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The Impact of Compensation and Rewards on Teachers' Motivation Study Based in Tahri.M. University of Bechar- Algeria

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Abstract:

Motivation is actually inspiring and encouraging to work more and contribute more to achieve organisational objectives. It's considered to be a soul achievement of human resources management practices. The purpose of this study was to investigate the impact of the dimensions of compensation and rewards (Intrinsic rewards and Extrinsic rewards) teachers' motivation. in Tahri .M Univesity of Bechar-Algeria. Based on Literature previous empirical and conceptual studies a survey questionnaire was developed to collect data, in which the questionnaire instrument was distributed and delivered to 68 teachers working as lecturer, assistant professor and professor in Tahri .M Univesity of Bechar-Algeria. Frequencies, means, percentages correlation and regression test were applied on data. The results showed that there exists significant positive correlation between teacher's motivation and dimensions of compensation and rewards.

Keywords: H.R.Management, Compensation and Rewards, Extrinsic Rewards, Intrinsic Rewards, Motivation

1. Introduction

Teachers' motivation in higher education institutions is one of the imperative and inevitable objectives of universities management and compensation is one of the ways used by organizations for attracting, motivating and retaining suitable employees as well as facilitating them to improve their performance. For organization to meet its obligations to employees and society, its management must develop a relationship between the organization and employees that will fulfill the continually changing needs of both parties, and success of an organization is based on the achievement of objectives in accordance with a predetermined plan. Human resource management policies in general and organizational compensation policy in particular, are important business decisions with significant social, economic and financial implications for both for-profit and nonprofit organizations (Guthrie, J. 2007). Many factors can affect the motivation of an individual or employee, among several aspects that influence, there is the compensation policy. More interesting and controversial issues in compensation has been delineating the manner and magnitude in which pay influence employee motivation and performance, since the nature of work employees is given tasks to complete and to self-manage themselves, to utilize their experience and intelligence to perform the assigned tasks to attain organization's goals ,for it many organizations use different compensation strategies in order to achieve the organization's goals and to meet the needs of their employees. The main of compensation and rewards practices must support and reinforce the achievement of the University vision and strategy. Compensation and related policies reflect the institution's values by highlighting what it sees as important and therefore what it rewards. Vision of Tahri.M University is to be an outstanding teaching and research university in south Algeria, educating and addressing the challenges facing our society. The vision will, inter alia, be enabled by the implementation of a compensation policy which to attract, retain and motivate staff who contribute to the realisation of the vision.

1.2. Study Questions (RQ)

Specifically, this study was undertaken to explore the answer to the following research questions (RQ):

RQ1: Is there any association between compensation, rewards and teachers' motivation in Tahri .M University of Bechar-Algeria?

RQ2: Does compensation and rewards influence teachers' motivation in Tahri .M Univesity of Bechar-Algeria?

1.3. Study Objectives

The main purpose of this study was to examine the impact of compensation and rewards on teachers' motivation in Tahri.M University of Béchar-Algeria, and from the questionnaire and the results are discussed the following objectives.

- To determine the compensation and rewards currently used in Tahri .M Univesity of Bechar-Algeria.
- To determine teachers' view of compensation and rewards used in Tahri .M Univesity of Bechar-Algeria.
- To assess the impact of extrinsic rewards (base salary, bonus and promotion) on teachers' motivation in Tahri .M Univesity of Bechar-Algeria.

- To assess the impact of intrinsic Rewards (recognition, career development and working conditions) on n teachers' motivation in Tahri .M Univesity of Bechar–Algeria

2. Literature Review

2.1. Compensation and Rewards

2.1.1. Compensation

Compensation system that organizations offer to the employees play a key role in increasing employee motivation, performance and productivity (Milgrom, P. and Roberts, John,1992). Compensation has a great influence in the recruitment of employees, motivation; productivity and employee turnover (Benardin and Russel, 1993). According to (Moorhead and Griffin 2013) compensation is the total amount (money, salaries, and commissions), incentives, benefits, privileges, and gifts given by the organization. The purpose of compensation system in most organizations is to attract, retain, and motivate qualified employees. Structure of compensation in an organization should be fair and consistent to ensure equality of treatment and compliance with the law. Employees typically depend on wages, salaries, and so forth to provide a large share of their income and on benefits to provide income and health security. Compensation is the bonuses submitted to the employee due to their services. Compensation process can be divided to direct financial compensation and indirect compensation whether it financial or non-financial. It is a strategic policy in the organization, where it can affect on the employer's possibility to attract new applicants, gain employee's loyalty and ensure the maximum level of performance to meet the organization goal and objective from the employee. Some compensation components encourage commitment to employers, while others motivate engagement in the job. It is possible to stimulate one and not the other, though it's generally better to foster both (Robert J. Vance,2006). Therefore, if the organization does not adopt good system of compensation, the organizational performance and productivity will be down

2.1.2. Rewards

According to (Mottaz,1988) the word rewards state the benefits that workers receive from their jobs, and significant elements of employee job attitudes such as organizational commitment, motivation and job satisfaction (Steers and Porter 1991). Reward system refers to all the monetary, non-monetary and psychological payments that an organisation provides for its employees in exchange for the work they perform (Bratton and Gold,2007). Rewards system may include extrinsic and intrinsic rewards. Extrinsic rewards are items such as financial payments that the employee receives as part of the job. Intrinsic rewards relate to satisfaction that is derived from actually performing the job such as recognition, and a sense of contributing something to society. Usually rewards system referred to as tangible returns, includes cash compensation (base salary, bonus) and benefits (income protection, and allowances ...). Employees also receive intangible returns, which include recognition and career development, employment security, and learning opportunities. So, rewards system is set of mechanisms for distributing both tangible and intangible returns as part of an employment relationship (Rue & Byars, 1992). Is also termed as the benefits that arise from performing a task, rendering a service or discharging a responsibility. (Colin Pitts, 1995) and is the compensation which an employee receives from an organization for exchanging for the service offered by the employee or as the return for work done (Lin, 2007).

- **Base Salary:** Is the compensation which an employer pays to an employee for work performed in accordance with the employment agreement. According to (Martin 2010) base pay is the salary that an employee receives and it does not include incentive benefits and pay. The employer must pay salary to an employee once a month. In the Algeria, calculating an employee's base salary depends on the number of worked days.
- **Bonus & benefits:** Is a gratuity given as gift, or compensation earned as reward upon achieving a goal or milestone salary. A bonus is calculated based on the performance of the team, and this is shared among the members of the team. Bonuses may be paid up at the end of the year, or may be deferred, and paid at a later date, as this may encourage staff and managers to take a longer-term view, rather than simply focusing on the current year's bonus. Benefit as indirect financial and non-financial payments employees receive for continuing the employment with the company (Aswatappa ,2004). According to (Armstrong 1996) benefits is the elements of remuneration given in addition to the various forms of each pay. According to (Martin (2010), employee benefits are the range of additional rewards that are provided to employees by an employer as part of their total remuneration package. Additionally, benefits provide a means through which can attract talented employees and are offered to discourage job-hopping by providing employees with an appealing working environment (Gracci and Kleiner 2006)
- **Promotion:** Is the advancement of an employee within a company position or job tasks. A job promotion may be the result of an employee's proactive pursuit of a higher ranking or as a reward by employers for good performance. Typically, is also associated with a higher rate of pay or financial bonus. One way that companies have found to motivate their staff is to rank them in order of their output and efficiency. Using this method, firms can reward top-ranking employees with recognition as well as by giving them higher financial benefits.
- **Recognition:** Is a critical component to employee engagement. According to Businessdictionary.com, recognition is the communication between management and employees which rewards them for reaching specific goals or producing high quality results in the workplace. Recognizing or honoring employees for this level of service is meant to encourage repeat actions, through reinforcing the behavior you would like to see repeated.

- **Career Development:** Is the lifelong process of managing your or your employee's work experience within or between organizations. The concept of career development was first advanced by (Ginzberg, Ginsburg, Axelrad and Herma ,1951) who proposed that occupational choice is a developmental process that occurs over a number of years. Many universities have a career development department that offers informational and placement assistance to graduates who are looking to start their careers in the business sector.
- **Work Conditions:** The conditions in which an individual or staff works, such, physical environment, stress and noise levels, degree of safety or danger, also covers infrastructure such building, class rooms, furniture, teacher's room, toilets, computer facilities, telephone, fax, cafeteria etc.(Tasnim 2006).

2.2. Motivation

Motivation is one of the most important tools to induce the employees to achieve an efficient and effective result, and to create a positive work environment and to successfully execute the anticipated programs (Bessell et al, 2002). Many contemporary authors have defined the concept of motivation. Motivation has been defined as a decision-making process through which the individual chooses desired outcomes and sets in motion the behaviours appropriate to acquiring them (Huczynski & Buchanan,1991). According to (Robbins& Decenzo 2008) motivation is the willingness to exert high levels of effort to reach organisational goals, conditioned by the efforts and ability to satisfy.

2.2.1. Intrinsic and Extrinsic Motivation

Motivation can be divided into two forms, intrinsic and extrinsic motivation. Intrinsic motivation is the engagement in an activity with no reason other than the enjoyment and satisfaction of engagement itself. Extrinsic motivation is the engagement that provides means to ends that go beyond the engagement itself. Goals of extrinsically motivated engagement might be the attainment of tangible rewards such as money, or other benefits; intangible rewards such as social approval, a sense of worthiness, or the avoidance of tangible and intangible such as time-out, scolding, rejection or sense of low self-worth. (Ambile ,1993) suggests that individuals are intrinsically motivated when they seek enjoyment and satisfaction of curiosity in the form of a personal challenge in the organisation. Individuals are extrinsically motivated when they are engaged in the organisation for the purpose of obtaining a goal excluding the work itself.

3. Research Model and Hypotheses

3.1. Conceptual Framework

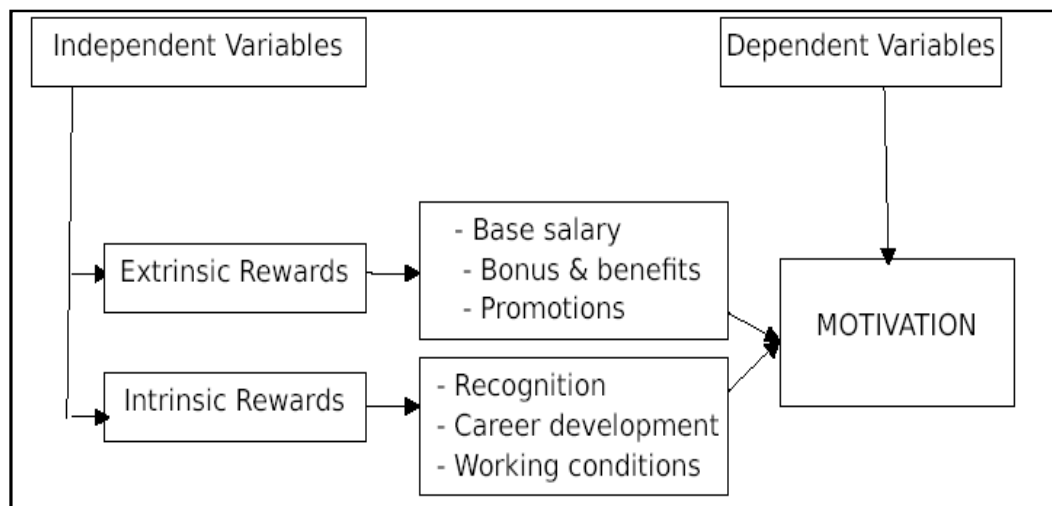


Figure 1: Research Conceptual Framework Model

3.2. Research Hypothesis

After conducting literature review and in order to achieve the objectives designed for this study the following hypotheses have to be tested:

H 1: There is a positive relationship between compensation and rewards (Intrinsic rewards and Extrinsic rewards) and teacher's motivation in Tahri.M University of Bechar- Algeria.

Sub-hypothesis

H1.1: There is a positive relationship between base salary and teacher's motivation in Tahri.M University of Bechar- Algeria.

H1.2: There is a positive relationship between bonus and teacher's motivation in Tahri.M University of Bechar- Algeria.

H1.3: There is a positive relationship between promotion and teacher's motivation in Tahri.M University of Bechar- Algeria.

H1.4: There is a positive relationship between recognition and teacher's motivation in Tahri.M University of Bechar- Algeria.

H1.5: There is a positive relationship between careerdevelopment and teacher's motivation in Tahri.M University of Bechar- Algeria.

H1.6: There is a positive relationship between working conditions and teacher's motivation of Tahri.M University Bechar- Algeria.

4. Study Methodology

4.1. Methodology

In order to realize this study a methodology consisting from a combination of primary and secondary data has been used. A considerable amount of secondary data is gathered from existing literature about the impact of Compensation and Rewards on Motivation. For empirical analysis of the study, a questionnaire designed on a 5-point Likert scales range from strongly disagree to strongly agree, was used to collect data from the teachers in different faculties in Tahri.M Univesity of Bechar-Algeria. Questionnaire was divided in two parts: First part was comprised of data regarding Compensation, rewards and Motivation. Second part with demographic information of respondents. Pearson correlation statistical technique and regression analysis was applied on the data and were possessed with SPSS (Statistical Package for the Social Sciences).

4.3 Reliability and Validity

Before applying statistical tools, testing of the reliability of the scale. Cronbach's alpha is the most widely used method. Reliability is the degree to which measure are free from error and therefore yield consistent results¹⁶. The closer the reliability coefficient gets to 1.0, the better it is, and those values over .80 are considered as good. Those values in the 0.70 are considered as acceptable and that reliability value less than 0.60 is considered to be poor

No	variable	Nb. of Items	Cronbach's Alpha (α)
1	Base salary	5	.825
2	Bonus & benefits	5	.836
3	Promotions	5	.838
4	Recognition	5	.751
5	Career development	5	.919
6	Working conditions	5	.934
7	Motivation	1	.811

Table 1: Reliability value of the Scale
Source: study data 2017

4.3. Sample: A sample is a finite part of a statistical population whose properties are studied to gain information about the whole (Webster, 1985). When dealing with people, it can be defined as a set of respondents(people) selected from a larger population for the purpose of a survey, which ensures that conclusions from the study can be generalized to the entire population. For this research study, Random sampling technique was used for the collection of data. Questionnaire was distributed among 68 respondents to get the data required for conducting the analysis. (N= 68).

4.4. Demographic Characteristics of Respondents

Characteristic	Freq	%	
Gender	Male	53	77.9
	Female	15	22.1
	Total	68	100.0
Age (years)	20 - 30	11	16.2
	31- 40	39	57.4
	41-50	15	22.0
	Above 15	3	4.4
	Total	68	100.0
Cadre of job	Lecturer	11	16.2
	Assistant Professor	45	66.2
	Professor	12	17.6
	Total	68	100.0
Experience (years)	Less than 5 years	8	11.8
	5-10 years	18	26.5
	11-15 years	29	42.6
	Above 15 years	13	19.1
	Total	68	100.0

Table 2: The demographic characteristics of the study sample
Source: study data 2017

Table 2 shows the summary of demographic information of respondents that includes gender, age, Cadre of job, grading scheme, and years of Experience. Out of 68 of the total respondents participating in the study. Male respondent was in majority of 77.9 % and the

remaining 22.1. % was female respondent. According to age group 16. 2 % are in between 20 and 30, 54.7% are in between 30 and 40 years, 22.0 % are in between 40 and 50 years and the remaining are more than ages 50 are 04.4 %. According to Cadre of job Assistant Professor respondent were in majority of 66.2 %, Lecturer are 16.2 % and Professor are 17.6 %, while table 2 also shows that due to experience based the respondents less than 5 years are 11.8 % and 26. 5 % are between 5 to 10 years, 42.6 % are from 11 to 15 and remaining are more than 15 years.

5. Findings and Discussion

The following tools frequencies, means, percentages, standard deviation, Pearson correlation and regression analysis, were used as descriptive analysis to meet the study questions and to test the main hypothesis and its branches. Main hypothesis: There is a positive relationship between compensation and rewards (Intrinsic rewards and Extrinsic rewards) and teacher's motivation in Tahri.M University of Bechar- Algeria.

5.1. Correlation

	Variables	N	Mean	S.D	MOT	B.S	B.B	PR	REC	WLB	WC
1	Motivation	68	3.90	.75	1						
2	Base Salary	68	3.45	1.24	.661**	1					
3	Bonus & Benefits	68	3.42	1.04	.675**	.653**	1				
4	Promotions	68	3.41	1.03	.708**	.699**	.672**	1			
5	Recognition	68	3.38	1.21	.656**	.523**	.569**	.521**	1		
6	Career development	68	3.52	.91	.447**	.493**	.480**	.372**	.439**	1	
7	Work Condition	68	3.90	.79	.464**	.389**	.589**	.451**	.458**	3.83**	1

*Correlation is significant at the 0.05 level (2-tailed)

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

Table 3: descriptive statistics and construct correlations

The results in table 3 shows the descriptive statistics and correlation between dependent and independent variables.

Pearson correlation for motivation with base salary, bonus & benefits, promotions, recognition, career development, work condition, ($r=0.661, 0.675, 0.708, 0.656, 0.447, 0.464$ $p<0.01$) respectively show that there is a positive relationship between motivation and base salary, bonus & benefits, promotions, recognition, career development, work condition.

Correlation coefficient value show moderate and strong relationship between variables respectively. base salary and bonus & benefits, promotions, recognition, career development, work condition, ($r= 0.653, 0.699, 0.523, 0.493, 0.389$ $p<0.01$) show respectively positive relationship between base salary, bonus & benefits, promotions, recognition, career development, work condition.

Correlation coefficient value confirms strong relationship between variables. Pearson correlation for bonus & benefits and promotions, recognition, career development, work condition, ($r= 0.672, 0.569, 0.480, 0.589$, $p<0.01$) show positive relationship between bonus & benefits, promotions, recognition, career development, work condition.

Correlation coefficient value proves relationship between variables. Pearson correlation for promotions and recognition, career development, work condition. ($r= 0.521, 0.372, 0.451$, $p<0.01$) show positive relationship between promotions, recognition, career development, work condition.

Correlation coefficient value confirms relationship between variables. Pearson correlation for recognition and career development, work condition ($r= 0.439, 0.458$, $p<0.01$) show positive relationship between recognition and career development, work condition.

Correlation coefficient value confirms relationship between variables. Pearson correlation for career development and work condition. ($r= 0.383$, $p<0.01$) show positive relationship between career development and work condition.

5.2. Regression

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. error	Beta		
Constant	1.232	.094		13.30	.000
Base salary	.097	.012	.246	6.607	.000
Bonus & Benefits	.074	.011	.235	6.261	.000
Promotions	.063	.012	.212	5.216	.000
Recognition	.053	.015	.128	3.541	.000
Career development	.049	.013	.144	4.229	.000
Work Condition	.052	.012	.141	3.725	.000

a. Dependent Variable: Motivation

Table 4 : Regression Coefficients

The results regression analysis conducted to test the research model between Compensation and reward and motivation is as shown in table 4. The model explains the association between Motivation and Compensation and reward (base salary, bonus & benefits, promotions, recognition, career development, work condition). The constant motivation will be 1.232, also that a unit increase in base salary will cause a 0.097 increase in motivation, that a unit increase in bonus & benefits will lead to an increase in motivation by 0.074. It was also found that a unit increase in promotions will lead to an increase in motivation by 0.063, it was further found that a unit increase in recognition will lead to an increase in motivation by 0.053. A unit increase in career development will further lead to an increase in motivation by a factor of 0.049, a unit increase in work condition will lead to an increase in motivation by 0.052. Correlation and Regression results above show association of variables among each other and positive relationship. Thus, we accept hypotheses of research.

6. Conclusions

This study examined the impact of compensation and rewards on teacher's motivation in Tahri M university of Bechar-Algeria. It confirms that compensation and rewards system influence teacher's motivation. Six dimensions of rewards system were assessed including extrinsic rewards (base salary, bonus & benefits, promotions) and intrinsic rewards (recognition, career development, work condition). Based on a result from Pearson Correlation Analysis, it showed that there was a positive relationship between the dependent variable (Motivation) and the independent variable (compensation and rewards). Also, the regression analysis shows that, all dimensions of rewards system are significant predictors of teachers' motivation. This indicates that compensation and reward such as extrinsic rewards and intrinsic rewards can result in improved teachers' motivation in TahriM University of Bechar-Algeria.

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