

Total Rewards as a Driver of Employee Engagement and Its Effect on Organisational Performance in Assam's Telecom Sector – A Literature Review

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ABSTRACT

Employee engagement is widely recognised as a crucial determinant of organisational success, particularly in high-demand sectors such as telecommunications. Total rewards, encompassing monetary compensation, benefits, recognition, learning opportunities, and work-life balance, have emerged as a strategic lever to enhance employee motivation and performance. Drawing from theories of motivation, social exchange, and work engagement, this study investigates how a holistic rewards framework influences employee engagement and, in turn, drives organisational performance in Assam's telecom sector. The paper integrates insights from leading works (*Armstrong, 2012; Milkovich, Newman & Gerhart, 2014; Schaufeli & Bakker, 2004*) and proposes a robust research methodology using mixed methods. Findings highlight that non-monetary rewards such as recognition, fairness, and career development opportunities are often stronger predictors of sustained engagement than financial compensation alone. The study provides practical recommendations for telecom organisations in Assam, along with theoretical contributions to the rewards-engagement-performance relationship.

Keywords: Total Rewards, Employee Engagement, Organisational Performance, Telecom Sector, Assam, Compensation, Recognition, Strategic HRM

1. Introduction

The role of employees as a source of competitive advantage has been emphasised across strategic human resource management literature (*Barney, 1991*). In knowledge-intensive and customer-driven sectors like telecommunications, retaining an engaged workforce is essential. Total rewards systems which integrate financial and non-financial rewards are no longer limited to compensation but also include recognition, training, benefits, and workplace flexibility (*Armstrong, 2012*).

Employee engagement, described as the extent to which employees invest themselves physically, cognitively, and emotionally in work roles (*Kahn, 1990*), is a strong predictor of performance, customer satisfaction, and retention. Research indicates that telecom firms facing high attrition and rapid technological change, must look beyond pay and focus on holistic engagement drivers (*Saks, 2006*). In Assam, where the telecom sector plays a vital role in digital connectivity, designing effective reward strategies aligned with local socio-cultural realities becomes especially critical.

2. Theoretical Lens

a) Expectancy Theory (*Vroom, 1964*)

Employees are motivated when they believe effort will lead to performance and rewards, they value. Total rewards reinforce this expectancy by linking effort to meaningful outcomes.

b) Social Exchange Theory (*Blau, 1964*)

Employment is viewed as a reciprocal exchange when organisations invest in employees through fair rewards and recognition, employees reciprocate with higher engagement and discretionary effort.

c) Job Demands – Resources Model (*Bakker & Demerouti, 2007*)

Engagement arises when job resources (e.g. recognition, career development, supportive leadership) buffer demands and foster vigour and dedication. Total rewards act as resources energising employees.

d) Equity Theory (*Adams, 1965*)

It suggests employees evaluate fairness of rewards relative to peers, influencing engagement levels.

e) Self-Determination Theory (*Deci & Ryan, 2000*)

It explains how intrinsic rewards (autonomy, recognition) sustain motivation beyond extrinsic pay.

3. Literature Review

The literature on total rewards, employee engagement, and organisational performance has expanded significantly in the past three decades. This section synthesises key perspectives, organised into ten (10) subsections for clarity.

3.1 Evolution of Reward Management

Reward management has moved beyond simple wage determination to encompass holistic systems aligning employee value propositions with business objectives. Early work focused on financial compensation as the primary motivator (*Taylor, 1911*). Later, *Armstrong (2012)* conceptualised “total rewards” to include both transactional rewards (pay, incentives, benefits) and relational rewards (career growth, recognition, culture, and work-life balance). *Lawler (2000)* further argued that pay alone cannot guarantee engagement instead, integrated systems that reinforce performance and development are required.

3.2 Concept and Dimensions of Total Rewards

World at Work (2010) highlighted the Total Rewards Model, emphasising the integration of compensation, benefits, work-life effectiveness, recognition, and performance management. Modern research shows that beyond money and recognition, employees now deeply value flexibility in work and support for their overall well-being. These have become central to how organizations design reward systems (*Kaplan, 2018*).

3.3 Defining Employee Engagement

Employee engagement has been defined in multiple ways. *Kahn (1990)* described it as “the harnessing of organisational members’ selves to their work roles.” *Schaufeli et al. (2002)* measured engagement through vigour, dedication, and absorption using the Utrecht Work Engagement Scale (UWES). *Saks (2006)* positioned engagement as distinct from satisfaction and commitment, highlighting it as an active psychological state that translates into discretionary effort. *Harter, Schmidt and Hayes (2002)* demonstrated that engagement is associated with lower turnover and higher customer satisfaction across industries. In telecom, engagement manifests as faster service delivery, customer care quality, and adaptability to technology changes.

3.4 The Association Between Total Rewards and Engagement

The relationship between total rewards and engagement is well-documented. Research shows:

- **Transactional rewards** (monetary pay and incentives) drive short-term engagement, particularly among sales-oriented roles (*Lawler, 2000*).
- **Relational rewards** (recognition, growth, meaningful work) have stronger effects on sustained engagement (*Bakker & Demerouti, 2008*).
- Perceptions of **Justice** moderate the relationship. *Colquitt (2001)* showed that both distributive and procedural fairness enhance the impact of rewards on engagement.

A study by *Dewhurst et al. (2010)* at McKinsey found that non-monetary rewards such as praise and development opportunities were more effective than financial incentives in sustaining motivation.

3.5 Engagement and Organisational Performance

Engagement is consistently linked to organisational outcomes. *Schaufeli and Bakker (2004)* found engaged employees to be more innovative and resilient under stress. *Harter et al. (2002)* confirmed positive correlations between engagement and customer satisfaction, profitability, and productivity. Meta-analyses (*Christian, Garza & Slaughter, 2011*) highlight that engaged employees show greater task performance, organisational citizenship behaviour, and lower turnover intentions. In telecom, this translates into fewer customer complaints, better retention of frontline staff, and improved network maintenance efficiency.

3.6 Moderators and Mediators in the Rewards–Engagement–Performance Framework

The impact of rewards on engagement is not uniform. Several mediators and moderators have been identified:

- **Mediators:** Job satisfaction, psychological contract fulfilment, perceived organisational support (*Eisenberger et al., 2001*).
- **Moderators:** Leadership style (transformational leaders amplify engagement, (*Bass, 1999*), cultural context (*Hofstede, 1991*), and Organisational Justice (*Colquitt, 2001*).

- **Generational factors:** Millennials and Gen Z value flexibility, recognition, and development more than traditional monetary incentives (PwC, 2015).

3.7 Telecom Sector Dynamics and Regional Evidence

The telecom industry is marked by rapid technological change, high customer interaction, and competitive pressures, which increase employee stress and turnover (Nair & Malhotra, 2016). Reward strategies must therefore balance short-term retention tools (competitive pay, incentives) with long-term engagement drivers (career development, recognition).

In the Indian telecom sector, Choudhary and Srivastava (2014) found that employees valued career growth and recognition more than financial incentives. For Assam, socio-cultural dynamics (family orientation, limited alternative job opportunities in semi-urban areas) make job security, health benefits, and localised career opportunities particularly salient.

3.8 Thematic Matrix of Total Rewards, Engagement, and Performance

Sub-Themes	Themes	Linkages to Engagement & Performance
Pay satisfaction, Increment cycles	Compensation & Benefits	Impacts retention and financial security but has limited long-term engagement effect if not supported by growth opportunities.
Incentive design, Target alignment	Compensation & Benefits	Perceived fairness in incentive structure drives motivation; unrealistic targets reduce morale.
Skill development, Training frequency	Career Development	Directly linked to higher engagement and employability; employees see development as an investment in their future.
Promotion clarity, Career stagnation	Career Development	Lack of progression reduces long-term commitment; drives attrition in high-potential employees.
Recognition practices, Managerial appreciation	Motivation & Recognition	Recognition fosters emotional engagement and discretionary effort; absence reduces morale.
Job stress, Travel intensity	Work–Life Balance	Negative work–life balance reduces engagement and increases burnout/turnover.
Flexibility, Leave policy	Work–Life Balance	Flexibility strongly influences younger workforce engagement, especially in urban Assam circles.
Emotional attachment, Pride	Engagement Indicators	Demonstrates affective commitment, which boosts discretionary effort and service quality.
Teamwork, Organisational culture	Relational Rewards & Engagement	Strong team dynamics improve engagement and customer-facing performance outcomes.
Perceived fairness, Organisational Fairness	Recognition & Fairness	Fairness perception moderates the effect of rewards on engagement, influencing trust in leadership.

Key Observations from Matrix:

- **Compensation & Benefits** are necessary but insufficient on their own. Employees in Assam may value developmental and relational rewards more for long-term engagement.
- **Career Development** may emerge as the biggest gap compared to metro telecom hubs.
- **Work-Life Balance** challenges are Assam-specific (geographical spread, rural travel, workload intensity).
- **Recognition & Fairness** act as critical moderators, amplifying or weakening the engagement impact of rewards.

3.9 Critiques and Research Gaps

Despite extensive research, several gaps persist:

- **Study-specific Gap:** Limited studies on Assam telecom sector, most research is concentrated in metros.
- **Causality Gap:** Many studies are cross-sectional, limiting causal inference (Saks, 2006).
- **Measurement Gap:** Diverse tools for engagement measurement create inconsistency (Schaufeli et al., 2002; Gallup, 2013).
- **Practical Gap:** Lack of evidence on customised reward frameworks for specific cultural contexts like Assam.

3.10 Summary of Literature Review

The literature suggests a strong link between total rewards and engagement, with engagement serving as a mediator

for organisational performance. However, gaps remain in regional studies, particularly in Assam’s telecom sector. While global evidence highlights the importance of relational rewards, empirical validation in Assam is limited.

4. Research Methodology

4.1 Research Design

This study adopts a qualitative, literature-based approach. Secondary data from academic journals, HRM books, industry reports, and government publications related to telecom employment in Assam were analyzed.

Given that Assam’s telecom sector faces unique challenges due to its geographical constraints, workforce expectations, and industry competition, this research design helps assess how total rewards strategies have been applied in similar contexts across India. The study also identifies patterns, trends, and gaps in total rewards adoption within telecom organizations, providing a foundation for future empirical research.

4.2 Data Collection

The data for this research was collected from various literature sources, which included:

- **Published books** on human resource management, compensation strategies, and employee engagement.
- **Peer-reviewed journal articles** focusing on total rewards frameworks, employee engagement models, organizational performance, motivation theories, and workforce retention in India.
- **Industry reports** from national and international organizations analyzing HR trends in the telecom sector.
- **Government reports and policy documents** on employment and labor market trends in Assam.
- **Credible websites**, such as research portals, telecom industry insights, and HR management platforms.

The selection criteria ensured that the sources provided diverse perspectives, including both theoretical and practical applications of total rewards strategies. The focus was on studies conducted within India, particularly Assam to ensure contextual relevance.

4.3 Data Analysis

A thematic analysis (*Braun & Clarke, 2006*) was undertaken to categorise responses into key themes reflecting the total rewards framework. The primary categories included:

- **Compensation and Benefits:** Salary competitiveness, incentive structures, and non-monetary perks.
- **Motivation and Recognition:** Formal recognition, appreciation, and peer acknowledgment.
- **Career Development:** Training opportunities, promotions, and long-term growth prospects.
- **Work-Life Balance:** Flexibility, leave policies, and workload management.
- **Engagement Indicators:** Commitment, discretionary effort, and alignment with organisational values.
- **Performance Outcomes:** Productivity levels, customer service quality, and retention rates.

Each theme was mapped against its impact on both employee engagement and organisational performance, ensuring clear linkages were drawn between rewards and measurable outcomes.

5. Findings and Analysis

This section synthesises insights from existing research, books, and industry reports to examine how total rewards influence employee engagement and organisational performance, with particular reference to the telecom sector and its contextual application in Assam. The analysis is thematic, drawing on established models of total rewards and engagement to highlight their inter-connectedness.

5.1 Comparative Insights: Assam vs National Telecom Trends

The findings were compared with previous studies from India’s metro telecom markets:

Reward Dimension	Assam Findings	Metro India Findings (<i>Choudhary & Srivastava, 2014; Nair & Malhotra, 2016</i>)
Compensation	Competitive, acceptable	Higher but inflationary pressures erode satisfaction
Career Growth	Limited, major dissatisfaction driver	More structured in metros
Recognition	Moderate but informal	Formalised reward systems (monthly awards, app- based recognition)
Work-Life Balance	Weak (long hours, rural travel)	Moderate (better support systems in metros)

Career stagnation and work-life imbalance may appear as Assam-specific challenges impacting engagement and retention.

5.2 Total Rewards as a Foundation for Engagement

Armstrong & Brown (2019) in *Strategic Reward Management* argue that total rewards go beyond salary and encompass recognition, development, work-life policies, and career opportunities. Their framework suggests that employees interpret rewards holistically, linking them to fairness, organisational support, and personal growth. This is consistent with the *World at Work Total Rewards Model (2020)*, which integrates financial and non-financial rewards as drivers of engagement. For Assam's telecom sector, this implies that reward policies cannot be narrowly confined to compensation. Instead, they must incorporate development and relational rewards, especially since telecom employees often face stressful field conditions and require stronger emotional and career-related support mechanisms.

5.3 Compensation and Performance Outcomes

Milkovich, Newman, & Gerhart (2016) in *Compensation* emphasize that competitive pay structures are critical for retaining employees in competitive industries like telecom, where attrition is high. They argue that pay fairness and transparency enhance employee trust and reduce turnover. Similarly, *Gupta & Shaw (2014)* in their study on pay-for-performance (*Academy of Management Annals, Vol. 8, pp. 237–271*) found strong evidence that well-structured pay systems positively influence employee motivation and performance. For Assam, where telecom salaries are generally lower than in metropolitan regions, pay disparities may lead to disengagement or migration of skilled employees. Hence, compensation strategies must consider both internal equity and external competitiveness.

5.4 Recognition and Motivation

Recognition has been highlighted as one of the most effective non-monetary rewards. *Brown & Reilly (2013, Reward Management, p. 142)* note that consistent recognition practices significantly improve employee morale and discretionary effort. *Herzberg's Two-Factor Theory (1959)* also reinforces that recognition serves as a key motivator, distinguishing it from hygiene factors like salary. Within Assam's telecom industry, recognition systems are often informal and inconsistent, reducing their motivational impact. A structured, transparent recognition framework could bridge this gap and enhance both engagement and performance.

5.5 Career Development and Retention

Career development opportunities are strongly linked to retention and engagement. According to *Kahn (1990)* in his seminal work on employee engagement, opportunities for growth and learning enable employees to invest more of themselves into their roles. Likewise, *Noe (2017, Employee Training and Development)* emphasizes that developmental rewards - training, upskilling, and clear promotion pathways, play a central role in sustaining engagement. Assam's telecom employees often perceive fewer career advancement opportunities compared to their metropolitan counterparts, creating a risk of talent migration. Therefore, investment in training programs and career pathways is essential for retaining skilled employees in the region.

5.6 Work-Life Balance as a Driver of Engagement

Greenhaus & Allen (2011, Work-Family Balance: A Review and Extension) highlight that work-life balance is increasingly critical for engagement, especially in demanding service industries. Poor balance contributes to stress, burnout, and reduced productivity. In Assam, telecom operations often involve long travel distances, challenging terrains, and high workload intensity. Literature suggests that without structured policies on leave, flexibility, and workload management, employee engagement will remain compromised. Thus, adopting context-specific work-life initiatives can have a strong positive effect on organisational performance.

5.7 Linking Engagement to Organisational Performance

Harter, Schmidt, & Hayes (2002, Business-Unit-Level Relationship Between Employee Satisfaction, Engagement, and Business Outcomes, Journal of Applied Psychology, Vol. 87, pp. 268–279) demonstrated that engaged employees drive better customer service, productivity, and profitability. Similarly, *Saks (2006, Antecedents and Consequences of Employee Engagement, Journal of Managerial Psychology, Vol. 21, pp. 600–619)* found that engagement mediates the relationship between HR practices and organisational outcomes. For the telecom sector in Assam, this implies that enhancing engagement through total rewards not only improves retention but also strengthens customer satisfaction and service delivery as critical success factors in a competitive market.

5.8 Comparative Insights

Comparisons with metropolitan telecom hubs (Delhi, Mumbai, Bengaluru) reveal that employees in these regions benefit from stronger structured reward policies, career mobility, and recognition systems (*Towers Watson, Global Workforce Study, 2018*). In contrast, Assam's telecom workforce faces regional barriers such as fewer career opportunities, limited HR infrastructure, and geographic isolation.

This comparative perspective suggests that Assam requires regional total rewards strategies, adapted to its socio-economic and cultural realities, rather than replicating metro-centric HR models.

6. Discussion

Findings are consistent with Social Exchange Theory (*Blau, 1964*), where employees reciprocate investments in their growth. The importance of relational rewards aligns with Self-Determination Theory (*Deci & Ryan, 2000*), suggesting intrinsic motivators are crucial for sustainable engagement. For Assam's telecom firms, balancing financial competitiveness with developmental and cultural considerations is key.

7. Conclusion and Recommendation

7.1 Conclusion

Total rewards significantly drive engagement, which in turn enhances organisational performance. A holistic system combining compensation, recognition, and career opportunities is vital in telecom, particularly in Assam. From a theoretical standpoint, this research supports the application of Total Rewards Theory (*Armstrong & Brown, 2019*) and its integration with engagement models such as *Kahn's (1990) Psychological Conditions of Engagement* and *Herzberg's Two-Factor Theory (1959)*. The synthesis shows that total rewards not only fulfill extrinsic needs (compensation, benefits) but also strengthen intrinsic motivators (recognition, career growth, meaningful work).

Moreover, the study highlights a research gap: most existing frameworks are metro-centric, with limited focus on emerging markets like Assam. This suggests the need to design reward models by accounting for socio-economic conditions, geographic challenges, and cultural values unique to the Assam region of India.

7.2 Recommendation

Based on the review of literature and the situational analysis of Assam's telecom sector, it is recommended that organisations adopt a comprehensive total rewards strategy that integrates both financial and non-financial components to enhance employee engagement and, in turn, organisational performance. Telecom firms in Assam should design reward frameworks that are regionally sensitive, considering the socio-economic realities and workforce aspirations of the Assam, while aligning with national HR best practices. Specific recommendations include:

Managerial Implications

For HR managers and business leaders in telecom, the implications are highly practical. As *Brown & Reilly (2013)* argue, reward systems must be strategically aligned with business objectives to maximise impact. In Assam's telecom sector:

- **Compensation** should be benchmarked not only nationally but also regionally, ensuring internal equity and fairness.
- **Recognition systems** should be formalised and consistent, rather than informal, to sustain motivation.
- **Career development programs** must address the shortage of local managerial pipelines by investing in skill-building and leadership training.
- **Work-life initiatives** such as flexible scheduling, leave policies, and employee wellness programs are especially critical in a high-stress, geographically dispersed environment.

Policy Implications

At a policy level, this research suggests that telecom operators, industry associations, and state-level bodies (such as Assam's Department of Labour & Employment) should collaborate to design regionally adaptive HR frameworks. Industry policies could promote:

- **Skill development partnerships** with local universities and training institutes to address workforce gaps.
- **Employee welfare schemes** tailored for remote and rural telecom employees.
- **Incentive structures** for companies that invest in long-term employee engagement and retention programs in the Assam.

This aligns with broader national HR policies and supports the government's *Digital India* agenda by ensuring that

telecom infrastructure development is supported by a stable, engaged workforce.

Research Implications for Future Studies

The study highlights areas for future empirical research. Since this paper is largely literature-driven, subsequent research should:

- Conduct **quantitative surveys** across Assam's telecom workforce to validate the relationship between total rewards and engagement.
- Employ **qualitative case studies** to capture live experiences of telecom employees in remote regions.
- Develop an industry-specific **total rewards model for Assam**, bridging theory and practice in a way that metro-focused frameworks have not.

Such empirical work will enrich HR scholarship while offering actionable insights for industry practitioners.

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