Measuring Total Rewards Satisfaction: A Scale Development Study

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Total Rewards Strategy has been used as a viable strategy to motivate and retain employees across sectors. However, the existing scales have been found to display construct related weaknesses in terms of under-representation of total rewards as a multidimensional construct and measuring it as a reflective higher-order construct. The purpose of this study is to develop a valid and reliable measure of total rewards satisfaction (TRS) as a formative higher order construct. Different phases of quantitative validations were carried out with a new data set for each of the studies viz. content validity (n = 13 experts), exploratory factor analysis (n = 180) for determining factorial structure of the scale, first-order confirmatory composite analysis (n = 215) and second-order confirmatory analysis (n= 120) confirm a six-dimensional structure of 23-item TRS scale. The psychometric properties of the scale have also been reported.

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Introduction

With Steven Hankin of McKinsey and Company (1997) coining a thought-provoking term 'The War for Talent', several scholars and practitioners have embraced the concept of Total Rewards to deal with the issues of retaining the skilled employees. In depth given to Total Rewards for retention has given way to a stream of analysis, seminal research work (e.g., Alhmoud & Rjoub, 2019) and surveys from organizational scholars (e.g., WorldatWork, 2015) and practitioners worldwide. Total Rewards signifies a holistic and a rewarding relationship between an organization and an employee (Tsede & Kutin, 2013). Why do some industries experience lower voluntary employee turnover as compared to ones with the highest? Scholarly findings have hinted towards using reward strategies to mold employee behavior and attitudes by linking organization goals of attaining high performance, attaining competitive advantage and increased retention (Gould-Williams, 2016). Then the

questions that crops up over here are, whether total rewards is a mere organizational strategy? Is it not taking into account changing needs and requirements of the employees? Unfortunately, little efforts have been put in to understand employees' satisfaction with what they are receiving, not confined to compensation but going beyond. Till date there has been very few systematic scholarly works in the context of Indian organizations (e.g., Rai et al*.,* 2019). Therefore, understanding reward satisfaction might be instrumental in understanding their intention to stay with the present organization, thus meriting a closer study. Thus, this study focuses on constructing a multi-item scale capturing the satisfaction level of employees towards Total Rewards practices. We have carried a qualitative literature review and interacted with practitioners resulting in generating a six-dimension structure and developing a scale on TRS in the form of a questionnaire after receiving empirical acceptance from experts on its dimensions and statements. An exploratory factor analysis (EFA) and confirmatory composite analysis (CCA) was carried out resulting in a six-dimension structure.

Total Rewards Satisfaction & Its Dimension

There are two sections of scholarly work on Total Rewards. One section has conceptualized and categorized Total Rewards in terms of transactional (financial) and relational rewards (non-financial) (Newman & Sheikh, 2012). On the contrary there has been a section that defined Total Rewards in terms of pay, benefits, work environment, career development highlighting its value proposition for the employees. It attempts to encompass the entire "*employee value proposition*" (Nienaber et al*.,* 2011). Drawing insights from past literatures we define Total Rewards as a set of practices not confined to monetary compensation and benefits but including performance management, recognition, work environment, career development and work-life balance that strengthens the relationship between an employee and an organization. TRS is defined as the degree to which an employee is satisfied with these practices.

Total Rewards is a multicomponent concept and on fundamental level, one can easily distinguish between satisfaction aspects from economic outcome. Satisfaction aspect of Total Rewards denotes employees' attitudes towards rewards an organization is offering (De Gieter et al*.,* 2012), whereas economic outcome denotes economic contract between organization and employees (Cropanzano & Mitchell, 2005). Apparently, the satisfaction aspect and economic outcomes are related to each other (Peterson & Luthans, 2006), but the overlap between the two have been overlooked. Most notable seminal work on reward satisfaction was presented by Vandenberghe and Tremblay (2008) with the oldest one being Heneman and Schwab (1985). These studies have focused on pay satisfaction including benefits with few studies on other dimensions of TRS viz. (e.g., De Cooman et al., 2012).

Monetary Compensation Satisfaction (MCS) stems from Incentive theory underpinning the fact that employees get attracted by pay and incentives (Silverman, 2004). Heneman and Schwab (1985) conceptualized compensation satisfaction as a multidimensional construct that included pay level (e.g., current salary), pay raise (e.g., increase in salary), pay administration, and pay structure denoting hierarchical positioning of pay rates based on performance, and benefits reflecting indirect pay (e.g., leaves and insurance etc.). Heneman and Judge (2000) however argued that pay benefits is a different construct. Compensation satisfaction focusses on the basis for pay facilitated through pay policy choices and therefore, MCS is the attitudinal response of employees for the basis of pay. Thus, MCS comprise pay raise (salary and the amount of raise received), pay structure and administration (pay-for-performance including individual and organizational) (Williams et al., 2006).

Benefits Satisfaction (BS) is a distinct construct comprising two things viz. cost incurred by the employees in terms of contribution, the quality of the benefits package and coverage offered to the employees (Miceli & Lane, 1991) and employees' experience with respect to insurance, leaves, educational benefits etc. (Danehower & Lust, 1992). The present study is deviating from the findings of the seminal study on pay satisfaction by Heneman and Schwab (1985) in the sense that BS is not used as a part or subset of compensation satisfaction. BS is defined as "an employee's attitude towards organizational benefits focusing on employee safety and security-related needs" (Blau et al*.,* 2001). Therefore, benefits are rewarded to take care of personal needs such as security and personal and family welfare. Evolutions of benefits package over the years has met employees' needs so much so that benefits package have become flexible in nature with numerous options to choose from (Williams et al*.,* 2008).

Along with MCS and BS, studies have been conducted to ascertain the significance of Satisfaction with Performance Management and Recognition (SPMR) to understand what organization wants, how employees can improve and steer their motivation to achieve organizational and personal goals (Mishra & Farooqi, 2013). It is of vital concern since positive organizational outcomes are linked with employees experiencing SPMR (Jawahar, 2006). These studies hinted towards different practices focusing on regular feedback throughout the year, role clarity, performance reviews and outcomes related to ratings. The significance of SPMR lies in the fact that the satisfaction level should be increased in terms of the manners their performance expectations are communicated and feedback sessions and recognitions are carried out.

Employees ought to be marketable and would also maintain the value of their expertise. Therefore, career and development opportunities (CDO) that build potential and cultivate ability are important. Analysis undertaken by CIPD (2005) showed that if given the chance to improve, employees are more inclined to

continue. The incorporation of CDO within total rewards derives from the idea that preparation for the development of expertise and the creation of careers within companies often requires engaging a workforce, thereby creating a symbiotic partnership (World at Work, 2015). Previous studies on Satisfaction with CDO (SCDO) highlighted the primacy of learning culture within the organization and matching employee's personal and organizational goals (Hall, Schneider, & Nygren, 1970). Relying on Social Exchange theory and norms of reciprocity approach, a demanding work setting, relational learning, casual engagement with coworkers, structured learning programs delivered in varying ways, mentoring, and coaching, and career advancement provide higher satisfaction with growth and learning opportunities (Lee & Bruvold, 2003). Hence, SCDO denotes individual-organizational goal alignment coupled with higher learning and developing culture within the organization.

An employee's ability to be efficient and productive depends on Quality of Work Environment (QWE) (Brennan et al., 2002). For work environment satisfaction, Van der Voordt (2004) coined a useful definition, namely "the extent to which the physical work environment meets the employee needs". A helpful categorization of needs was given by Vischer (2008), including the need for physical comfort, functional comfort i.e., work-related, and psychological comfort. These studies hint at two perspectives of looking at QWE: firstly, safe physical working conditions and secondly, extent to which needs are met at the workplace. However, there has been limited research on examining Quality of Work Environment Satisfaction (QWES)'s impact on organizational commitment and retention (Veitch et al., 2007). Thus, QWE applies to a friendly environment that may often contain on site facilities and advanced work techniques and QWES can be defined as the degree to which employees feel comfortable and content under the constraints of physical working environment.

Work-Life Balance Satisfaction (WLBS) is important for job satisfaction, performance, and retention. WLB in a broader sense, refers to the balance achieved in work role and in life roles and requires successful allocation of time, attention, and energy (Grawitch et al*.,* 2010). Conceptually, WLB satisfaction is different from other work-life constructs such as interface, conflict, and facilitation (Fisher et al*.,* 2009; McNall et al*.,* 2010). Relying on Conservation of Resources (COR) Theory (Hobfoll, 1989), Resource Drain Perspective (Edwards & Rothbard, 2000), Resources-and-demands Approach (Schaufeli & Bakker, 2004) and adopting Grawich et al. (2013) definition, we defined WLB satisfaction as capability of maintaining a balance allocation of desired resources (time, attention and energy) to meet the demands of work and life domains without causing insufficiency of resources to respond to any one of the domains. Very few have addressed WLBS by examining the role of organizational support (e.g., Valcour, 2007; Van Daalen et al., 2006; Aycan & Eskin, 2005). In line with previous studies, it is believed that working hours, flex-

ible work arrangements, job complexity and job control affect WLBS (Valcour, 2007).

Operationalizing TRS Scale

While the concept seemed to make more sense to practitioners and managers, researchers focusing on Total Rewards not in line with functionalist approach of organizational practices are faced with a number of epistemic challenges which are making the concept much more complex. This has prompted to develop TRSQ capturing its essence in business context, thereby bridging the industry-academia gap with respect to research on Total Rewards. The authors feel that in order to ensure psychometric robustness and achieve a good model fit, the studies often end up pruning the items. As a result, the final questionnaire ends up containing a limited number of items, doing little justice to a multidimensional construct.

Two separate semi-structured telephonic interviews were conducted with Total Reward professionals asking them about Total Rewards for deriving a comprehensive conceptualization of the construct. The responses from the respondents and earlier literature support shaped the construct as consisting of six dimensions with their respective theoretical underpinnings paving the way for developing TRSQ as shown in Table 1.

Table 1 Dimensions and its Description of Total Rewards Satisfaction

Theoretical Support	Dimensions	Description
Incentive Theory	Monetary Compensation Benefits	Salary, Annual Bonus Insurance, Retirement Benefits
Herzberg's Two-Factor Theory	Performance Management and Recognition	Appreciation for performance, recognition, supervisor support
Social Exchange Theory	Career Development and Opportunities	Training and development based on personal and organizational goals,
	Quality of Work Environment	Availability of onsite childcare, restaurant, medical facilities
Conservation of Resources TheoryResources-and-demands Approach	Work-Life Balance	Remote working, flexible working

Source: Author's own findings

Developing TRS Scale

The entire process of developing TRS Scale has taken place with the help of four individual studies. To begin with in study 1, with the help of review of extant literature and panel of content experts, all the items were generated and analyzed. Expert opinions helped in proposing a conceptual framework for TRS reflecting six dimensions viz. MCS, BS, SPMR, SCDO, QWES and WLBS. After generating initial items from qualitative analysis, study 2, 3 and 4 were

carried out with SPSS 22.0, and SmartPLS 3 to assess construct validity, convergent validity, and discriminant validity of TRS. Different phases of studies and their respective validations are shown in Table 2.

Table 2 Different Phases of Validation Studies for Scale Development

Phases of Studies	Objectives of the Study	Outcomes
*Study 1*N= 13	Content Validity	a. Identifying dimensions of total rewards satisfaction b. Representativeness and Relevance of the items for the scale c. Finalizing items through Content Validity Ratio and Content Validity Index
*Study 2*N= 180	Exploratory Factor Analysis	
	a. Test of dimensions identified.	a. 32 items retained.
	b. Reductions of items	
*Study 3*N= 215	Confirmatory Composite Analysis	a. 23 Items retained.
	Convergent Validity	b. AVE >0.5
	Discriminant Validity	c. VIF
*Study 4*N=120	Second Order CCA	a. 23 items retained. b. AVE c. VIF d. HTMT

Source: Author's own findings

Study 1: Content Validity

Items generation: While developing a parsimonious scale to assess TRS, we followed Anderson and Gerbing's (1988) standard scale development process. We conducted a qualitative research by reviewing extant literature and scales on Total Rewards to generate and assess relevance of 49 items. A panel of three academicians and 10 practitioners examined the initial scale for its appropriateness. Based on their feedback, modification of the items was suggested which resulted in 40 items after clubbing certain items and removing certain others. Content Validity Ratio (CVR) proposed by Lawshe (1975) was carried out to assess the consistency and coherence of the items. With the number of panelists being 13 experts, the item in the instrument with an appropriate degree of significance would be approved if CVR is greater than 0.54 (Lawshe, 1975). This exercise culminated in the removal of 8 out of 40 topics due to lack of agreements among experts and, eventually, 32 items with a CVR value of 0.54 – 1.00 were retained into a questionnaire form for further analysis.

Study 2 Exploratory Factor Analysis

Earlier studies results indicated an optimal sample size of 150 observations to achieve a reliable outcome by EFA if

the inter-correlations of the item are relatively good (Hinkin, 1995). Convenient sampling and snowball sampling was used to achieve a good number of sample size for this analysis. The survey for this analysis was composed of employees working in service industries in India. The questionnaire was constructed in Google form. Amidst lockdowns owing to pandemic, we approached employees through LinkedIn and shared the questionnaire upon receiving their mandate for the participation in the survey. 180 employees had participated in the survey. Demographic profile of respondents is given in Table 3.

Table 3 Demographic Profile of Respondents *(N=180)*

Demographics	No. of Respondents	Percentage
Gender		
Male	144	80.0
Female	36	20.0
Age group		
>25 years	38	21.1
25-34 years	112	62.2
35-44 years	26	14.4
<44 years	4	2.2
Educational qualification		
Under-graduate	6	3.3
Graduate	122	67.8
Postgraduate	52	28.9
Tenure with current organisation		
1-3 years	92	51.1
4-5 years	38	21.1
6-10 years	30	16.7
<10 years	20	11.1
Total work experience		
1-3 years	61	33.9
4-5 years	38	21.1
6-10 years	47	26.1
<10 years	34	18.9

Source: Author's sample survey

A link to the form consisting 32 items was sent to the respondents. Demographic details regarding the respondent (e.g., age, gender) was also collected as a part of the survey questionnaire. Survey respondents were assured that their involvement was confidential. For capturing the responses, a five-point scale was introduced (1 = extremely dissatisfied to 5 = highly satisfied). In order to prevent missed details or incorrect questionnaires, all the questions were marked mandatory.

Exploratory Factor Analysis Findings

We conducted EFA using principal axis extraction method and Promax rotation because the factors were assumed to be correlated (Russell, 2002). For this, the Eigen value of 1 was used to select

the factor. The calculated value for pattern matrix is represented in Table 3. We identified six-factor solution with Eigenvalues >1. Total variance explained by six factors was 64.982 %.

Leadership of the immediate manager and the climate of the organization affects the performance of an employee.

As per the best practices of item deletion and retention after factor analysis, three statements had poor item loadings of less than 0.40 (Ladhari, 2010). Based on literature it was found that these items are used in Total Rewards models and structures, and thus, they were included in the scale since it would impact the construct validity of the scale. The responses given to these items in study 1 suggested that they also earned very strong ratings and thus could continue to be included in the scale. Further, five statements being cross loaded on multiple factors were eliminated. Two items QWE4 (leadership of the immediate supervisor/manager I work for) and QWE5 (climate in the company such as levels of pressure, good team work environment, and the stability and job security I experience) fell under the factor Performance Management and Recognition. Analyzing these items and their meanings, it was concluded that leadership of the immediate manager and the climate of the organization affects the performance of an employee (Altinay et al., 2019). Thus, QWE4 and QWE5 are kept as it appeared in the factor analysis after renaming them as PMR5 and PMR6. Finally, 27 products were loaded under six factors from the initial EFA, and further research was carried out and presented in Table 4.

Study 3 First Order Confirmatory Composite Analysis

First-order confirmatory analysis was carried out on six-dimensional 27 item TRS scale with a new dataset of 215 sample size using SmartPLS Version 3 because the model consists of both reflective and formative constructs (Ali et al., 2018). Table 5 presents complete demographic distribution of the respondents.

We used CCA (Hair et al., 2020) as an alternative to the use of confirmatory factor analysis (CFA) in the development and validation of measurement scale. Outer Loadings for each of the 27 items is more than 0.5 (Hair et al., 2011) and thus have been retained (Table 4). Items scoring between 0.4 and 0.7 should only be removed if they negatively affect the average variance extracted (AVE) of their construct (Hair et al., 2016). Since this was not the case, all items were retained. Reflective measurement model should be examined for convergent validity through composite reliability (CR) and average variance extracted (AVE) (Hair et al., 2020). AVE for each construct was greater than the 0.5 threshold, which indicates an appropriate convergent validity, as seen in Table 6 (Hair et al., 2011).

Table 4 Exploratory Factor Analysis (EFA) through Promax Rotation Method (N = 180)

Dimension and Scale Items	EFA Loadings
Monetary Compensation Satisfaction ***Cronbach's Alpha: 0.899 Variance explained:7.996%***	
MC1: My salary is satisfactory in relation to what I do.	0.714
MC2: I derive satisfaction when my annual bonus is associated with individual performance.	0.896
MC3: It gives me satisfaction when my annual bonus is based on organizational performance.	0.872
Benefits Satisfaction *Cronbach's Alpha: 0.890 Variance explained: 38.664%*	
B2: I am satisfied that my Medical insurance benefits cover employee, spouse, children, and parents.	0.754
B3: My organization provides opportunities to avail Accident insurance benefits.	0.755
B4: My organization empathizes and sympathizes by providing paid time offs such as paternity leave and bereavement leave for the death of a family or household member.	0.543
B5: My organization provides opportunities for Sabbatical leave.	0.850
B6: It gives me satisfaction to know that I can avail unpaid time offs such as study leave.	0.785
B7: My organization cares by providing special leave for extended maternity or attending dependent family members.	0.745
B8: There are opportunities to avail vacations or holiday programs i.e. family leave.	0.586
Satisfaction with Performance Management and Recognition *Cronbach's Alpha: 0.868 Variance explained 5.734%*	
PMR1: There are opportunities for clear communication on clearly agreed outputs, performance ratings, regular reviews, performance improvement plan.	0.635
PMR2: I am satisfied on receiving regular constructive and honest feedback on my performance.	0.734
PMR3: It gives me satisfaction on receiving informal appreciation and recognition for a job well done (mail of appreciation, or congratulatory letters).	0.744
PMR4: My organization provides opportunities for formal appreciation and recognition for a job well done (cash prize, paid family trip, awards and certificates).	0.738
PMR5: I am satisfied with the leadership of the immediate manager I work for.	0.398
PMR6: The overall climate in the organization such as levels of job pressure, good teamwork environment, and the stability and job security are good.	0.436
Satisfaction with Career and Development Opportunities *Cronbach's Alpha: 0.842 Variance explained: 2.522%*	
CDO2: My organization links trainings to performance goals.	0.483
CDO4: My organization provides me opportunities to work with different projects and get exposure to different skills and technologies.	0.678
CDO5: There are opportunities of identifying, communicating and developing for more senior positions and promotions.	0.373

CDO6: I have opportunities to avail regular formal and informal work-related webinars and workshops linked to a development plan.	0.751
Quality Work Environment Satisfaction *Cronbach's Alpha: 0.861 Variance explained: 4.354%*	
QWE1: My organization is equipped with a high standard on-site medical center.	0.746
QWE2: I am satisfied with maintenance of on-site child-care (crèches).	0.902
QWE3: I am satisfied with a well-maintained on-site staff restaurant.	0.706
Work-Life Balance Satisfaction *Cronbach's Alpha: 0.801 Variance explained: 3.025%*	
WL1: My organization provides opportunities of having flexible working hours to balance life commitments.	0.726
WL2: I have the opportunity of Teleworking i.e. logging into the employer's network from home.	0.992
WL3: My organization offers an opportunity of having compressed work weeks.	0.479
WL4: My organization takes care of women working late night and reaching their home safely.	0.378
Total variance explained (%): 64.982% Kaiser-Meyer-Olkin (KMO): 0.916 Sign.:.000	

Source: Author's own findings

Table 5 Demographic Profile of Respondents *(N=215)*

Demographics	No. of Respondents	Percentage
Gender		
Male	166	77.2
Female	49	22.8
Age group		
>25 years	33	15.3
25-34 years	137	63.7
35-44 years	39	18.1
<44 years	6	2.8
Educational qualification		
Under-graduate	10	4.7
Graduate	145	67.4
Postgraduate	60	27.9
Tenure with current organisation		
1-3 years	51	23.7
4-5 years	57	26.5
6-10 years	56	26.0
<10 years	51	23.7
Total work experience		
1-3 years	67	31.2
4-5 years	66	30.7
6-10 years	50	23.3
<10 years	32	14.9

Source: Author's own findings

Table 6 Findings from Confirmatory Composite Analysis (CCA) ***(N = 215)***

	Items	Factor Loadings	Cronbach's Alpha	rho_A	Composite Reliability	(AVE)
Monetary Compensation Satisfaction (MCS)	MCS1	0.823	0.881	0.884	0.882	0.714
	MCS2	0.888				
	MCS3	0.823				
Benefits Satisfaction (BS)	BS2	0.695	0.890	0.898	0.884	0.527
	BS3	0.689				
	BS4	0.749				
	BS5	0.548				
	BS6	0.605				
	BS7	0.826				
	BS8	0.907				
Satisfaction with Performance Management and Recognition (BS)	SPMR1	0.732	0.894	0.896	0.895	0.587
	SPMR2	0.794				
	SPMR3	0.768				
	SPMR4	0.782				
	SPMR5	0.788				
	SPMR6	0.731				
Satisfaction with Career and Development Opportunities (SCDO)	SCDO2	0.843	0.911	0.913	0.910	0.718
	SCDO4	0.823				
	SCDO5	0.914				
	SCDO6	0.804				
Quality of Work Environment Satisfaction (QWES)	QWES1	0.857	0.866	0.869	0.866	0.684
	QWES2	0.771				
	QWES3	0.851				
Work-Life Balance Satisfaction (WLBS)	WLBS1	0.769	0.812	0.826	0.815	0.527
	WLBS2	0.687				
	WLBS3	0.827				
	WLBS4	0.602				

Source: Author's own findings

Analysis indicates that CR coefficients are higher than the cutoff 0.7 suggesting a great deal of reliability (Sarstedt et al., 2019). In addition, Cronbach's alpha (CA) was tested to the construct reliability and internal consistency. The recommended standard for CA (>0.70) and CR (>0.70) was exceeded by all the variables. Dijkstra-Henseler's Rho (ρA) is used for assessing construct reliability (Dijkstra & Henseler, 2015). The findings reveal that the first-order constructs' measurement model satisfies both validity and reliability requirement.

Henseler et al. (2014) proposed using the HTMT criteria to test discriminant validity. The ceiling value for HTMT has been suggested to be of a value of 0.90 or less to provide adequate support for discriminant validity. The results displayed in Table 7 indicate that the HTMT criterion was met. All model evaluation criteria for the reflectively measured constructs have been met, providing support for their validity and reliability. To ensure that multi-collinearity does not exist, the variance inflation factor (VIF) has been determined. As

per the analysis, scores varied from 1.359 to 3.291 and are considerably below the more conservative cut-off value of 3.3 (Kock, 2015).

Table 7 Discriminant Validity: HTMT *(N = 215)*

MCS	BS	SPMR	SCDO	QWES	WLBS
MS					
BS	0.364				
SPMR	0.671	0.605			
SCDO	0.627	0.533	0.797		
QWES	0.336	0.455	0.581	0.463	
WLBS	0.476	0.541	0.661	0.579	0.595

Source: Author's own findings

Model Fit: SRMR shows a good fit where a value is zero or close to zero. Hu and Bentler (1998) proposed that a value of less than 0.08 represents a good fit. The SRMR is introduced by Henseler et al. (2014) as a strong fit metric for PLS-SEM. For the PLS model, a value of 0.064 was observed for the SRMR, which suggests an acceptable fit.

Common Method Variance Control: The author used a self-report questionnaire to gather information, and hence, the outcomes could be skewed as a result of using the same source of the respondent and contributing to the issue of common method variance (CMV). The questionnaires were followed by an introductory paragraph following the methodological procedure (Podsakoff et al., 2003), which clarified the purpose of the analysis and informed respondents of the confidentiality of their answers. Respondents were advised that there was no correct or incorrect response that required them to respond as accurately as possible. As proposed by Podsakoff et al. (2003), an EFA was done to analyze whether a single factor occurs or whether a single factor accounts for any of the covariance between the variables. The variance explained by one factor is 38.664% and the variance explained by the original six factors is 62.294%. CMV, therefore, has not pervasively affected the data and the study.

Study 4: Second Order Factor Analysis

For further validation of six factor structured TRSQ with 27 items generated in study 3, the responses were collected with a sample size of 120. Table 8 details the demographic characteristics of the respondents. The current model is a Reflective-Formative Second Order Model. We followed Repeated Indicator Approach because it is capable of concurrently measuring all the latent variables instead of individually estimating the higher-order and lower-order constructs (Becker et al., 2012). As proposed by Sarstedt et al. (2019), we assessed convergent and discriminant validity, Variance Inflation Factor (VIF) and the significance and relevance of indicator weights to validate second-order construct.

Table 8 Demographic Profile of the Respondents. (N=120)

Demographics	No. of Respondents	Percentage
Gender		
Male	90	75.0
Female	30	25.0
Age group		
>25 years	17	14.2
25-34 years	77	64.2
35-44 years	23	19.2
<44 years	3	2.5
Educational qualifications		
Under-graduate	2	1.7
Graduate	84	70.0
Postgraduate	34	28.3
Tenure with current organisation		
1-3 years	48	40.0
4-5 years	33	27.5
6-10 years	24	20.0
<10 years	15	12.5
Total work experience		
1-3 years	29	24.2
4-5 years	34	28.3
6-10 years	27	22.5
<10 years	30	25.0

Source: Author's own findings

Convergent Validity and Discriminant Validity: Convergent validity for the lower order reflective constructs is assessed through CR and AVE (Fornell & Larcker, 1981). The accepted reliability values for lower order constructs as given in Table 9 is more than 0.70, and composite reliability of these constructs is also more than 0.70 (Nunnally, 1978) and thus satisfies the requirement of convergent validity criterion with AVE more than 0.5. For establishing discriminant validity of the retained items, we used HTMT as was done in study 3 shown in Table 10.

Table 9 Convergent Validity *(N = 215)*

Factors	Cronbach's Alpha	rho_A	Composite Reliability	AVE
MCS	0.855	0.863	0.912	0.777
BS	0.863	0.866	0.898	0.595
SPMR	0.855	0.856	0.897	0.636
SCDO	0.858	0.858	0.934	0.876
QWES	0.857	0.859	0.913	0.777
WLBS	0.803	0.820	0.872	0.633

Source: Author's own findings

Table 10 Second-Order Discriminant Validity – HTMT *(N = 120)*

	MCS	BS	SPMR	SCDO	QWES	WLBS
MS						
BS	0.391					
SPMR	0.763	0.537				
SCDO	0.630	0.296	0.840			
QWES	0.307	0.365	0.556	0.470		
WLBS	0.396	0.501	0.646	0.667	0.632	

Source: Author's own findings

Evaluating Collinearity Issues: We have examined the collinearity between the constructs by examining the value of inner VIF. Therefore, we have evaluated the constructs MCS, BS, SPMR, SCDO, QWES, and WLBS for collinearity as predictors of TRS. According to Kock (2015) the conservative value of VIF should be less than 3.3. Four items (BS8, SCDO2, SCDO6, and SPMR2) were removed due to higher VIF. Table 11 shows that the values of VIF of all the predictor constructs were less than 3.3, therefore, collinearity is not an issue between the constructs' formative indicators. Figure 1 revealed that the rest of the 23 items factor loaded adequately on their respective factors.

Significance and Relevance of Indicator Weights: Hair et al. (2011) suggested to assess second-order construct in terms of analyzing the factor weights of first-order constructs through bootstrapping. The bootstrapping procedure using 1000 resamples was used (Ramayah et al., 2018) to assess the significance of weights of the indicators. Lohmöller (1989) recommended >0.1 weight for an indicator. The results reveal that the indicators' weights were above the recommended value of 0.1. Table 12 and Fig. 1 reveal that all weights of indicators were having significant t-values that have provided an empirical support to retain all the indicators.

Table 11 Collinearity Statistics Inner VIF Values

	VIF
MCS	1.814
BS	1.421
SPMR	3.175
SCDO	2.427
QWES	1.478
WLBS	1.867

Source: Author's own findings

All weights of indicators were having significant t-values that have provided an empirical support to retain all the indicators.

Discussion & Implications

It is important to point out two primary issues that have afflicted the available Total Rewards scales. First, available studies got dominated by research objectives, and convenience of following and citing the available work without questioning it. Second, to fulfill the requirements of valid and robust psychometric properties, the available scales

Fig 1 Second Order CCA Model ***(N=120, p<0.001)***

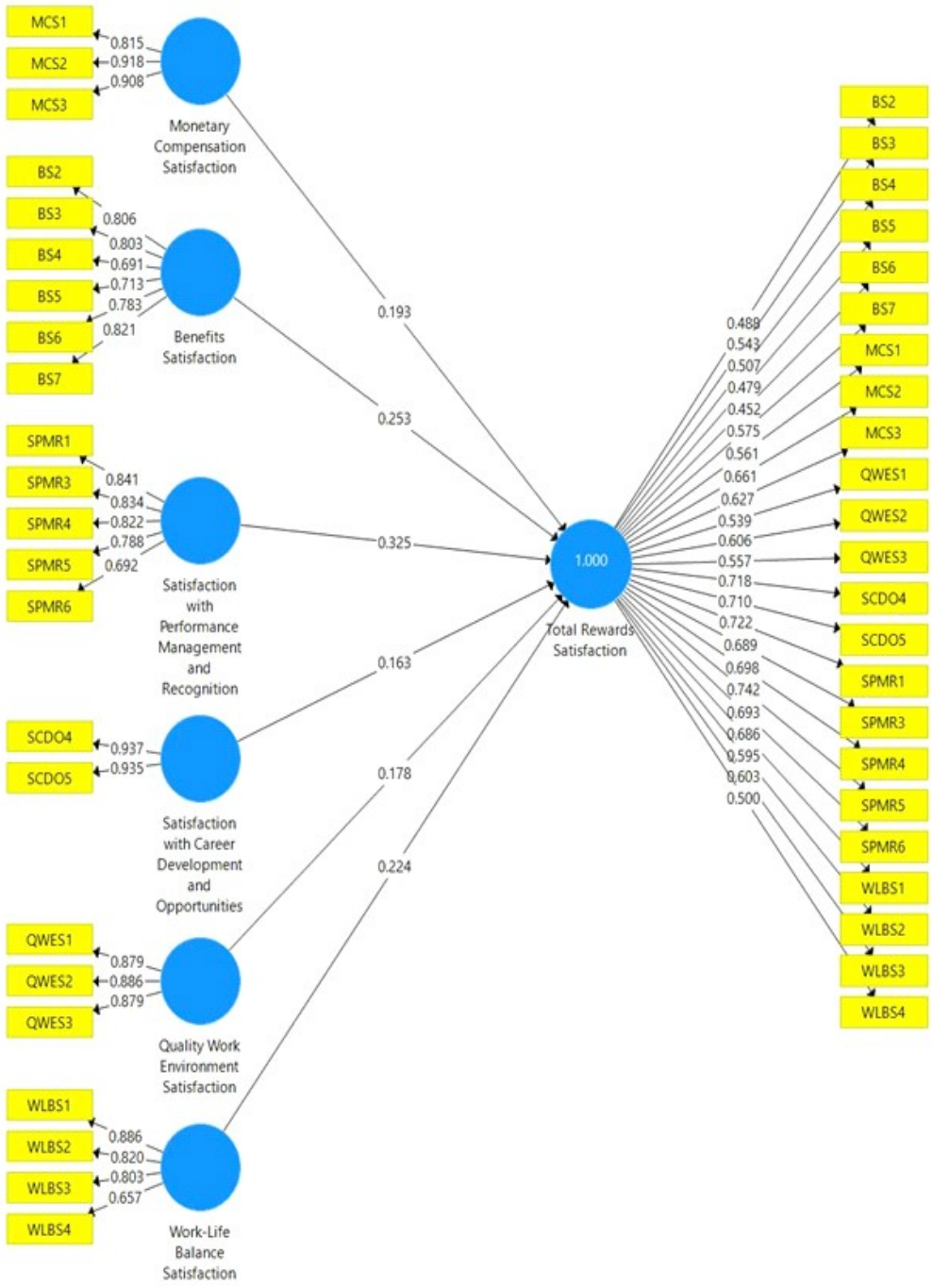

Table 12 Significance of Weights

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	t Statistics (|O/STDEV|)	P Values
BS -> TRS	0.253	0.250	0.030	8.517	0.000
SCDO -> TRS	0.163	0.163	0.013	12.435	0.000
MCS -> TRS	0.193	0.192	0.015	12.707	0.000
SPMR -> TRS	0.325	0.323	0.017	18.690	0.000
QWES -> TRS	0.178	0.178	0.020	8.922	0.000
WLBS -> TRS	0.224	0.224	0.020	11.380	0.000

Source: Author's own findings

have ended up with the inclusion of psychological dimensions only, thereby providing a narrower perspective of Total Rewards. Last and most important, in previous studies, Total Rewards was always modelled as a reflective-measured construct. However, dimensions are instrumental in defining Total Rewards and the absence of any one of these dimensions will undermine and will lead to underrepresentation of Total Rewards. On defining Total Rewards as a reflective construct, the relationship of dimensions to the construct is fully ignored (Becker et al*.,* 2012).

The present study has important theoretical and practical implications. First, the qualitative deduction from earlier literature, opinion from academic and practitioners have paved the way to capture and explain employee's attitudinal response towards TRS. Second, the quantitative studies have established a six-dimensional structure. Finally, the study has been able to develop a sound measure which is psychometrically robust and comprehensive. Research have found rewards to be significant predictors for engagement and retention (e.g., Ghosh et al., 2014; Rai et al., 2019). We recommend regular session for the assessment of TRS to unearth factors or causes exhibiting lesser satisfaction. Findings of the study also hint towards the fact that Total Rewards should include practices in a manner to satisfy employees with respect to what they value, and what they deserve. Practitioners must use the findings of this study to build and sustain a healthier place to work.

Limitations &Further Research

The study suffers from unavoidable limitations. First*,* satisfaction is dynamic in nature and might change over a period of time. Second, the most important limitation of the current study is the issue of subjectivity of the expert ratings in the process of content validity. Third*,* a longitudinal design could have given more insights. Fourth, the scale needs to consider the demographic characteristics (e.g., age, gender, qualification, and experience) as they do influence TRS. Finally, it is believed that replication of this work in other sectors and in other countries would contribute to the literature on the study variables.

Conclusion

We have adopted best practices and rigorous procedures of scale development in measuring Total Rewards Satisfaction in the Indian context. There has been very few research on measuring Total Rewards as a higher-order formative construct. We have relied on available literature on the subject and judgement of domain experts. TRS scale capturing attitudinal responses highlights the fact that an employee satisfied with rewards received from an organization will be committed and will continue longer. TRS would thus have a stronger influence on positive workplace outcomes than total rewards program alone might have.

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