
Motivating Employees through Job Design and Compensation: An Observation

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ABSTRACT

This study aims to examine the relationship and impact of job design and compensation on employee motivation. It is based on primary data obtained by distributing questionnaires to 15 Nepalese business organizations. The results show that job design has a significant positive relationship with employee motivation. In the same way, the results demonstrate that compensation has a significant positive relationship with employee motivation. In fact, employees who think their jobs are well-designed are highly motivated at work. Moreover, employees are highly motivated at work when they perceive a fair and efficient compensation system. Therefore, to enhance employee motivation, organizations must redesign job policies and foster employee trust. They also need to develop trusting compensation and incentive systems for their employees to increase employee motivation.

Keywords: Business organizations, Compensation, Job design, Employee, Motivation

Introduction

Motivation is the act of increasing employee enthusiasm. It is one of the important aspects, which is crucial for the success of business organizations (Tumi *et al.*, 2022). However, motivating employees is one of the key challenges for today's organizations. Both line managers and HR managers need to devote a lot of time and energy to motivating employees and improving their performance and productivity. It is believed that how motivated individuals are and how well they perform at work are significantly influenced by the types of jobs they are assigned and the compensation they receive. Well-designed jobs and an equitable compensation system lead to improved individual and group organizational performance outcomes, such as their membership (joining/leaving an organization), reliable role behavior, and innovative/spontaneous activity (Ugboro, 2006).

As new types of technology and communication across numerous industries are made possible by technology, the nature of the job is changing (Gagné *et al.*, 2022). In such a case, effective job design is a key factor that motivates employees. It is a concept that describes achieving goals and objectives by arranging the tasks and responsibilities to be carried out into a unit of work. Moreover, it illustrates the nature of work and how it affects the workers. It refers to a range of employment elements that affect what people do at work and how successfully they can accomplish it, from internal and external organizational aspects to how tasks are organized (Pradhan, 2020a). Work can be made highly specialized through job design, and such well-designed tasks are crucial for establishing employee management that is motivated (<https://www.ukessays.com/essays/management/the-impact-of-job-design-on-employee-motivation-management-essay.php>). Furthermore, compensation is one of the key aspects that affect motivation, since people are naturally more likely to work better when they believe that their efforts will result in a suitable compensation or return. Even though people work hard for a variety of reasons, today's society and competitive economic climate have elevated compensation to the status of possibly the most significant motivational driver (Pradhan, 2020b). Conventional work design theories concentrate on developing or altering the nature of the employee's employment to enhance their psychological state and, as a result, improve performance outcomes (Grant & Parker, 2009). Based on these discussions, it appears that both job design and compensation can help to boost employee motivation.

Hence, this study aims to address this reality by enquiring about the effect of job design and compensation on employee motivation considering the Nepalese context. The main objective of this research study is to assess the job design and compensation system in Nepalese organizations and examine their impact on employee motivation. In this study, the characteristics of work design are considered to be skill variety, task identity, task significance, autonomy, and feedback. Similarly, compensation includes both monetary and non-monetary advantages and rewards. Extrinsic and intrinsic rewards may both serve to motivate employees.

Review of Literature

Conceptualizing Employee Motivation

Motivation is a key factor in determining an individual's action, together with capability (such as talent) and opportunity (such as resources) (Boxall & Purcell, 2003). When someone is motivated, they are more likely to engage in an activity. A person's motivation can provide him/her the strength s/he needs to work hard, persevere for a while, and not give up easily when faced with challenges on the way to a goal. Consequently, a person's motivation is crucial and the key factor in making something successful (Samosir *et al.*, 2021).

Motivation is important in team-based environments as well as where employees work independently (Pradhan, 2020b). In order to establish and sustain high levels of performance, motivation entails coordinating employee objectives and values with the organization's mission and vision (Campbell, 2007). Motivation drives employees internally to take the necessary actions to complete the tasks or goals assigned to them (Sohail, 2014). Most people believe that motivation is an inside phenomenon. Yet, because employees are a part of a wider organizational structure, it is important to acknowledge that organizational-level factors also have an impact on employee motivation. The evaluation, feedback, involvement, job design, and compensation systems are significant organizational practices that affect employee motivation. Employee motivation at work is also influenced by company culture as well as workplace rules and practices pertaining to diversity, development opportunities, and job security (Boswell *et al.*, 2008).

Conceptualizing Job Design and Hypothesis Development

As a significant factor in determining an individual's motivation and effectiveness at work, job design has attracted significant theoretical and empirical research in the 20th century. The necessity to consider the evolving workplace circumstances in order to more thoroughly comprehend the impact of job design in this evolving environment is a significant finding from the literature on job design (Fried *et al.*, 2008). Job design entails planning the elements of a job as well as the interactions among team members. The tasks that are necessary for a particular job are determined by the job design. In order to meet both the social and personal needs of the jobholder and organizational and technological requirements, it also determines the contents, processes, and interactions of occupations (Armstrong, 2006).

Job design is the function of putting tasks, duties, and responsibilities into an organizational unit of work (Opatha, 2002). It is the approach of organizing the contents, processes, and relationships of employment in order to fulfill organizational goals and objectives as well as job holders' satisfaction. Job design can be done in a number of ways. Aswathappa (2016) outlined numerous techniques to job design, including job rotation, job engineering, job enlargement, and job enrichment in this regard. Performance is positively associated with one's sense of job significance, importance in the eyes of others, self-awareness of one's competence, and decision-making flexibility (Ambrose *et al.*, 2013).

Several job design ideas have supported scholars and practitioners in describing, clarifying, and altering employee experiences and behaviors (Hackman & Oldham, 1980). Fried and Ferris (1987); Hackman and Oldham (1976) show that job design has an impact on behavioral outcomes like performance, absenteeism, and turnover, as well as psychological outcomes like job satisfaction, and internal and work motivation.

Job design is the process of combining a variety of tasks, responsibilities, and duties to produce a composite that people can carry out in their work and view as their own. It is essential to complete the task effectively, affordably, dependably, and safely. It also serves as the foundation for personal fulfillment and professional success (Torrington, 2011). Many previous studies (e.g., Armstrong, 2012; DeNisi & Griffin, 2008; Guest, 2002) have shown the effects of job design on employee motivation. Therefore, the goal of job design is to match human characteristics to job requirements that ultimately motivate employees to do their organizational jobs. Based on these observations, this study proposes the following hypothesis:

H1: There is a significant relationship between job design and employee motivation.

Conceptualizing Compensation and Hypothesis Development

A company pays its employees for the work they do. While the majority of people mistakenly believe that pay and compensation are synonymous, the truth is that compensation encompasses far more than just the financial benefits offered by a company (Surina *et al.*, 2015). Compensation includes all monetary gains, as well as tangible services and benefits that workers receive in exchange for their labor (Milkovitch *et al.*, 2008). Employee compensation, according to Dessler (2011), includes all forms of payment made to employees as a result of their job. For employees, compensation is the most crucial factor. Compensation includes things like a

salary, gift, paid time off, bonuses, and incentives that an employee receives as feedback on their job.

According to Henderson (1989), compensation is a broad term that refers to anything that a company is able or willing to offer in exchange for an employee's contribution. An organization's productivity and human resource management are directly related to one another. If employees are managed properly, including through job analysis, recruitment, training, and motivating methods like compensation, they are likely to deliver good performance in their duties, which will increase the organization's total productivity (Ichniowski *et al.*, 1997).

According to Campbell (2007), as the market becomes more competitive, it is clear that businesses must pay special attention to the contribution of employees in creating a competitive edge. Campbell (2007) also notes that highly motivated individuals are top performers who consistently produce high-quality results, maintain high levels of productivity, and overcome challenges and obstacles. For at least their most fundamental needs and desires, most people are driven by money. The most obvious extrinsic incentive is compensation in whatever form, because it serves as the carrot that most individuals seek (Amstrong, 2012). Catanzaro (2001) asserts that compensation has a favorable impact on employee motivation. The idea is based on psychological research and theories of work motivation that aim to raise employee performance and satisfaction and, in turn, boost organizational productivity and efficiency (Campion *et al.*, 2005). Many previous studies (e.g., Amstrong, 2012; DeNisi & Griffin, 2008; Guest, 2002) have shown the effects of compensation on employee motivation. Based on these observations, this study proposes the following hypothesis:

H2: There is a significant relationship between compensation and employee motivation.

Research Methodology

This is a descriptive, correlational, causal comparison type of research. It is based on primary data obtained by distributing questionnaires to 15 Nepalese business organizations. To examine the employees' perception of job design, compensation, and motivation, simple random sample processes were utilized to distribute questionnaires to them. However, employees who have fewer than six months of experience in their current job were not included.

Paper-based questionnaires were given out and collected during several follow-up visits to ensure that as many employees as possible responded. A total of 300 questionnaires were circulated, and 205 completed questionnaires with a response rate of 68.33 percent were collected. The responses of respondents were evaluated on a five-point Likert scale (strongly disagree = 1 to strongly agree = 5). The data was analyzed using descriptive and inferential statistics. Moreover, a reliability test has been used to ensure that the results are accurate. Table 1 presents the demographic characteristics of the respondents:

Table 1: Demographic Characteristics of Respondents

Demographic Characteristics		Number	Percent
Gender	Male	152	74.15
	Female	53	25.85
Age (in years)	Below 30	58	28.29
	31–35	103	50.24
	36–40	30	14.63
	41 and above	14	6.829
Education	High School (+12)	20	9.756
	Graduation	126	61.46
	Masters' Degree	59	28.78
Experience (in years)	up to 1	28	13.66
	2–6	105	51.22
	7–12	43	20.98
	12 and above	29	14.15

Results and Findings

Descriptive Statistics and Correlation Analysis

The means and standard deviations of the employees' perceptions of the study's variables, as well as the Cronbach alpha for each variable and its corresponding variables, are shown in Table 2. Also, it displays the correlations among all the study's variables.

Table 2: Descriptive Statistics, Correlation Results and Reliability Coefficients

Study Variables	Mean	S.D.	JD	Com	EM	Cronbach Alpha
Job Design (JD)	3.51	0.79	1			0.91
Compensation (Com)	3.48	0.81	0.39*	1		0.93
Employee Motivation (EM)	3.69	0.71	0.64**	0.69**	1	0.87

Note:

Correlation is significant at * $p < 0.05$, ** $p < 0.01$ (2-tailed).

Cronbach alpha values for all of the variables are more than 0.70. Sekaran (2006) emphasizes that the measurement instrument is better the higher the coefficients. So, it may be said that the data gathered is a “good fit” for the study. In conclusion, the instruments used to measure each variable in this study are accurate enough and produce useful information.

All of the variables have means that are more than 3.00, as shown in Table 2. In the meantime, these three variables’ standard deviations are under 1.00. The mean for job design is 3.51, and the S.D. is 0.79. While the mean of compensation is 3.48 and the S.D. is 0.81. Employee motivation has a mean of 3.69 and an S.D. of 0.71. The findings show that employee motivation and compensation have the highest association ($r = 0.69$, $p < 0.01$), whereas job design has the lowest significant correlation ($r = 0.64$, $p < 0.01$).

Inferential Statistics

In this section, the regression analysis is used to find the impact of job design and compensation on employee motivation. The regression result is as follows:

Table 3: Regression Results

Model	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	18.4	0.72	25.56	0.00
Job Design	0.52	0.078	6.572	0.00
Compensation	0.86	0.167	5.171	0.00

$R^2 = 0.839$, Adjusted $R^2 = 0.837$, F -Value = 338.679, Sig = 0.00

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

According to Table 3, the R^2 value is 0.839, which suggests that this model explains 83.9 percent of the overall variation, with other factors not included in the study accounting for the remaining part of the explanation. Because the F -value is significant at the 1% level of significance, as shown in the table, the multiple regression model utilized in this study is fit and adequate. While the significant value is 0.000 ($p < 0.001$), both the job design ($\beta = 0.52$) and the compensation ($\beta = 0.86$) have a substantial effect on employee motivation. The result demonstrates the significant relationships between employee perceptions of their own motivation, job design, and compensation. Hence, the two hypotheses —H1 and H2— are both supported. In light of this, both variables serve as predictors of employee motivation. In contrast to job design, compensation has a greater influence on employee motivation.

Discussion and Conclusion

This study aimed to examine the relationship and impact of job design and compensation on employee motivation. The results show that job design has a significant positive relationship with employee motivation. It ultimately affects their level of motivation. These findings align with the literature that is currently accessible (i.e. Fried *et al.*, 2008; Hackman and Oldham, 1976; Armstrong, 2012; DeNisi & Griffin, 2008; Guest, 2002; Pradhan, 2020b). So, organizations always need to choose a job design that satisfies organizational standards for excellent performance, delivers a good fit with individual needs and skills, and creates chances for job happiness (Schermerhorn, Hunt, & Osborn, 2005) and employee motivation. In fact, clearly defined jobs, and specialized tasks and jobs that are designed through scientific management or job simplification always motivate employees for better performance.

In the same way, the findings demonstrate that compensation has a significant positive relationship with employee motivation. These findings align with the literature that is currently accessible (i.e. Ichniowski *et al.*, 1997; Campbell, 2007; DeNisi & Griffin, 2008; Guest, 2002; Armstrong, 2012; Catanzaro, 2001; Pradhan, 2020b).

In conclusion, employees who think their jobs are well-designed are highly motivated at work. Moreover, employees are highly motivated at work when they perceive a fair and efficient compensation system. Therefore, organizations should redesign job policies and build employee trust in order to enhance employee motivation. Supervisors should also make an effort to create a positive work atmosphere and treat all employees fairly. In order to enhance employee motivation, organizations should design fair and transparent compensation and reward policies and build their confidence. Furthermore, organizations must lessen their views of unfair job design and compensation systems and make the required efforts to create a supportive work environment if they want to motivate and keep their best employees.

Research Implications

This study sheds light on the relationship between employee motivation, compensation, and job design in the context of Nepal. This study examines how job design and compensation practices in Nepalese organizations affect employee motivation. Employee motivation is seen as a crucial element of an organization's competitive strength, since motivated workers carry out their tasks to the best of their abilities and talents and have a good attitude toward their organizations.

Limitations

This study is based on primary data gathered from a small number of business organizations, which could not be representative of all institutions. Just two variables such as job design and compensation may not motivate employees. Although this study aims to understand how job design and compensation affect employee motivation, other factors may also have an impact.

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