The Effect of Total Rewards on Job Satisfaction

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Abstract: *Data were collected through questionnaire survey, and the empirical method was used to investigate the impact mechanism of total rewards and its dimensions on job satisfaction. The results showed that: (1) Total rewards had a significant positive impact on employee job satisfaction; (2) salary, performance and recognition, personal development and career opportunities have significant positive effects on job satisfaction, while welfare and work-life balance have no significant positive effects on job satisfaction; (3) there are differences in the positive effects of five dimensions of total rewards on job satisfaction, in order of magnitude: personal development and career opportunities > performance and recognition > salary > work-life balance > welfare.*

Keywords: *social exchange theory, total rewards, job satisfaction*

1. Introduction

Job satisfaction is an important perception that affects employees' work attitude and efficiency, and is a key factor determining whether an enterprise can develop steadily [1]. Employee service determines customer satisfaction with the enterprise, and employee service has strong subjective initiative. Therefore, more and more enterprises improve their service initiative by improving employee satisfaction [2] and enhance their sense of responsibility and mission. According to the social exchange theory, the behavior of employees working in enterprises and providing services to customers is to obtain some kind of remuneration. In modern enterprises, total compensation is one of the important factors that affect employees' job satisfaction. This study conducted a questionnaire survey on enterprise employees to explore the impact of total compensation on employees' job satisfaction from both the overall and dimensional levels, with a view to expanding the research field of total compensation and providing references for the wine industry to design a scientific and reasonable overall compensation system that can effectively attract and retain employees.

2. Theoretical Basis and Hypotheses

2.1 Total Rewards

In 2000, WorldatWork pointed out that total rewards is a mechanism used by employers to retain, motivate and satisfy employees. In 2006, it was further amended to: the integration of whatever employees find valuable and various means to attract, motivate and retain employees. Total rewards refers to the sum of various forms of labor compensation obtained by employees for providing labor to their organizations, generally including external return and internal return [3]. In addition to the traditional basic salary, bonus and welfare, the overall compensation includes other forms of employee compensation payment [4]. The total rewards is not only simple monetary remuneration, but also includes all aspects of the flexible welfare system, including the ability training, growth programs and spiritual reward programs that have an incentive effect on employees [5]. It can be seen that the definition and content of total rewards are much the same, and the concept of total rewards of WorldatWork is widely recognized by the academic community. Drawing on the concept of WorldatWork, this study defines the concept of total rewards as: the sum of various means used to attract, motivate and retain employees and employees find valuable.

As for the measurement of total rewards, in 2000, WorldatWork proposed a total rewards model that includes salary, benefits and work experience. In 2006, the three-factor model was enriched and developed, and the five-factor model including salary, welfare, work-life balance, performance and

recognition, personal development and career opportunities was proposed. In 2015, the six-element model including salary, welfare, work and life effectiveness, performance, recognition and talent development was further proposed. Zhang et al. [6] used exploratory factor analysis to localization the five-factor model of WorldatWork and obtained a four-dimensional 15-question scale consisting of hard reward, work-family relationship, work incentive and growth incentive. Yang & Yang [7] learned from the five-factor model of WorldatWork and obtained a four-dimensional 28-question scale consisting of wage level, work-life balance, development and career opportunities, and working conditions through principal component analysis and diagonal rotation. Zhang [8] designed a questionnaire through literature review and expert interviews, and developed a three-dimensional 9-item scale consisting of salary and reward, work incentive, and learning and growth through principal component analysis and orthogonal rotation dimensionality reduction. Yang et al. [9] adopted the five-factor model of WorldatWork to develop a five-dimension, 38-question scale consisting of salary, welfare, work-life balance, performance and recognition, personal development and career opportunities. The research on the dimension division and scale of total rewards in Chinese academic circles is in the exploratory stage, and the five-factor model of WorldatWork is introduced and studied mostly, and has obtained good results in theoretical analysis and empirical research [6, 10, 11]. Therefore, this study also adopts the five-factor total rewards model of WorldatWork to measure total rewards.

2.2 Job Satisfaction

Job satisfaction is an employee's attitude towards work and experience evaluation, which belongs to a kind of work attitude [12]. Job satisfaction is the gap between the value that employees actually get in the working environment and the value that they expect to get [13]. Based on the above views, this study defines job satisfaction as the emotional state gradually formed by employees' evaluation of work itself, work environment and work experience.

The most authoritative job Satisfaction Questionnaire in the world is the Minnesota Satisfaction Questionnaire (MSQ) compiled by Weiss et al., which consists of a long scale (100 items) and a short scale (20 items). At present, the academic community usually uses the short-form MSQ scale [14] to measure job satisfaction, and has obtained high reliability and validity in relevant empirical studies [15, 16]. In this study, both comprehensiveness and simplicity are taken into account, and the MSQ short scale is used to measure the job satisfaction of enterprise employees.

2.3 Hypotheses

There is a close relationship between the overall compensation system of an organization and employees' job satisfaction. Scholars have conducted a series of studies on the relationship between the two. Bai & Luo [17] believed that good welfare incentives and work life quality are conducive to improving employees' job satisfaction. The empirical study of Abdolshah et al. [18] found that colleague relationship, promotion and remuneration have strong to weak effects on job satisfaction respectively. Overall remuneration integrates monetary remuneration and non-monetary remuneration to effectively meet the comprehensive needs of employees and improve job satisfaction [19]. The empirical study of Wang & Yang [11] found that the overall compensation of non-state-owned enterprises includes five dimensions: salary, welfare, career development, performance recognition and working environment, and the overall compensation is significantly positively correlated with the satisfaction, and the impact of each dimension on the job satisfaction is different. The empirical study [9] of Yang el al. found that in addition to salary, the other four dimensions of total rewards have a direct and significant impact on job satisfaction. Based on the above analysis, the following research hypotheses are proposed:

H1: Total rewards positively affect employees' job satisfaction.

H2: The salary of total rewards positively affects employees' job satisfaction.

H3: The welfare of total rewards positively affects employees' job satisfaction.

H4: The work-life balance of total rewards positively affects employees' job satisfaction.

H5: The performance and recognition of total rewards positively affect employees' job satisfaction.

H6: The personal development and career opportunities of total rewards positively affect employees' job satisfaction.

3. Research Method

3.1 Data Collection

In this study, a total of 206 questionnaires were collected, 172 were valid, and the effective rate was 83.50%. The basic information of the respondents is shown in Table 1.

Table 1: Sample basic information.

Items		Number	Percentage/%
Gender	Male	50	29.07
	Female	122	70.93
	Total	172	100.00
Age	21~30 years old	53	30.81
	31~40 years old	67	38.95
	41~50 years old	44	25.58
	51~60 years old	8	4.65
	Total	172	100.00
Education	High school, technical secondary school and below	4	2.33
	College and Undergraduate	163	94.77
	Master and above	5	2.91
	Total	172	100.00
Position level	Basic level	111	64.53
	Middle layer	41	23.84
	High-rise	20	11.63
	Total	172	100.00

3.2 Measure

The questionnaire of this study mainly includes three parts: (1) Demographic characteristics, such as gender, age, education level, position level, etc.; (2) for the measurement of overall compensation, the overall compensation model proposed by WorldatWork in 2006 was adopted, which included five elements: salary, welfare, work-life balance, performance and recognition, personal development and career opportunities, with 3 items in each dimension, totaling 15 items; (3) the measurement of job satisfaction was carried out using the MSQ short scale, with a total of 20 items. Total rewards and job satisfaction were measured on a five-point Likert scale, with 1-5 indicating strongly disagree, disagree, neutral, agree, and strongly agree.

3.3 Data Analysis

We use SPSS25.0 to conduct reliability and validity analysis, factor analysis, descriptive statistical analysis and regression analysis.

4. Results

4.1 Reliability and Validity Analysis

Table 2: Reliability and validity analysis.

Variables	Cronbach's alpha	KMO	Bartlett's sphericity test	
			Approximate chi-square	P
Total rewards	0.921	0.916	1456.588	0.000
Job satisfaction	0.965	0.939	3178.424	0.000
Over scale	0.971	0.943	5330.499	0.000

According to the reliability and validity test results (Table 2), Cronbach's alpha coefficients of total rewards (0.921), job satisfaction (0.965) and overall scale (0.971) were all greater than 0.7, indicating good internal consistency and stability of the scale. KMO values of the total rewards scale (0.916), job satisfaction (0.939) and overall scale (0.943) are all greater than 0.8, and the P value of Bartlett's sphericity test results is less than 0.01, indicating that the scale has good structural validity [14].

4.2 Descriptive Statistical Analysis

According to the results of descriptive statistical analysis (Table 3), the mean value of total rewards, its five dimensions and job satisfaction ranged from 2.88-3.43, and the standard deviation ranged from 0.640-0.837. The absolute value of skewness ranges from 0.040 to 0.358 (less than 3), and the absolute value of kurtosis ranges from 0.013 to 0.573 (less than 10), indicating that the survey data are approximately normal distribution on the whole, and subsequent regression analysis can be conducted. The Person correlation coefficient ranges from 0.538 to 0.878, indicating that total rewards and its five dimensions are positively correlated with job satisfaction.

Table 3: Descriptive statistical analysis.

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Means	3.20	2.88	3.62	3.06	3.09	3.36	3.43
SD	0.662	0.837	0.719	0.845	0.749	0.791	0.640
Skewness	-0.040	-0.082	0.321	-0.083	0.205	-0.358	-0.089
Kurtosis	0.478	0.013	-0.522	0.496	0.573	0.250	0.281
(1) Total rewards	1.000						
(2) Salary	0.779***	1.000					
(3) Welfare	0.782***	0.538***	1.000				
(4)Work-life balance	0.878***	0.555***	0.612***	1.000			
(5) Performance and recognition	0.884***	0.565***	0.576***	0.793***	1.000		
(6) Personal development and career opportunities	0.873***	0.582***	0.595***	0.708***	0.779***	1.000	
(7) Job satisfaction	0.875***	0.653***	0.627***	0.743***	0.800***	0.847***	1.000

Note: *P<0.05, **P<0.01, ***P<0.001.

4.3 Hypotheses Testing

The results of regression analysis are shown in Table 4. The dependent variable of Model 1 is job satisfaction, and the independent variable is total reward. Model 1 is used to test H1. The dependent variable of Model 2 is job satisfaction, and the independent variables are salary, welfare, work-life balance, performance and recognition, personal development and career opportunities. Model 2 is used to test H2-H6.

Table 4: Regression analysis result.

Variables	Job satisfaction	
	Model 1	Model 2
Constants	0.721***	0.753***
Total rewards	0.847***	
Salary		0.123***
Welfare		0.064
Work-life balance		0.080
Performance and recognition		0.193***
Personal development and career opportunities		0.372***
R^2	0.765	0.798
F	554.775***	131.432***
Note:*P<0.05；**P<0.01；***P<0.001		

Note:*P<0.05, **P<0.01, ***P<0.001.

According to Model 1, total rewards have a significant positive impact on employees' job satisfaction (β=0.847, P<0.001), so H1 was supported. According to Model 2, salary (β=0.123, P<0.001), performance and recognition (β=0.193, P<0.001), personal development and career opportunities (β=0.372, P<0.001) have significant positive effects on employees' job satisfaction, so H2, H5 and H6 were valid. Neither welfare (β=0.064, P>0.05) nor work-life balance (β=0.080, P>0.05) had significant positive effects on employees' job satisfaction, so H3 and H4 were not supported. It can be seen that the five dimensions of total compensation have different positive effects on employees' job satisfaction, in the order of personal development and career opportunities > performance and recognition > salary > work-life balance > welfare.

5. Conclusions

Based on the social exchange theory, this study empirically examines the impact mechanism of total rewards and its dimensions on job satisfaction. The results show that: (1) Total rewards have a significant positive impact on job satisfaction; (2) salary, performance and recognition, personal development and career opportunities all have significant positive effects on employees' job satisfaction, while welfare and work-life balance have no significant positive effects on employees' job satisfaction; (3) there are differences in the positive effects of five dimensions of total rewards on job satisfaction, in order of magnitude: personal development and career opportunities > performance and recognition > salary > work-life balance > welfare.

Acknowledgements

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