# Application of an Exploratory Factor Analysis to understand the Employees Perception on Reward Management Practices in Pharmaceutical Industry

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### **Abstract**

Talent management is an important element of Human Resources Management of any organization. Therefore, it must be developed as an integral part of the business strategy. Talent management process has sub-processes that focus on identifying critical positions, competence training, development and reward management.

Many researchers find it interesting to explore the impact of various rewards categories on the individual performance in the organization. Researchers have examined both intrinsic and extrinsic factors as reward management, as an important factor and integral part of the talent management process. This paper examines the major dimensions of rewards management.

Researchers using exploratory factor analysis (EFA) for the first time may find it difficult as there is limited detail explanation available on making decision on selecting acceptable and interpretable factor. This research makes a genuine attempt to understand how to use Exploratory Factor Analysis for the further research in reward management studies.

**Keywords:** Attrition, competence, employees' perception, exploratory factor analysis (EFA), Identifying critical positions (ICP), pharmaceutical industry, performance review, reward management, talent management process

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### Introduction

Background - Talent Management:

Talent management remains to be one of the most challenging tasks for all the organizations in the rapidly changing business landscapes and thereby changing their employees' expectations. No wonder why Human Resources Management and Talent Management (TM) Teams in the organizations are continuously on the search of innovative ways to attract, retain and manage the right talent for them.

There is no one or standard definition for the talent and talent management. Therefore, scope of the talent management varies from organization to organization and remains open for the changes. Rather, organizations prefer to define 'talent' and **Corresponding Author:** Sameer Pingle, Associate Dean, SVKM's Narsee Monjee Institute of Management (NMIMS), Indore

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scope of talent management from their own perspective which suits to their organizational culture, values and their goals.

Although the scope of TM may differ across the organizations, everywhere it starts with manpower planning and ends with the exit management. Those organizations which consider Talent Management as strategic tool have a serious approach to attract, develop and retain the organizational talent. Such organizations can build a sustainable competitive

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advantage and get an edge over their competition through an integrated approach towards talent management practices.

Although there are different talent management approaches and models, all of them are based on five basic functions such as manpower planning, attracting the right talent, developing the workforce, retaining the talent and transitioning. Organizations keen about talent management consider their talented employees as 'exclusive' and identify critical positions for them. These organizations always start with the identification of talent and aim at their retention through training and development to ensure that they are committed to the organization. Ultimately they expect that the performance of talented employees will match the organization and individual benchmarks for excellence.

Talent management processes are an important element of Human Resources Management of any organization. TM processes envisage how individuals enter into the organization; move up in the ladder or out of the organization. Talented workforce gives a competitive advantage. Therefore, the talent management system has to be developed as an integral part of the business strategy. They must explore some unique acquisition and retention methods which are not used by their competitors so as to stand out in the competition. The organizations, who realize the role of efficient talent management in raising the organizational performance, certainly use talent management as a strategic tool to enjoy the unique competitive advantage. Several researchers of business strategy have highlighted the importance of TM in creating sustainable competitive advantage for the organization.

Researchers like Lawler (1994), Parker (1998) commented that "employees are expected to shoulder bigger roles in extremely competitive and changing environments which are extremely

essential for the attainment of organizational goals". According to Lepak and Snell (1999), "employees can be differentiated on the basis of their uniqueness and the value of their contribution to the organization". According to Boxal and Purcell (2002), "strategic approach is congruent HR practices which will ensure better organizational effectiveness and performance". These researchers conclude that when the organizations focus on internal development and relationship building, value of their human capital will be high and it will result in having committed workforce.

Identifying critical positions (ICP) and selecting the right talent to occupy these positions is expected to result in greater commitment among employees which would result in enhanced individual as well as organization's performance. The crucial role of implementation of a talent management system is to develop and enhance required skills and capabilities of the workforce that can take up the key positions in the future. TM systems recognize and reward all those employees who contribute in value creation and offering competitive advantage to the organization.

Talent management process generally includes subprocesses which focus on ICP, competence training (CT), development (D), and reward management (RM).

However, this research paper exclusively discusses the role of Reward Management in talent management.

### Reward Management: An Overview

According to Armstrong, (2001), "reward management system consists of policies, practices, processes, and procedures". Cox (2005), Greenberg & Colquitt (2005) opine that "both intrinsic and extrinsic forms of reward are important for the motivation to remain engaged at work". Employees



may seek value in different forms of reward; hence both forms should be explored by the organizations.

Many researchers find it interesting to explore further on the impact of rewards on the individual performance in the organization. Several decades back, Vroom (1964) propounded his "expectancy theory which introduced a qualitative and quantitative dimension to rewards". Well-known and yet largely used two-factor Hygiene-Motivation theory proposed by Herzberg (1968) is still guiding many organizations on employee motivation. His research revealed that "motivators work in a dual continuum from satisfaction to no satisfaction and high- lighted that intrinsic factors such as career advancement, recognition, responsibility, and a sense of achievement from doing meaningful work are greater motivators than financial rewards like pay and incentives".

Reward Management should consider both intrinsic and extrinsic rewards. There can be variety of intrinsic rewards which can be considered such as providing more learning opportunities, interesting and challenging work and supportive work environment. More career growth options through career planning and offering something that boosts the feeling of selfesteem, etc. Extrinsic rewards typically include competitive salaries, salary hikes, various incentives/bonus schemes, and better social climate. Even today, there is ongoing debate about whether intrinsic or extrinsic factors have more impact on individual performance. In reality, intrinsic and extrinsic motivation factors are complementary to each other and ultimately have to result in enhanced performance of the individual and organization.

Researchers have studied in depth about intrinsic and extrinsic factors as reward management is an integral part of the talent management process, CT, D, and RM, are sub-processes of talent

management. However, this paper examines the major dimensions of RM.

# **Research Methodology:**

Research Objectives:

- This paper attempts to study employee perception on the five factors viz. Individual's awareness of role & responsibilities, Training & development opportunities (Competence Training), Carved Career Path (Identifying Critical Positions), Coaching responsibility by manager, HR & Company (Development) and just, fair & rewarding culture (Reward Management)
- This paper also attempts to give provide unambiguous information on using Exploratory Factor Analysis (EFA) appropriately for the further research in reward management studies.

### **Data Collection:**

Data is collected from the pharmaceutical companies including MNCs, Indian Listed and Indian privately held companies. The total respondents with valid responses for the questionnaire were 424 and the companies they represented range to a total of 84. Based on the employee participation in our survey, 4 companies with maximum participation and attrition rates of more than industry average were selected to study employee perception on the five factors mentioned in Table 1.

Instrument used and Content Validation and Content Adequacy:

Researcher has undertaken detailed literature survey and also studied various instruments which are relevant to the subject and also analyzed the instruments, developed and validated by other researchers. Researcher has modified the instrument without making changes to the original meaning for better understanding. In present study, respondents have been selected from India, hence offering no cross-cultural adaptations.

The instrument had 48 items apart in its initial stage. On the basis of review, some of the questions

were modified, some got deleted and some were added which were relevant, resulting into a final questionnaire with 39 items for the purpose of the study. Post referring to the validated questionnaire, there was 39 items for the final instrument. The questionnaire of 39 items was then tested by conducting a pilot study on 139 respondents.

Table 1: Talent Management Scale used in the research

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Factors	Item		
Carved Career Path (Identifying critical positions)	<ol> <li>My company encourages and organizes team building and other social networking activities among Employees</li> <li>Talents have clear career paths in this organization</li> <li>The content of the training activities for the identified talent are based on job performance.</li> <li>The training activities for the identified talent are designed to develop specific skills / knowledge</li> <li>My company builds up talent pool</li> <li>Training activities for the identified talent are in line with assigned critical tasks</li> <li>My company sets challenging targets in my job</li> </ol>		
Coaching responsibility by manager, HR & Company (Development)	8. My manager discusses my career ambitions during the regular conversations 9. My development plan is regularly reviewed by HR Team 10. My company conducts assessment centres to identify the right candidates for promotion 11. HR team regularly provides me feedback on the developmental growth agenda 12. My supervisor discusses and provides meaningful and helpful feedback on job performance 13. I encourage my team members to have their development plan 14. I ensure to discuss employee€™s ambition and development goals regularly 15. I coach my team members for their on the job success		
Individual's awareness of role & responsibilities	<ul> <li>16. My company has provided me with a clear job description</li> <li>17. I am aware of competencies and skills required to perform my job</li> <li>18. My company has a defined Talent management strategy</li> <li>19. My company communicates the talent management goals to all its employees</li> </ul>		
Just, fair & rewarding culture (Reward Management)	<ol> <li>I will refer and recommend others to join my company</li> <li>My company publishes dashboard depicting number of internal promotions</li> <li>I am confident of getting internal promotion within the next 3 years</li> <li>Identified talents are differentiated on the basis of their contributions</li> <li>My company identifies the talent that makes maximum impact on organization success</li> <li>My company values my work and contribution.</li> <li>I believe that my company has a fair and just system of rewarding employees.</li> <li>My company provides a work-life balance</li> <li>My company provides a competitive pay package (i.e., basic salary plus benefits, allowances or variable pay).</li> <li>My company provides medical aid, retirement, and pension benefits</li> <li>My company provides recognition via non-financial means, e.g., certificates, awards of recognition</li> <li>My company provides recognition, e.g., financial recognition such as cash, paid travel, incentive bonus /variable pay, etc.</li> </ol>		



Training &
development
opportunities
(Competence
Training)

- 32. My company builds up talent pool
- 33. My company provides growth opportunities for promotion
- 34. In my company, Identified talent have sufficient opportunities for upward mobility
- 35. The training activities for the identified talent are focused on required competencies.
- 36. The training activities for identified talent are implemented regularly.
- 37. My company invests time and resources for The training of identified talents
- 38. I have a written development plan with clear timelines and activities in order to develop my competencies
- 39. I believe that the company provides me opportunities for me to grow

### Reliability of the Instrument:

Cronbach alpha is used for measuring internal consistency i.e. reliability of the instrument. It is most commonly used when multiple items Likert scale are included in a survey/questionnaire and to determine if the scale used for the measurement is reliable or not. In this study, the value of Cronbach alpha is found to be 0.973. Refer table 2(a)

Table 2(a): The factor wise values of Cronbach's Alpha

Name of the Factor	Number of valid factors	Value of Cronbach's Alpha	
Individual's awareness of role & responsibilities	4	0.833	
Training & development opportunities (Competence Training)	7	0.933	
Carved Career Path (Identifying critical positions)	5	0.905	
Coaching responsibility by manager, HR & Company (Development)	7	0.892	
Just, fair & rewarding culture (Rewards Management)	12	0.922	
Overall Cronbach's Alpha	35	0.973	

Another method to test reliability was also used i.e. 'Split Half reliability test'. It is another form of internal consistency reliability. To use split-half reliability, a random sample of half of the items in the survey was taken and analysis was run between the two respective

"split-halves." The Spearman-Brown coefficients and Guttman Split Half coefficients obtained through analysis gave an aggregate measure of reliability after the instrument has been split into separate instruments. The values obtained are as mentioned in Table 2(b)

Table 2(b): Split Half Reliability Test Result Reliability Statistics

Cronbach's Alpha	Part 1	Value	.967
		N of Items	20°
	Part 2	Value	.955
		N of Items	19 <sup>b</sup>
	Total N of Items		39
Correlation Between Forms			.914
Spearman-Brown Coefficient	Equal Length		.955
	Unequal Length		.955
Guttman Split-Half Coefficient			.953

a. The items are: Q1, Q2, Q3, Q4, Q5, Q6, Q7, Q8, Q9, Q10, Q11, Q12, Q13, Q14, Q15, Q16, Q17, Q18, Q19, Q20

b The items are: Q21, Q22, Q23, Q24, Q25, Q26, Q27, Q28, Q29, Q30, Q31, Q32, Q33, Q34, Q35, Q36, Q37, Q38, Q39



Convergent and Discriminant Validity of Scale:

Table 3: Reliability and Validity of Constructs

Factors	CR	AVE	Alpha
Carved Career Path (Identifying critical positions)	0.85	0.48	0.900
Coaching responsibility by manager, HR & Company (Development)	0.87	0.38	0.902
Individual's awareness of role & responsibilities	0.77	0.67	0.780
Just, fair & rewarding culture (Reward Management)	0.88	0.61	0.935
Training & development opportunities (Competence Training)	0.85	0.39	0.937

CR=composite reliability; AVE=average variance extracted

Research suggests that AVE is a more conventional measure than CR (Composite Reliability). On the basis of CR alone, the researcher may conclude that the convergent validity of the construct is adequate, even though more than 50% of the variance may be due to error.

The most accepted measure of measurement of reliability is the Cronbach's alpha. As shown above, alpha values of factors are greater than 0.7 which are accepted. A strong internal consistency was found among the constructs which is required for

measurement scale to be robust.

### **Analysis of Data:**

Data analysis is divided and discussed in detail in THREE sections

Section 1: Respondents Demographic Profile

Total respondents of the survey questionnaire: 454 Repetitive responses: 30

Total valid responses considered for analysis: 424 Demographic profile of the respondents is represented graphically in the following charts.

Chart 1: Gender-wise analysis of respondents

# Gender wise analysis 120% 100% 80% 60% 40% 20% 0%

■ Male ■ Female

Chart 2: Age-wise analysis of respondents

### Age group wise analysis

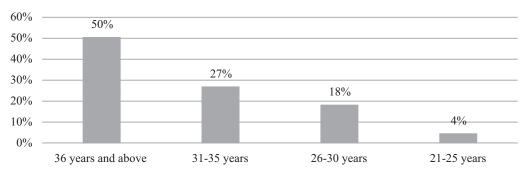
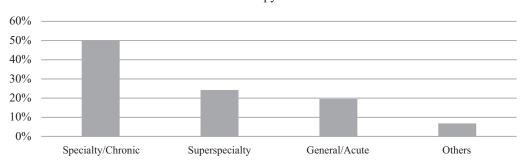


Chart 3: Therapy-wise analysis of respondents

### Therapy area



**Chart 4: Frequency of performance review of respondents** 

### Frequency of performance review

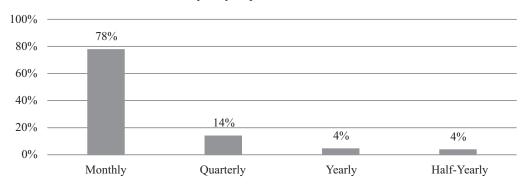
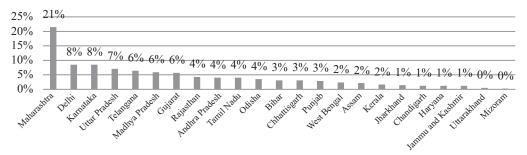


Chart 5: State-wise analysis of respondents

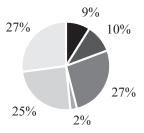
State wise analysis





### Chart 6: Zone-wise analysis of respondents

Zone wise analysis



■ Central ■ East ■ North ■ North-East ■ South ■ West

Chart 7: Total Work experience-wise analysis of respondents

Total Work experience in pharma

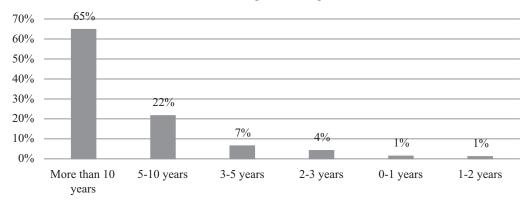
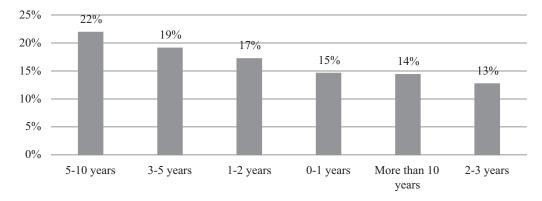


Chart 8: Work experience in current organization of respondents

Work experience in current org





### Chart 9: Designation-wise analysis of respondents

### Designation wise analysis



Chart 10: Qualification-wise analysis of respondents

### **Highest Qualification**

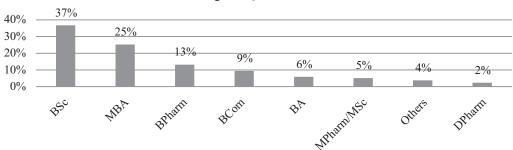


Chart 11: Qualification cluster-wise analysis of respondents

### Qualification clusters

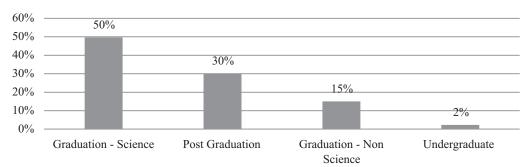
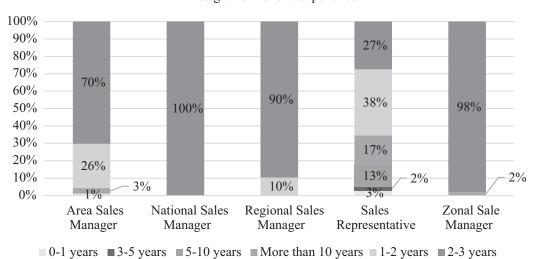




Chart 12: Designation Vs Experience of respondents

### Designation vs total experience



o 1 years = 5 5 years = 5 10 years = 1101c than 10 years = 1 2 years = 2 5 years

Section 2: Factors & Questions

The questions are clubbed as FIVE factors as below:

**Table 4: Factors** 

Factors	No	Questions
Individual's awareness of role & responsibilities	4	<ul> <li>My company has provided me with a clear job description</li> <li>I am aware of competencies and skills required to perform my job</li> <li>My company has a defined Talent management strategy</li> <li>My company communicates the talent management goals to all its employees</li> </ul>
Training & development opportunities (Competence Training)	8	<ul> <li>My company builds up talent pool</li> <li>My company provides growth opportunities for promotion</li> <li>In my company, identified talent have sufficient opportunities for upward mobility</li> <li>The training activities for the identified talent are focused on required competencies.</li> <li>The training activities for identified talent are implemented regularly.</li> <li>My company invests time and resources for The training of identified talents</li> <li>I have a written development plan with clear timelines and activities in order to develop my competencies</li> <li>I believe that the company provides me opportunities for me to grow</li> </ul>
Carved Career Path (Identifying Critical Positions)	7	<ul> <li>Talents have clear career paths in this organization</li> <li>My company builds up talent pool</li> <li>The content of the training activities for the identified talent are based on job performance.</li> <li>The training activities for the identified talent are designed to develop specific skills / knowledge</li> <li>Training activities for the identified talent are in line with assigned critical tasks</li> <li>My company sets challenging targets in my job</li> <li>My company encourages and organizes team building and other social networking activities among Employees</li> </ul>



Coaching responsibility by manager, HR & Company (Development)	8	<ul> <li>My manager discusses my career ambitions during the regular conversations</li> <li>My development plan is regularly reviewed by HR Team</li> <li>My company conducts assessment centers to identify the right candidates for promotion</li> <li>HR team regularly provides me feedback on the developmental growth agenda</li> <li>My supervisor discusses and provides meaningful and helpful feedback on job performance</li> <li>I encourage my team members to have their development plan</li> <li>I ensure to discuss employees ambition and development goals regularly</li> <li>coach my team members for their on-the-job success</li> </ul>
Just, fair & rewarding culture (Reward Management)	12	<ul> <li>I will refer and recommend others to join my company</li> <li>My company publishes dashboard depicting number of internal promotions</li> <li>I am confident of getting internal promotion within the next 3 years</li> <li>Identified talents are differentiated on the basis of their contributions</li> <li>My company identifies the talent that makes maximum impact on organization success</li> <li>My company values my work and contribution.</li> <li>I believe that my company has a fair and just system of rewarding employees.</li> <li>My company provides a work-life balance</li> <li>My company provides a competitive pay package (i.e., basic salary plus benefits, allowances or variable pay).</li> <li>My company provides medical aid, retirement, and pension benefits</li> <li>My company provides recognition via non-financial means, e.g., certificates, awards of recognition</li> <li>My company provides recognition, e.g., financial recognition such as cash, paid travel, incentive bonus /variable pay, etc.</li> </ul>

### Section 3: Detailed Analysis

Company-wise analysis:

The total respondents with valid responses for the questionnaire are 424 and the companies they represent range to a total of 84 – including MNCs, Indian Listed companies and Indian privately held companies. Based on the employee participation in our survey, 4 companies with maximum participation and attrition rates of more than industry average were selected to study employee perception on the five factors mentioned above.

Parameters of the performance review were also analyzed for the entire population and for the respondents from high attrition rate companies. The analysis shows that a maximum of 81% of total population of respondents as well as the respondents from the selected 4 companies said that their companies focus on New customer/product, Against Customer targets (Call Average, Customer Coverage), Against the Sales performance targets for the performance review. Out of these three parameters maximum focus is shared by 'Against the Sales Performance Targets' and similar

trend is observed in both group of participants.

The summary analysis shows that for all the factors, the perception of employees from high attrition companies and rest of the companies does not differ to a larger extent.

However, when we deep dive in the analysis, it can be seen that the employee perception is seen low in below mentioned areas:

- My company encourages and organizes team building and other social networking activities among Employees
- My company communicates the talent management goals to all its employees
- My manager discusses my career ambitions during the regular conversations
- My company invests time and resources for The training of identified talents
- HR team regularly provides me feedback on the



developmental growth agenda

- I have a written development plan with clear timelines and activities in order to develop my competencies
- My development plan is regularly reviewed by HR
  Team

If the companies focus on above areas, it will lead to higher levels of engagement in the companies. Attrition data of a select few companies in which more than 25 respondents are present is selected. It can be seen that out of 82 companies, 10 companies have attrition rate of more than industry average. The data is shown below:

**Table 5: Company-wise attrition rate** 

Company Name	Attrition (more than industry average of 15%)
PC1	50
PC2	27
PC3	26
PC4	25
PC5	24
PC6	23
PC7	22
PC8	22
PC9	21
PC10	20
PC11	20
PC12	20
PC13	19
PC14	17
PC15	16
PC16	16

(**Note:** company names are not disclosed; instead pharma companies used in this research are named as C1, C2, etc to maintain the secrecy of their identity)

- Data shows that 94% of the companies facing high rates of attrition are Indian companies and 44% of these companies are not listed.
- Role of company to create social groups in the company – Responses on "My Company encourages and organizes team building and other social networking activities among Employees"
- 24% of total population does not agree that their company encourages and organizes team building activities among employees.
- Maximum respondents are in the age groups of 31-35 years and 36 years & above. The analysis shows that population which disagrees with the above area is from age group of 36 years & above. Analysis also shows that the maximum disagreement on the above factor is seen from respondents with MBA &M.Pharm/ M.Sc degrees. This also suggests that participants with Masters Degree/ Post graduation are in disagreement with the above factor.
- Maximum agreement is seen among the respondents with D. Pharm, followed by B.Sc. & B.Pharm background.
- Respondents from Maharashtra, Delhi, Telangana and UP have shown maximum disagreement on the



above factor.

- Employees with total experience in the range of 3-5 years, 5-10 years, More than 10 years have shown maximum disagreement on the above factor.
- At the same time, employees with more than 10 years of work experience in the current organization have shown maximum agreement on the above factor.
- Participants with designation NSM & RSM have shown maximum disagreement on the above factor.
   No specific difference in the levels of agreement or disagreement is seen in respondents from various therapy areas.
- Maximum respondents with companies where performance review is done annually have

responded negatively.

Exploratory Factor Analysis (EFA)

In this research, EFA was performed using SPSS 25 to determine the correlation between the variables in the dataset. The Principal Components Analysis (PCA) was chosen for performing the rotation with varimax rotation and 10 iterations. PCA starts extracting the maximum variance and puts them into the first factor. Later on, the variance explained by the first factors is removed and then starts extracting maximum variance for the second factor. This process is repeated till it reaches to the last factor. The Kaiser normalization was used as an extraction method. Eigen values greater than 1.0 were considered as the basis for the five factors identified.

The results of the Bartlett's test of sphericity are shown below in Table 6

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.

Bartlett's Test of Sphericity

Approx. Chi-Square

14022.287

df

741

Sig.
.000

Table 6: Result of the KMO & Bartlett's test of sphericity

The suitability of the data for factor analysis is tested using Kaiser–Meyer–Olkin (KMO) and Barlett test. The value was found to be 0.971 which is considered to be very good for using Factor Analysis tool. The Bartlett's test of sphericity is an indicator of the strength of the relationship among variables. This test helps to discover whether there is any relationship between the variables.

In this study, the Bartlett's test was significant indicating that the samples are suitable for Factor Analysis.

Thereby, it was considered to be appropriate to further conduct the EFA. The reliability of the five factors was found to be 979 which is considered sufficient. The factor loading varied between a low of 0.503 and a high of 0.753 are found fairly adequate.

Validity assessment is done mainly to make the results factor more robust and stable. The five factors are grouped together and the items loading on each factor are specified and the model is tested. The factors and their alpha values are mentioned in **Table 7** below.



# Roatated Component Martrix<sup>a</sup>

	Component				
	1	2	3	4	5
Carved Career Path	0.732				
Carved Career Path	0.719				
Carved Career Path	0.712				
Carved Career Path	0.700				
Carved Career Path	0.646				
Carved Career Path	0.643				
Coaching responsibility by manager, HR & Company		0.626			
Coaching responsibility by manager, HR & Company		0.572			
Coaching responsibility by manager, HR & Company		0.570			
Coaching responsibility by manager, HR & Company		0.542			
Coaching responsibility by manager, HR & Company		0.538			
Coaching responsibility by manager, HR & Company		0.597			
Coaching responsibility by manager, HR & Company		0.723			
Coaching responsibility by manager, HR & Company		0.715	0.608		
Individual's awareness of role & responsibilities			0.708		
Individual's awareness of role & responsibilities			0.687		
Individual's awareness of role & responsibilities			0.681		
Individual's awareness of role & responsibilities			0.675		
Just, fair & rewarding culture				0.627	
Just, fair & rewarding culture				0.620	
Just, fair & rewarding culture				0.586	
Just, fair & rewarding culture				0.579	
Just, fair & rewarding culture				0.512	
Just, fair & rewarding culture				0.580	
Just, fair & rewarding culture				0.751	
Just, fair & rewarding culture				0.730	
Just, fair & rewarding culture				0658	
Just, fair & rewarding culture				0.580	
Just, fair & rewarding culture				0.560	
Just, fair & rewarding culture				0.567	
Training & development opportunities					0.505
Training & development opportunities					0.753
Training & development opportunities					0.750
Training & development opportunities					0.608
Training & development opportunities					0.528
Training & development opportunities					0.521
Training & development opportunities					0.503
Training & development opportunities					0.696
Training & development opportunities					0.678
Extraction Method: Principal Component Analysis					
a. Rotation converged in 10 iterations					



### **Discussions and Conclusion:**

According to Henson and Roberts (2006), "researchers may prefer using Factor Analysis for explaining a large number of measured variables with a small number of latent variables OR underlying factors. Latent variables can be used in even in the regression or cluster analysis".

As suggested by Cortina (1993), Henson and Roberts (2006), Tabachnick and Fidell (2007), "factor analysis can also be used to assess the validity of the measures (extent to which the constructs represent the original variables)".

Exploratory factor analysis (EFA) can be used extensively in reward management studies as it can help in reducing large number of indicator variables into limited set of factors based on correlations between variables.

However, application of EFA is criticized and challenged by many researchers. This criticism is mainly due to the inherent subjectivity due to the researcher's judgment for interpretability. According to Tabachnick and Fidell (1996), "EFA results in an infinite number of mathematically identical solutions which are difficult to be differentiated through objective criteria". Kieffer, (1999) claims that "EFA requires several decisions, which might vary depending on the researcher or the research, to be made in each individual stage resulting in different solutions under different conditions". Extensive research by Henson and Roberts (2006), Fabrigar et al. (1999), Osborne and Costello (2009) have provided insights on "methodological decision criteria involved in EFA such as checking the appropriateness of the data for EFA (KMO and Bartlett's test of sphericity, rotation e.g. Varimax or Promax, factor extraction/retention criterion, cut-off value for acceptable factor loadings, etc."

Researchers using EFA for the first time may find it difficult as there is limited detail explanation available on making decision on selecting acceptable and interpretable factor structure as well as what strategies to be used in making decisions to achieve satisfactory factor solutions.

Even though both extrinsic and intrinsic factors are important, this research revealed that organizations should focus more on very specific extrinsic motivational factors in the reward management such as investing adequate time in discussing career development plans and communicating them clearly with the employees; not only conveying their career growth path but regularly reviewing it, providing feedback and allocating resources for the training and development of identified talent.

This research made a genuine attempt to understand how to use Exploratory Factor Analysis for the further research in reward management studies.

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