

An Analysis of the Impact of Remuneration on Employee Motivation: A Case Study on Unilever, Bangladesh

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Received: May 15, 2019; Accepted: May 21, 2019; Published: May 22, 2019

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Abstract

The purpose of this study is to investigate the impact of remuneration on employee motivation. Today, business world is too much competitive. Therefore, all the business organization ensures best employees for getting competitive position. This study mainly focuses on Unilever because it is the biggest multinational corporation of Bangladesh. The researchers evaluate here how remuneration impact on employee's motivation in the context of Unilever, Bangladesh. Hence, it also identified that which remuneration factor influences the employee's desire level. This study also evaluates the relationship between remuneration and motivation. The qualitative research method is used for data collections and researchers used secondary sources of data for review in the systematic manner. The researcher also used the case study methods for understanding the unclear situation of Unilever.

Keywords: remuneration; motivation; Unilever; Bangladesh;

Introduction

The employees get remuneration as a reward of their performance or contribution to the organization. The remuneration methods widely use for promoting morality of the employees and increasing motivation [3]. Piece rate and time rate methods are the two remuneration methods and it used as the motivational tool by the organization. In addition, salary and wages are usually referred as remuneration that increases the job satisfaction of the employees [1]. The employee's satisfaction can be understood by their attitude [12]. In long run employees are motivated by the remuneration and become more productive [8]. Therefore, remuneration played the strong motivational factor the quick satisfied the employed in their job [18]. For any types of business organization salaries and wages is the core aspect that influence the employees immediately in their workplace functions and duties.

These motivational factors have important linked point in this exchange process. The positive reinforcement of employees

is their behavior. In Unilever, the employees need to provide the best effort to organizational goal [2]. The organizational goal is not possible achieved if the employees are not satisfied. For achieving the target line the Unilever needs to achieve the highest competitive advantage. Since, it is necessary to maximize the employee's capacity to achieve the target line. So, it is very important issue to maximize the employee's effort.

Unilever is a multinational corporation that commitment is to respecting human and labor rights. Unilever Bangladesh provides a standard remuneration. But there remain some challenge that will require some systematic approach. Now-a-days the living cost of Bangladesh is increasing but the minimum wage of the labor in Bangladesh is very low that cause employees high dissatisfaction. It's necessary to effort the labor minimum living needs. It's assumed that higher the company provides the remuneration the employee's motivation also increases. This study mainly investigates the impact of remuneration and provides suggestions that how it will be better work for Unilever.

Methodology & Objectives

The researchers used qualitative research method for data collection. This paper is mainly a conceptual paper and researchers review journals articles, Unilever official document and observe the employees behavior in the workplace. Various official statistics, trade journals, reference book help to understand the current situation [21]. This study focus on the following research objectives –

- To identify the factors of the remuneration that affects the desires, wishes or wants of the employees.
- To evaluate the relationship between employees remuneration and employees motivations for employees performance improvement.
- To recommend how Unilever their competitive remuneration package for employees motivation.

Literature Review

This part provides the existing variables and link between the variables. The researchers also focus on research objectives at time of mapping the literature review.

The factors of the remuneration that affects the desires, wishes or wants of the employees

The employee's wants desire and wishes influence by various several factors of remuneration. These factors are divided into two categories – internal and external factors.

Internal Factors

The employee's remuneration is impacted by the internal factors. The internal factors are –

- Strategy of Company – the company overall strategy pursues by the employees remuneration. Therefore, the organization needs to pay higher than their competitors for quick and sustainable growth.
- Performance appraisal and job evaluation –satisfactory wage with the different level of job. The award provided to the employees through their performance appraisal.
- Employees related factors – the remuneration severally related to the employees. The employees are related to various factors like –
 - Seniority – seniority mostly effect on the remuneration structure and most senior person in Bangladesh are getting higher pay here.
 - Performance – employees pay always depend on performance and reward performance is work as high motivation.
 - Experience – employees can get reward or valuable insights on their experience basis.
 - Potential – individual employees are paid by organization on the basis of their potentiality. Therefore, if a junior employee has more potentiality they get the rewards.

External factors

There are also some external factors exist that are influence the desire level of employees.

- Labor market –the labor supply and demand is influence the labor market and salary structure. The labor gets low price if there is availability of exceeds number labor. But government makes rules for minimum wages of labor.
- Living cost - employee's desire level is highly influenced by cost of living. The high living cost internally forced employees to desire high salary.
- Labor Unions – the labor union absence or presence is highly depending on remuneration quantities. The labor union fixed the wage and salary level. But in Bangladesh there are no labor union exists.

Theories on Work Motivation

Motivation is the concerning issue for the organization according to their past and future activities. Motivation play vital role in the organizational environment for influencing the performance of employees [14]. In the same organization the employees are not motivate by each other. Motivation is defined by Mc. Shane as an existence individual factor that may affect the potential eagerness way and strength [15]. For supporting this definition Petri and Govern give definition “one kind of thought to propel individual and their behavior in difference aspect” [28].

Reward System for Employees

In the employee reward system the incorporate policies, practice and process are included. Employees are getting the reward on the basis of their contribution, competence, skill and market worth [13]. An organization's philosophy, strategies and policies are varied on reward system. The structure, practice and process are included into the reward system and accurate level of pay can ensure here [16].The different of benefits and financial reward are also included into reward system that together called total compensation. In this system non-financial reward is also included such as –recognition, achievement, employment, responsibility, security etc [20]. The employees are discouraged or encouraged by the organizational reward system. Among the reward system salary, bonus and privilege are the most essential part. Employees are motivated highly if they get appropriate reward system. The employee's financial and non-financial reward is given to their innovative work.

Financial Reward

There are many types of financial reward such as- direct cash pay, bonus on the basis of performance quality as the financial incentives. Bonus is the popular way of reward for the management [23]. Moreover, 7% companies' gives cash reward [30]. The contest sales considered following things such as –there are some win opportunities of every sales person, sales person should arrange both open ended and close ended contest. The contest winner will get the attractive cash [24]. Companies are given compensation and different plans on the basis of employee's performance.

Nonfinancial Reward

Non financial reward is also important to give higher motivation to the employees. In the organization individual skill management is play a vital role in learning and development.

The organizational skill management system is given the opportunities to the employees to perform best performance in motivational quality application and sullied processes [4]. Employees are very actively performed if they get recognition in the organization. Recognition plays a vital role that encourages the employees or team members for doing their task in the same way [27]. Constrictive criticisms as the feedback help to improve employee's performance. Negative reinforcement for example – mistake or giving threat to the employees is sometime cause of loss of job and some employees are tried to adjust their behavior

for avoiding punishment [34]. The positive feedback is also work as a high motivator to the employees [16].

Remuneration Policy of Unilever

Unilever remuneration policies are categorized into separate part such as – fixed pay, partial pay and so on.

- Fixed pay – their strategy is to support the employees on the basis of individual skills, performance, and experience and group role. Fixed payment generally pays monthly and in cash.
- Benefits – Unilever provides certain cost effective benefits that include disability and medical insurance cover, provision of death, directors’ liability insurance and so on.
- Annual Bonus – the annual bonus provide on the basis of annual business strategy and ability to manage the cost base flexibility. The annual bonus ability target CEO 150%, other executive directors 120%.
- Management Co-Investment Plan (MCIP) – the MCIP is the share matching arrangement where the executive directors will additional retentions period.

The Relationship between Motivation and Remuneration

The organization gives remuneration for attracting qualified employees in the workplace for higher accomplishment. The remuneration satisfied the employees in the following five points

- Individual feel or behavior is depending on satisfaction level.
- Employee’s satisfaction level is influenced by both intrinsic and extrinsic rewards.
- The degree of comparison with others is influenced the satisfaction level.
- Employees desire level is influenced their satisfaction level.
- The other rewards extrinsic factors lead the employee’s satisfaction level.

The employee’s different situation influence the remuneration and motivation’s relationship. In this area some basic elements need to be constant such as

- ✓ Basic need must fulfill for fulfilling human needs.
- ✓ Comparison with other people rewards and needs equal standard level
- ✓ Reward structure focus on employees needs.

Table-1

Employee Remuneration	Independent variables	The employees are internally influenced by the remuneration structure.
Remuneration Form	Independent variables	Employees Remuneration like- salary, wages, reward, payment encourage them to work in a satisfactory level.
Employee motivation	Dependent variables	The motivational process is depending on the remuneration and it highly related with the employees productivity. The motivation and productivity has positive relationship.
Employee Performance	Dependent Variables	The employees motivation and productivity positively related to employees performance.

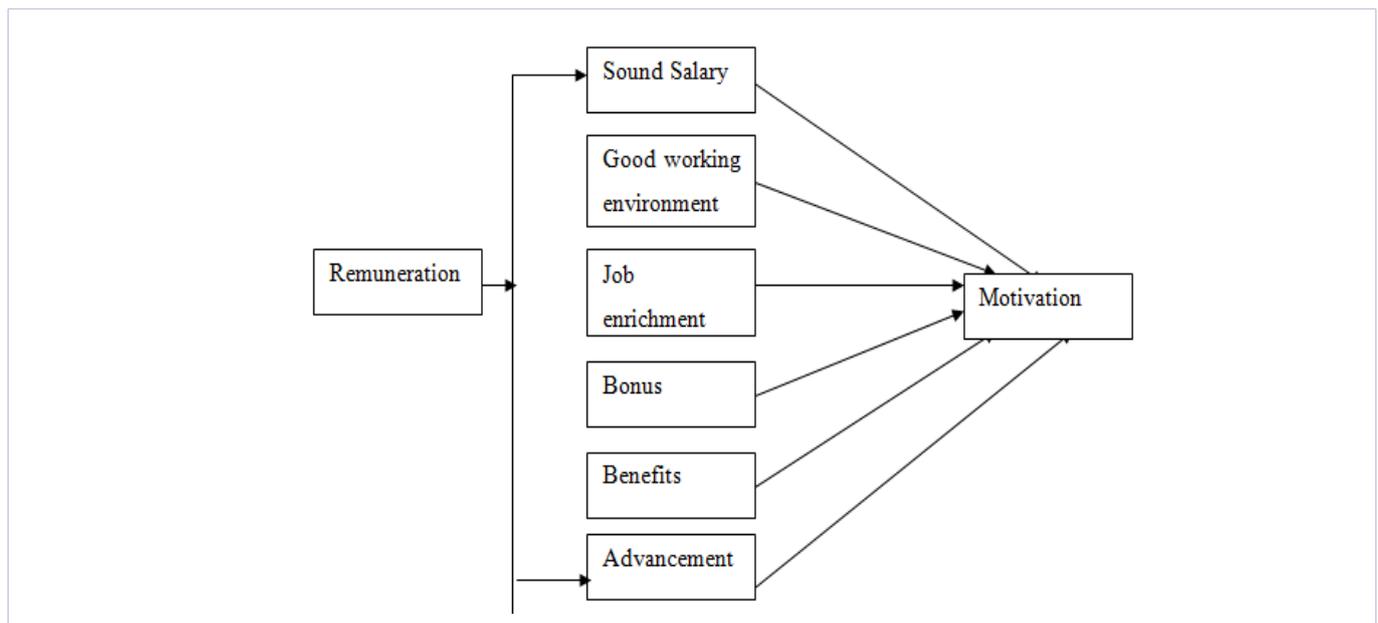


Figure 1: Conceptual framework

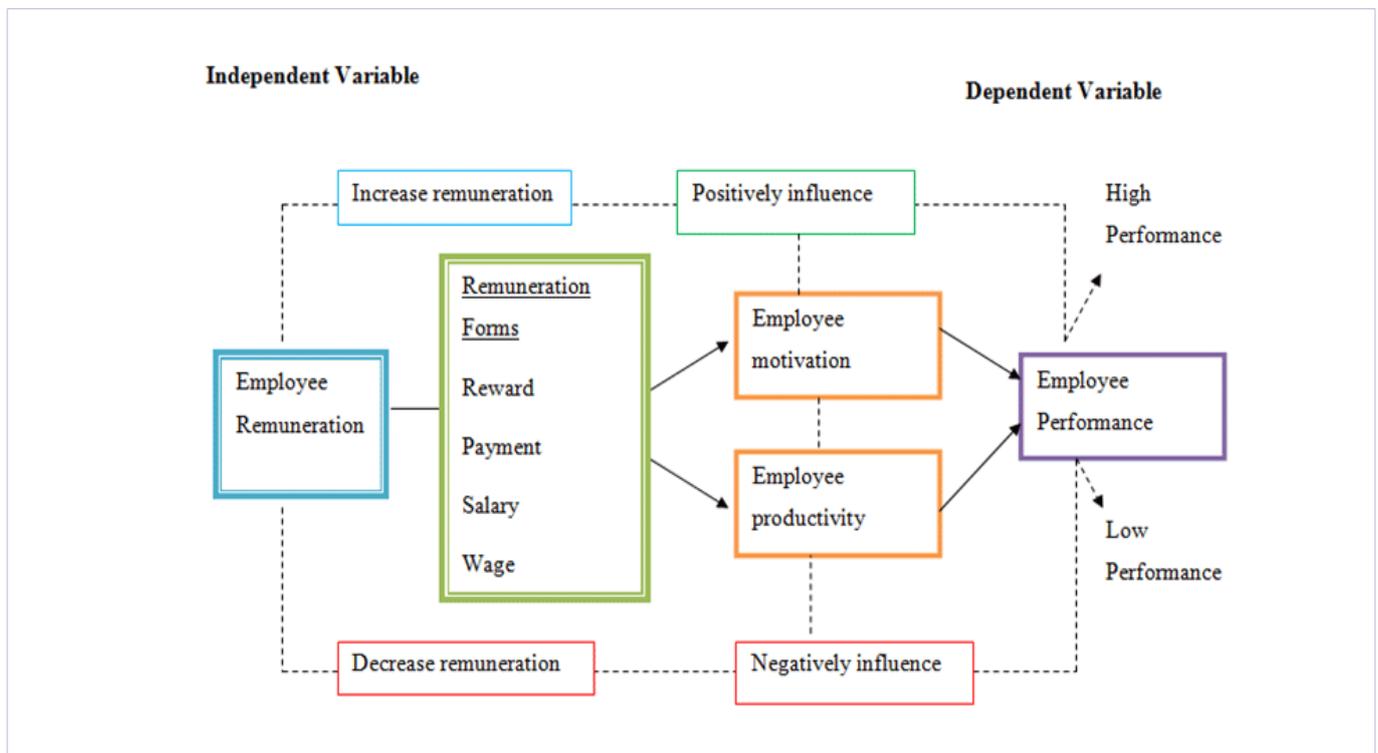


Figure 2: Conceptual Framework in detail

The unsatisfactory and satisfactory level of employees changed the remuneration structure for the top quality employees [26]. The motivational level of the organization is low in case of narrow focus of organization. The employees get self – confident with the regular positive feedback of the employees and improve decision making in the critical situation. Employees self confident is increased remuneration. The independent variables for this study are different form f remuneration. Motivational level is also increasing with the increasing level of remuneration [26]. It indicates a positive relationship. Moreover, if the remuneration structure is low the motivational level is also low table 1, figure 1 and figure 2.

Source: Authors' Compilation

Conclusions and Recommendations

This study finds out that how the remuneration impact on the employee's motivation. Every organization tries to make their position today in this competitive business world [24]. For getting the success organization needs quality and skilled employees. Therefore, organization tries to satisfy the employees by providing a number of facilities. For the employees, remuneration is the biggest tool [13]. Therefore, this study investigates that how the remuneration impact on employee's motivation and it helps to improve the employee's performance by internal satisfaction [33]. This study used secondary sources of data and researchers focus on study objectives at the time of data collection.

The overall situation is analyzed for providing the accurate recommendation to the organization [32]. The employees are

encouraged by the performance based reward system and improved their performance for getting more reward. Therefore, Unilever should pay the employees for their high performance and call quarterly meeting it improving the performance of the employees. They should also focus on the quick feedback and superior praise to the employees for more active working environment. It's particularly true for generation X and Y and they are work nicely with the special reward program [30]. The employees expected reward system can be understood by the fair wage system. The business and employees should maintain the fairness that is the internal quality of relative business employees.

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