employee have the motivation, they will create a positive attitude that they will be more dedicated to their work. Aside from that, a positive environment may create a good workplace whereby can affect the employee to be motivated thus feeling confident about their work.

Concerning workaholism, some people may think that workaholism and work engagement are the same thing, but it is not. In terms of concept, workaholism, works very hard for their company and they do not disengage from their work and taken most of their life with only work. Even after or before work, they keep constantly thinking of their work. In comparison with work engagement, it shows daily flunctuations, and are easily affected by the job resources (ex. Rewards or reinforcement). Work engagement is usually associated with positive forces (life satisfaction, and good social relationships at work) (Taris et al., 2009).

3. Relationship between Compensation and Work engagement

Compensation happens when the employee has contributed to the organization and the employer will give a compensate or financial-form to the employee that has been contributed. Means that every time do their task or serving their job to the employee, will get something to compensate for what the employee has done. Pay provided by an employer to an employee for services rendered (i.e. time, effort and skill). Includes both fixed and variable pay tied to levels of performance. According to Le Pine (2002) reward or compensation can become one of the leading factor that will motivate the employee to be more on dong with their work.

Thus this will relate to the "An engaged workforce is considered to be a cornerstone of sustaining a competitive advantage (Macey et al., 2011). The correct compensation for the employee can lead to an engaged workforce in the company. With that it can be a competitive advantage for the company to improve their productivity.

4. Relationship between Benefits and Work engagement

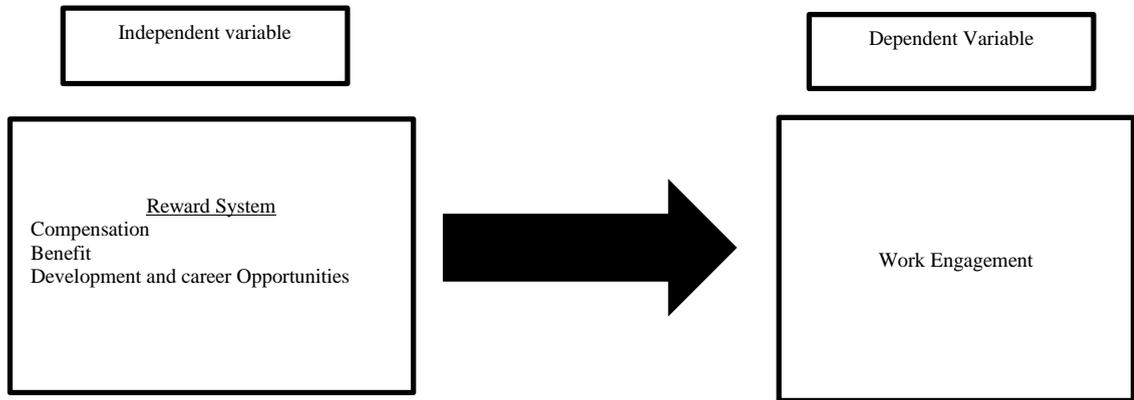
According to Kenneth Thomas (2006), Benefits such as extrinsic reward can be given to the employee to be more motivated for their work. Add to that, example of benefits, is the medical fees paid by the company. When the employee have these benefits, they will be more motivated to work on their job. According to Marjan J. Gorgievski (2013), It is also essential that when the benefits can have positive and negative effects on the employee. As such that, when the benefits is right for them, it would a good indicator lead for work engagement. But if it happens that, the employee benefits is not right with the employee, it would bring bad effect to the company.

5. Relationship between Development and Career Opportunities and work engagement

“Development: A set of learning experiences designed to enhance employees’ applied skills and competencies .Development engages employees to perform better and engages leaders to advance their organizations’ people strategies.” (World at work, 2011).

Development happened when, the organization wanted to improve the competencies of employees so that it will be align with the Organizational goal. Development is also a long term plan where the organization will train the employees so that in the future, the output will create a positive outcome in the future.

6. Research Framework



Jean Christofersson and Bob King (2003)

(Schaufeli et al., 2002)

Figure 1: Research framework

7. Hypotheses testing

This study proposes that the model for sustainable employment consists of work engagement, workaholism and well-being. Further, the work engagement has three research construct: Vigor, Absorption and Dedication; workaholism has two research construct: Work Excessively and Work Compulsively. The well-being categories have three area: Ill-Health, Life Satisfaction and Job Performance. The relationship between work engagement and well-being was hypostasized as hypothesis 1, 2 and 3 as direct relationship whereas for the relationship of workaholism and well-being was hypostasized as hypothesis 4, 5 and 6. All of the hypotheses were tested using correlation bivariate in order to see whether the hypotheses are accepted or not. Table below shows the summary of hypotheses testing

8. Reliability Test

Table 1: The reliability of all variables is shown in the table below.

Variables	Cronbach 's Alpha	N of items
Compensation	0.787	9
Development Career opportunities	0.685	5
Benefit	0.877	6
Work Engagement	0.818	15

All variables are acceptable where the researcher argued the number for cronbach’s alpha is 0.7 (Hair et al., 2009). Table 4.2.1 shows that Compensation is 0.787, Development Career is 0.685 , Benefit 0.877 and Work Engagement is 0.818. The number of item for Compensation (9), Development Career (5), Benefit (6), and Work engagement is (15).

9. Correlation

Table 2: Correlations of Reward System and Work Engagement.

		Correlations			
		Compensation	Development Career	Benefit	Work Engagement
Compensation	Pearson Correlation	1	.579**	.698**	.299**
	Sig. (2-tailed)		.000	.000	.000
	N	161	161	161	161
Development Career	Pearson Correlation	.579**	1	.676**	.315**
	Sig. (2-tailed)	.000		.000	.000
	N	161	161	161	161
Benefit	Pearson Correlation	.698**	.676**	1	.442**
	Sig. (2-tailed)	.000	.000		.000
	N	161	161	161	161
Work Engagement	Pearson Correlation	.331**	.315**	.442**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	161	161	161	161

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

The significant at p=0.01 where the correlation coefficient values of Compensation is 0.299, then for Development career is 0.315, lastly, Benefit is 0.442. The reward system that is the dimension of Compensation, Development Career, and benefit is significantly related to employee engagement. The support hypothesis which there is a relationship with Compensation and Work Engagement is positive, this is the same as other support hypothesis, which is Development career with Work Engagement and benefit with Work engagement. This supports my main hypothesis which is the reward system has a positive relationship with Work engagement.

10. Finding

Table 3: shows the Relationship between Reward System and Work engagement.

No.	Hypothesis	Findings
1	H1: There is a positive relationship between Reward System and work engagement	Accepted
2	H1a: There is a positive relationship with compensation and Work engagement	Accepted
3	H1b: There is a positive relationship with Benefits and Work engagement	Accepted
4	H1c: There is a positive relationship with Development and career opportunities and work engagement	Accepted

11. Conclusion

The objective of this study is to study the relationship between Reward System and work engagement with its supportive objective. There were positive significant between Reward system and work engagement. The results are shown that more than 0.5. All of the hypothesis which is Reward system is related with work engagement, Compensation is related with work engagement, Development and career opportunities is related work engagement, and lastly Benefit is related with work engagement is positively significant.

The main hypothesis is Reward system is related to Work Engagement “The reward system defines the relationship between the organization and the individual member by specifying the terms of exchange” (Jeffrey Kerr and John W. Slocum, Jr, 2005). This means that with the right reward system or compensation to the right employees, then we could get the means for the employee to become more motivated, and then will become more engaged to their work. This emphasizes that motivation can become one of the factor that makes the employees contribute more to the organization. “An engaged workforce is considered to be a cornerstone of sustaining a competitive advantage (Macey et al., 2011).” It is out of utmost importance that, an organization should be finding a strategy so that their organization have the competitive advantage.

The first supportive hypothesis is Compensation and Work Engagement, Compensation happen when the employee has contributed to the organization and the employer will give a compensate or financial-form to the employee that has been contributed. Means that every time do their task or serving their job to the employee, will get something to compensate for what the employee has done. . According to Le Pine (2002) reward or compensation can become one of the leading factor that will motivate the employee to be more on dong with their work.

The second supportive hypothesis is Career development and opportunities and Work engagement. According to Jean Christofferson and Bob King (2005) Development: A set of learning experiences designed to enhance employees’ applied skills and competencies .Development engages employees to perform better and engages leaders to advance their organizations’ people strategies.

The third supportive hypothesis is Benefit and Work engagement According to Kenneth Thomas (2006), Benefits such as extrinsic reward can be given to the employee to be more motivated for their work. Add to tha In Addition example of benefits, is the medical fees paid by the company. When the employee have these benefits, they will be more motivated to work on their job.

12. Recommendation

For the recommendation, researcher suggest that the organization create a better incentive programs which will be able to manage any workers to become more contributed to their work. Dow Scott and Tom McMullen (2010) stated that they should develop metrics that measure the extent to which supervisors or manager encourage engagement among their subordinates. Add to that, they can reward supervisors and managers for developing employee engagement among their subordinates and peers.

The second recommendation is that a recognition from the leader is a way to improve the work engagement as well. Dow Scott and Tom McMullen (2010) stated that quality of leadership had the strongest relationship with effectively engaging and motivating employees. They can try to use pay packages to attract leaders who haave demonstrated their ability to engage employees.

Lastly can be, the organization think in terms of total rewards and not just financial rewards. The organization needed to develop employee engagement resources that are directed toward work environment or organization climate, work life balance and the nature of the job and quality of the work, and career opportunities.

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