



Linkage between rewards and workspace morale in a hyperinflationary environment

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ABSTRACT

The study presents a burden on theory and practice for discovering a reward criterion that achieves workspace morale in a hyperinflationary context. It aimed to determine the relationship between the individual components of rewards (extrinsic, intrinsic, and social) and workspace morale and the mediating role of employee engagement in a hyperinflationary context. The study applied a cross-sectional study. It employed a structured questionnaire as a study instrument. The target population for the study comprised 900 employees and managers of Bindura municipality in Zimbabwe. The study employed a sample of 269 employees and managers, and the methodology used was a case study. A total of 269 questionnaires were hand delivered after administering the ethical consent form. A total of 214 questionnaires were returned, and after preliminary review and cleaning, 17 questionnaires were found with missing values leaving 197 analyzable questionnaires thus, achieving a 73.2% response rate. The study used multiple regression analysis. The results reveal a significant direct effect of total reward, intrinsic reward, and social reward on workspace morale. The direct effect of extrinsic reward on workspace morale was statistically insignificant. It also reveals that the effects of total reward on workspace morale are mediated only partially by employee engagement. The study viewed employee engagement as a mediating force between rewards and workspace morale but did not examine the bond longitudinally. The study recommends exploring reward options, specifically supportive supervisory relations, work autonomy, role clarity, skill variety and regular feedback to improve workspace morale in hyperinflation. The results demonstrate the importance of practices that win employee hearts to enhance commitment instead of external motivation in an inflationary environment.

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Introduction

Rewards have a pivotal role in inspiring workspace morale at the workplace. In fact rewards influence employee choices for preferring one employer over another (Bozionelos, Mukhuty, Kostopoulos, Bozionelos & Blenkinsopp, 2022; McWha-Hermann, Jandric, Cook-Lundgren, Carr, 2022). Truong and Barraket (2018) observed that employee morale is difficult to sustain. An inflationary environment presents a 'double-edge-sword' upshot on industrial harmony as employers struggle to sustain high costs while the value of employee incomes is eroded (Ntanos, Sidiropoulos, Triantafyllou, Chalikias & Kyriakopoulos, 2020).

Clearly, the instability of an inflationary context makes it difficult for both the employer and employees to plan for the future. Although literature is awash with studies that link rewards and employee morale in stable business context (See, Aswathappa, 2017; Joo & Lee, 2017; Chênevert, D., Hill, K., & Kilroy, 2022), there is limited research on the link within an inflationary context.

The study is inspired by the signalling theory that uplifts the employer to the key role of creating an environment that determines whether employees are happy or not at work regardless of the adverse effects of hyperinflation on business (Spence, 1973).

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The study focused on Bindura Municipality in Zimbabwe. Zimbabwe was placed under the top ten countries with the current highest inflation rates in the world (World population review, 2022). Thus, both employers and employees in Zimbabwe are grappling with the effects of inflation on rewards and its subsequent impact on workspace morale.

The study seeks a reward criteria that achieves workspace morale in a hyperinflationary context, determine the relationship between the individual components of rewards (extrinsic, intrinsic, and social) and workspace morale in a hyperinflationary context. Specifically, the objectives were to:

- i. *Determine the link between extrinsic rewards and workspace morale*
- ii. *Determine the link between intrinsic rewards and workspace morale*
- iii. *Determine the link between social rewards and workspace morale*
- iv. *Determine the mediating effect of employee engagement on rewards and workspace morale.*

The research study followed a case study methodology based on numerical data (quantitative strands) that was collected using a self-administered questionnaire.

The following sections provide the relevant literature, development of the hypothesis, methodology and ends with the discussion and conclusion.

Literature Review

Theoretical and Conceptual Background

Several theories explain employee motivation, and one of the key theories is the Expectancy Theory by Vroom (1964). This theory is preferred due to its predictive nature regarding human workplace behavior. It fits the purpose of this study of explaining employee behavior with reference to workspace morale. This is complemented by putting forth the definitions of employee motivation; employee beliefs in outcomes; expectations about relationship between effort and reward; and rewards to individuals. Haque, Haque and Islam (2014) posits that the value of the rewards and the probability that the rewards depend on the effort are two factors that determine the efforts employee put in jobs.

Conceptual Background

Rewards can be viewed from three forms namely, extrinsic, intrinsic and social (Williamson, Burnett and Bartol 2009). To understand the full impact of rewards on employees, it is important to link each of the three forms of rewards to employee behaviour (Armstrong, 2009). This study therefore examines the link between each type of reward and workspace morale. As noted by Sun and Bunchapattanasakda, (2019), the gap is that previous studies have ignored the mediating role of employee engagement between Human Resource (HR) variables as most studies have been limited to people experiences and outcomes within the workplace. Further Aslam, Muqadas, Imran and Rahman (2018) posit that, studies that focus on the impact of employee engagement on real life challenges are scarce. In response to the concerns, this study examines the mediation role of employee engagement on human resource variables (rewards and workspace morale) for employees in a challenging environment (hyper-inflationary context). The employee engagement dimension extends the Social Exchange Theory (SET), that base the employee and employer relationship on mutual dependence and reciprocation. However, Truong and Barraket (2018) argue that where the employer cannot reward as expected, he can use employee engagement as a way of winning employees' hearts.

The instability of an inflationary environment presents an unpredictable situation that influence employee outcomes using rewards (Khan, Soundararajan, Wood, Ahammad, 2020). Gulyani and Sharma (2018) propose the use of a total reward model to counter the weaknesses of different types of reward in influencing workspace morale. Workspace morale is about positive employee attitudes attributed to the work environment (Khun & Gadanez, 2019). The extant philosophies used to explain the reward concept indicates a correlation between rewards and workspace morale (Papasotiriou, Skordoulis, Chalikias, & Sidiropoulos, 2019). However, the origins of the rewards concept can be traced to studies from the Anglo-American contexts that are financially stable (Gulyani & Sharma, 2018) and formal organisations that follow HRM best practice (Chênevert, Hill & Kilroy, 2022). There is therefore a gap in knowledge within developing economies that are hyperinflationary and dominated by organisations that do not follow model HRM practices. Exploring this concept at a time when Zimbabwe is experiencing one of the top inflation rates in the world is timely. However, the link between rewards and workspace morale could be strengthened by probing the mediation effect of employee engagement in the relationship (Papasotiriou et al, 2021).

The study therefore advances the existing incomplete knowledge of rewards and workspace morale relationship. Further, explores the mediation effect of employee engagement on the rewards and workspace morale relationship in a hyperinflationary context. The needs satisfaction model was useful in explaining the mediation effect of employee engagement on the rewards and workspace morale link (Khan, 1990; Truong & Barraket, 2018). This standpoint is a departure from the traditional views on the relationship of rewards and workspace morale whose space is dominated by social exchange and attribution theories (Blau, 1964). By researching into the mediating effect of employee engagement within the reward and workspace morale matrix, our view is novel as it provides an alternative interpretation of the rewards and workspace morale relationship within a hyperinflationary context.

Secondly, similar studies conducted earlier, delineated mixed views on the link between rewards and workspace morale (Huo, Boxall, & Cheung, 2020). It is thus important to understand the dynamics that could influence the way how employees interpret and react to employer rewards in a hyper-inflationary context. Given that rewards have been accepted in literature as the primary source of employee morale (Bozionelos et al, 2022, , Chênevert, Hill & Kilroy, 2022), we are of the view that their relevance can be tested to check their effect in an inflationary context.

Further, the survey explores the mediating effects of employee engagement on rewards and workspace morale. In this regard, the study expands knowledge relating to boundary conditions between employee engagement, rewards and workspace morale. Thus enhancing effective deployment of strategies that strengthen the reward and workspace morale relationship.

Hyperinflationary environment

A renowned economist, ‘Steve Henke’ noted that Zimbabwe’s inflation has soared to the top in the world, taking over the position from Venezuela (New Zimbabwe, 2022). The consumer price reached an all-time high in March 2022 (Trading economics, 2022). Accordingly, the Human Capital hub (2022) observed that some companies are managing employee rewards by paying critical staff in hard currency. Some organizations continue to review local currency salaries periodically in line with inflation rates. However, workspace morale continues to wane regardless of the efforts. The study explores the Zimbabwean context to determine reward solutions to workspace morale challenges. The concern for HR professionals is to reimagine a reward criterion that sustain workspace morale in a hyperinflationary environment.

Empirical Review and Hypothesis Development

The model hypothesises several relationships among variables in this study. Total rewards, extrinsic rewards, intrinsic rewards and social rewards are hypothesised to have a positive, direct and significant effect on workspace morale. Furthermore, employee engagement is hypothesised to mediate the relationship between total rewards and workspace morale. The hypothesized relationships are illustrated in figure 1 below.

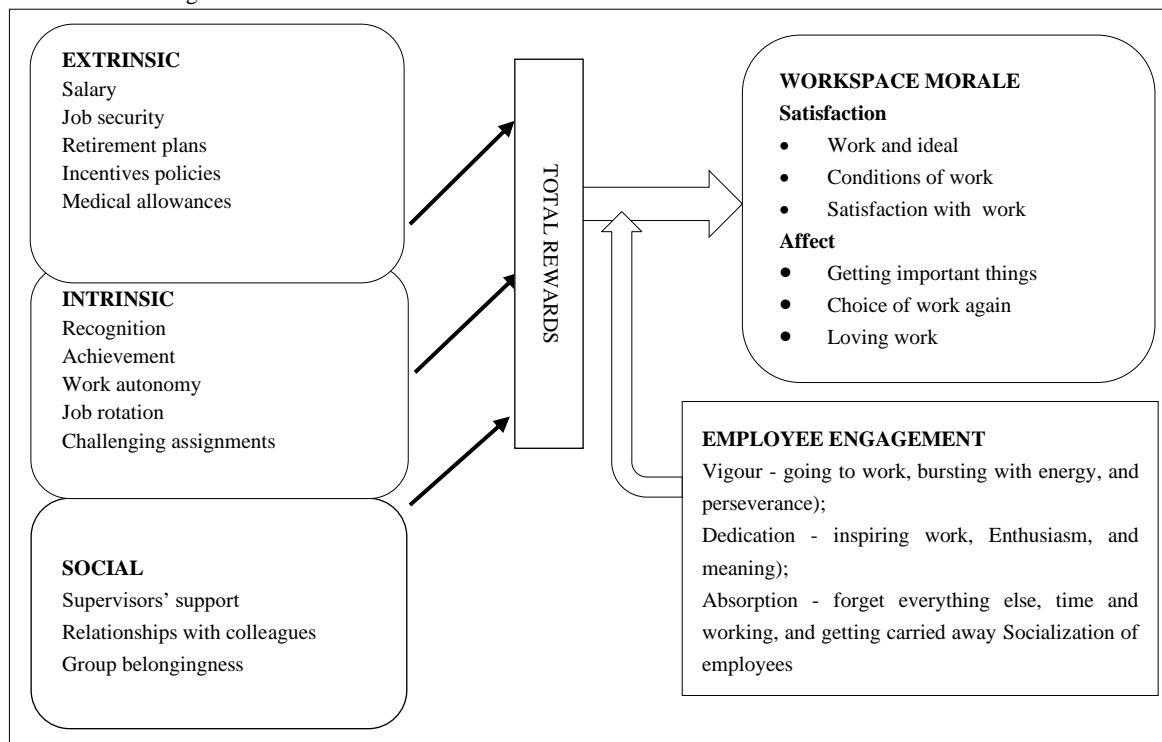


Figure 1: Conceptual Model of the Study; Source: Authors

Rewards and workspace morale

Appropriate rewards have been closely associated with workspace morale which in turn enhances talent retention and employee productivity (Chênevert et al, 2022). The need to strengthen the link between rewards and workspace morale cannot be overemphasized (Papasotiriou et al, 2019). The signaling theory by Spence (1973) as explained by Yasar, Martin and Kiessling (2020), explains how organizations can use rewards to stimulate workspace morale which may in turn trigger reciprocal loyalty levels. If employees are appropriately rewarded, workspace morale improves (Adams, 1965; Lawler, 1971; Vroom, 1964; Williams, Brower, Ford, Williams & Carraher, 2008). Views contained in the social exchange (Homan, 1958) and attribution (Heider, 1958) show a strong link between employee behavior and the rewards at stake. In a similar setting Caza, McCarter and Northcraft (2015) is concerned that most employers assume that all types of rewards are attractive all the time, yet some rewards can demotivate

employees. In responding to Caza et al (2015)'s concern, Chênevert et al (2022) posit that managers should adopt a participatory approach where employees have the freedom to select their individual reward preferences. Hence the reward strategy must recognize employee preferences to enhance their morale. This is consistent with the reasoning by Maslow's hierarchy of needs that emphasize the need to match rewards to individual needs (Maslow, 1970). Khan, Wood and Ahammad (2020) further posit that rewards should recognize contribution made towards organizational goals. Similarly, Bowen and Ostroff (2004) insist that the HR system should be designed to communicate signals on the organisation's value system to stimulate desired behaviour. Therefore, the soured relationship between rewards and workspace morale is difficult to settle in a challenging environment. The study therefore seeks to determine reward solutions that raise workspace morale in an inflationary context.

Workspace morale

Workspace morale is the level of employee motivation within the work environment that arise as a result of good working conditions. Low workspace morale is associated with high absenteeism, high turnover and low productivity while high workspace morale is associated with a happy and productive workforce. The employee self-concept theory can be used to explain workspace morale. The theory posits that, employees have the capacity to choose between happiness and sadness (Kinch, 1963). Employees choices are influenced by their employer treatment (Papasotiriou et al, 2020). We therefore argue that human resource professionals should deploy human resource practices that positively influence workspace morale. Similarly, the social exchange theory (Blau, 1964) argues that employee morale diminishes when the employer fails to satisfy employee expectations. Further, the uncertainty reduction theory provides an explanation on how employees can waste productive time on activities that seek to restore their confidence when their morale is threatened rather than focusing on productivity (Berger & Calabrese, 1975; Chênevert et al, 2022). Accordingly, there is need to expand research on eliminating the antecedents that threaten employee morale and focus on reward practices that have a positive effect on industrial harmony.

Extrinsic rewards

Extrinsic rewards can be viewed as factors that originate from the external environment (Herzberg, Mausner, & Synderman, 1959). Employer provided 'extrinsic rewards' arise from the employment contract and are tangible in nature (Salah, 2016; Thomas et al, 2017). Tasavori, Eftekhari, Elyasi and Zaefarian (2021) noted that companies operating in hyperinflationary contexts struggle to fulfil contractual obligations as a result labour disputes increase. Malek (2020) argues that *extrinsic* rewards can be classified into social, financial and recognition. He further asserts that the social and recognition class are more positively correlated to employee morale than the financial class. The behavioural theory argues that extrinsic rewards can be used as a tool to influence specific behavioural trends such as innovation, thereby promoting desired behaviour that supports the achievement of organisational goals (See Skinner, 1969). This study seeks to confirm or disconfirm the effect of *extrinsic* rewards on workspace morale in a hyper-inflationary environment.

H1a: Extrinsic rewards have a positive relationship with workspace morale.

Intrinsic rewards

Intrinsic rewards arise from the job itself, their motivational effect is from within the heart, and are sometimes referred to as job characteristics (Hackman & Oldham, 1976). The source of *intrinsic* rewards include, autonomy, role clarity, skill variety, job rotation and feedback. Activities that are associated with high intrinsic motivation have a positive correlation with workspace morale (Thomas et al, 2017). Deci (1971) in his Cognitive Evaluation Theory (CET) posits that a task becomes intrinsically motivating when it is self-rewarding. Environmental factors such as supportive relations enhance intrinsic motivation. Hence CET acknowledges the influence of managerial actions on intrinsic motivation such as effective communication and positive feedback. Employees that have high intrinsic motivation are likely to be more innovative than those with low intrinsic motivation (Huo et al, 2020). Learning from the SET (Blau, 1964), employees do not want to work if there is nothing of value for them. *Intrinsic* rewards inspire soft elements of the human side such as loyalty and commitment (Herzberg, 1959). The study seeks to establish the link between *intrinsic* rewards and workspace morale, hence the following hypothesis is proposed.

H1b: Intrinsic rewards have a positive relationship with workspace morale.

Social rewards

Social rewards emanate from interactions within the work environment that instill a sense of belonging such as healthy relations with co-workers and supervisors (Sala, 2016). *Social* rewards can be physical (tangible) or impalpable (intangible). Newman, Mayson, Teicher, and Barrett (2018) argues that tangible rewards foster feelings of belonging while intangible *social* rewards are elicited during interactions and are not physical. This includes acceptance as a member of the group by co-workers, a sense of mastery during interfaces. The effect of social rewards on employee motivation can be further buttressed by Bowlby (1982) in his attachment theory where he asserts that morale is bolstered when human beings maintain an emotional bond with the people around them. The tangible and intangible *social* rewards stimulate a sense of belongingness and well-being within employees and instill positive outcomes such as employee happiness and satisfaction at work. Employees enjoying *social* rewards are at ease with their supervisors and can interact with them without any fear (Thomas et al, 2017). Given that supervisors represent the owners of business, employees feel secure and

have an emotional attachment to the organization if the relationship with supervisors is cordial. The study propose the following hypothesis to determine the link between *social* rewards with workspace morale.

H1c: Social rewards have a positive relationship with workspace morale.

Employee engagement

Employee engagement is the state where employees enjoy work with high dedication, absorption and vigor (Arrowsmith, 2018; Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002). The phenomenon is associated with positive human resource outputs (Hyman & Grumbell McCormick, 2017), a disengaged workforce is a recipe for poor human resource outputs (Bailey, Madden, Alfes & Fletcher, 2017; Ismail, Wahab, Ismail & Latiff, 2019; Allam, 2017). Khan (1990) conceptualised *employee engagement* as a management approach that instil voluntary employee commitment and involvement (emotionally, physically, and cognitively) towards work. Sun and Bunchapattanasakda, (2019) in their review characterised *employee engagement* as consisting of constructs that represent progressive employee attitudes. Elsewhere, many theoretical frameworks have been used to explain *employee engagement* (Bailey et al, 2017; Ismail, 2019). However Sun and Bunchapattanasakda, (2019) posits that, the job demands resource model by Bakker and Demerouti, (2007), SET by Blau (1964) and needs satisfaction by Khan (1990) tops the list of topical employee engagement models. The needs satisfaction theory is linked to the seminal works of Khan (1990) that formed the foundations of the employee engagement concept hence it could assist in understanding the concept. The current study thus embraces findings from prior studies on the mediating effect of *employee engagement* on rewards and workspace morale. Hence we seek to confirm or disconfirm previous findings under a hyperinflationary context. The study thus proposes the following hypothesis.

H2: Employee engagement has a positive mediating effect on rewards and workspace morale.

Research and Methodology

Participants

The population for the study comprised 900 employees and managers of Bindura municipality in Zimbabwe. The sample size was based on Krejcie and Morgan (1970) table and it consists of 69 respondents from management and 200 respondents from non-managerial employees of Bindura municipality in Zimbabwe. The majority of respondents (55.5) were male, mostly below 40 years of age. Furthermore, 33.2% had various certificate, 13.7% diplomas and 18.0% had various degrees. The research was initiated by dispatching a letter to request for permission to conduct the study to the human resource director. The researchers then responded to the human resource director with instructions to identify 269 willing respondents who were constituted organisation-wide. A total of 269 questionnaires were hand delivered after administering the ethical consent form. A total of 214 questionnaires were returned and after preliminary review and cleaning 17 questionnaires were found with missing values leaving 197 analysable questionnaires thus, achieving a 73.2% response rate.

Measures

The study employed a structured questionnaire as the research instrument. The questionnaire employed the 6-point Likert scale of strongly disagree – 1; disagree – 2; slightly disagree – 3; slightly agree – 4; agree – 5; and strongly agree – 6. The questionnaire was made up of 4 constructs with a total of 29 observed variables. The dimension of total rewards with 13 indicators based on the Hulkko-Nyman, Sarti, Hakonen, and Sweins (2012)'s scale is divided into three constructs, namely Extrinsic reward (EXRE – 5 indicators), Intrinsic reward (INRE– 5 indicators) and Social reward (SORE– 3 indicators). The constructs are made up of the following indicators: Extrinsic (Salary, job security, retirement plans, incentives policies, and medical allowances), Intrinsic (Recognition, achievement acknowledgement, work autonomy, job rotation, and challenging assignments). Social (supervisors' support, positive relationships with colleagues, and group belongingness). Fourthly, employee engagement (EMEN) was measured using the Utrecht engagement scale as a dependant variable (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002). The indicators were classified into three categories and questions were asked in each of the identified constructs of employee engagement as follows: Vigour (going to work, bursting with energy, and perseverance); Dedication (inspiring work, Enthusiasm, and meaning); Absorption (forget everything else, time and working, and getting carried away). The three subscales formed a measure of the employee engagement. The fifth and last construct was workspace morale (WSMO) drawn from similar works (Page and Vella-Brodrick, 2009; Wu, Luksyte and Parker, 2015). The research utilised two commonly accepted scales to determine workspace morale. Firstly, Diener et al., (1985) satisfaction with life as adopted by Simon et al., (2010) to suit the work context determined employee workspace morale using two dimensions namely, satisfaction and affect: Satisfaction (work and ideal, conditions of work, and satisfaction with work). Secondly, in line with the Diener et al., (1985) affect scale as adopted by Choi and Lee, (2014) to determine the extent of positive affect with work (getting important things, choice of work again, loving work, and enjoying work).

Findings and Discussions

Findings

This section presents results in terms of means and standard deviations, Cronbach alpha, correlations as well as hypothesis testing. The means and standard deviations, Cronbach alpha as well as correlations are shown in table 1.

Table 1: Means, standard deviations, rank, Cronbach's alphas and correlations

Construct	Mean	Std. Deviation	Cronbach alpha	1	2	3	4	5	6
1 Extrinsic reward	3.72	1.493	.969	1					
2 Intrinsic reward	4.17	.963	.897	.025	1				
3 Social reward	3.95	1.130	.900	.019	.662	1			
4 employee engagement	3.94	1.007	.956	.050	.248	.325	1		
5 workspace morale	3.88	.979	.933	.116	.468	.451	.516	1	
6 Total reward	3.95	.817	.837	.628	.713	.732	.277	.463	1

Source: Authors

The descriptive statistics in table 1 above were inside tolerable range. Means computed except for extrinsic reward were above the Likert scale mean of 3.5 except for extrinsic reward meaning that: total reward, intrinsic reward and social reward were good, workspace morale was high and that employee engagement was positive. However, extrinsic reward had a mean below the Likert scale mean of 3.5 meaning was bad. The correlation indicated consistency of the proposed constructs and hypothesised connexion. The results further indicate favourable conditions for measuring the hypothesised relationships. The Cronbach's alpha value of between 0.837 and 0.969 were excellent, and exceeds the lower bound of 0.6 as recommended by Gibson (2017).

Hypothesis testing

Approach to analysis: To determine the direct effect of projected relationships, we relied on the linear regression analysis. Similarly on measuring the mediating effects, the traditional Baron and Kenny's (1986) view of computing mediation (indirect) effects was employed. Precisely, the study relied on the regression analysis and the Sobel (parametric tests to compute indirect mediation effects. The mediation effect is projected by a substantial change in coefficients as shown by upper and lower values of confidence intervals (CI) that excludes zero.

Direct effects

A series of regression analysis was used to test H1, H1b, H1c and H2.

Table 2: Linear regression on total rewards and workspace morale

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.880	.304		6.180	.000
	Total reward	.521	.078	.418	6.665	.000
R Square		.175				
F (1, 210)		44.427				.000

Dependent Variable: Workspace morale

Source: Authors

Model 1: in Table 2, the connexion of rewards and workspace morale. H1 presupposed a positive relationship between rewards and workspace morale. The connexion of rewards and workspace morale was analysed and the results indicated a significant relationship. ($R^2 = 0.175$, $F(44.427) = 1.210$, $p = .000$). The results suggested that, rewards influence workspace morale ($\beta = 0.521$, $p = .000$). Hence, H1 was supported.

Table 3: Multiple regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.567	.292		5.361	.000
	Extrinsic reward	.005	.038	.007	.123	.902
	Intrinsic reward	.335	.081	.332	4.159	.000
	Social reward	.226	.070	.259	3.236	.001
R Square		.294				
F (3, 208)		28.867				.000

Dependent Variable: Workspace morale

Source: Authors

Model 1(a): The results on linkage of *extrinsic* rewards and workspace morale are illustrated in Table 3 above. H1a proposed that extrinsic rewards have a positive relationship with workspace morale in an inflationary context. The association between *extrinsic* rewards and workspace morale was analysed and the results indicated an insignificant relationship $R^2 = 0.294$, $F(28.867) = 3.208$, $p = .000$. However, findings predict that *extrinsic* rewards ($\beta = 0.005$; is insignificant with a p-value of .902 which is > 0.01) have an insignificant relationship with workspace morale in an inflationary context. Hence, H1a was not maintained.

Model 1(b): The results on *intrinsic* rewards and workspace morale are illustrated in Table 3 above. *H1b* proposed that *intrinsic* rewards have a positive relationship with workspace morale in an inflationary context. The association between intrinsic rewards and workspace moral was analysed and the results revealed a significant relationship $R^2 = 0.294$, $F(28.867) = 3.208$, $p = .000$. Findings reveal that *intrinsic* rewards ($\beta = 0.335$; $p = .000$), have a moderate relationship with workspace morale. Hence *H1b* was reinforced.

Model 1(c): The results on *Social* payments and workspace morale are illustrated in Table 3 above. *H1(c)* proposed that *social* rewards have a positive relationship with workspace morale. The association between *social* rewards and workspace morale was analysed and the results revealed a significant relationship $R^2 = 0.294$, $F(28.867) = 3.208$, $p = .000$. The results suggested that high *social* ($\beta = 0.226$; $p = .001$) have a positive linkage with workspace morale. Hence *H1c* was supported.

Regression analysis and the Sobel test which show the findings of the mediation effect are shown in table 4. *H2* proposed that employee engagement mediates the linkage between rewards and workspace morale. Sobel test was thus used to measure the extent of mediation.

Table 4: Mediation analysis

Relationship	Direct effect without the mediator	Direct effect with the mediator	Indirect effect
Total reward → Employee engagement → Workspace morale	.376***	.146***	Significant mediated effect
***Significant at $p < 0.05$ level (2-tailed)			

Source: Authors

The total effect of Total reward on Workspace morale as shown in Table 4 was significant at path $F=0.376$. In terms of the indirect effects, the traditional Baron and Kenny's (1986) view of computing mediation (indirect) effects was employed. Using this method, the indirect effect of Total reward on Workspace morale through Employee engagement displayed weaker a path but was still significantly predictive of the hypothesized mediating variable. As the direct path from Total reward on Workspace morale (0.376, $p = .000$) was significant, it may be concluded that the effects of Total reward on Workspace morale are mediated only partially by Employee engagement. A comparison of the direct versus the indirect paths ($F'=0.376$ vs. $DE=0.315$) suggests that a relatively small part of the effect of Total reward on Workspace morale is mediated by Employee engagement. The results of the two tests (Regression and analysis and the Sobel test) statistically indicate a significant indirect effects on employee engagement. Hence *H2* was reinforced.

Discussion

The study sought to determine the linkage between rewards on workspace morale within a hyperinflationary environment in particular the Zimbabwean context. The findings as shown in table 5 below indicate that intrinsic and social rewards can improve workspace better than extrinsic rewards. Further, employee engagement has a key role in mediating the relationship between rewards and workspace morale in a hyperinflationary environment.

Table 5: Study hypotheses

Objectives	Hypotheses	Hypothesis test	Decision rule	Decision
To determine the link between extrinsic rewards and workspace morale	<i>H1a</i> proposed that extrinsic rewards have a positive relationship with workspace morale in an inflationary context	Pearson correlation $H_0: \beta_1 = 0$, $H_A: \beta_1 \neq 0$. $\beta_1 = 0.005$. Linear regression analysis	Reject H_0 if P- value ≤ 0.05 otherwise fail to reject H_0 if P- value is > 0.05	P- value = 0.902, rejected <i>H1a</i>
To determine the link between intrinsic rewards and workspace morale	<i>H1b</i> proposed that <i>intrinsic</i> rewards have a positive relationship with workspace morale in an inflationary context	Pearson correlation $H_0: \beta_1 = 0$, $H_A: \beta_1 \neq 0$. $\beta_1 = 0.335$. Linear regression analysis	Reject H_0 if P- value ≤ 0.05 otherwise fail to reject H_0 if P- value is > 0.05	P- value = 0.000, reject Accepted <i>H1b</i>
To determine the link between social rewards and workspace morale	<i>H1(c)</i> proposed that <i>social</i> rewards have a positive relationship with workspace morale	Pearson correlation $H_0: \beta_1 = 0$, $H_A: \beta_1 \neq 0$. $\beta_1 = 0.226$. Linear regression analysis	Reject H_0 if P- value ≤ 0.05 otherwise fail to reject H_0 if P- value is > 0.05	P- value = 0.001, reject Accepted <i>H1a</i>
To determine the mediating effect of employee engagement on rewards and workspace morale.	<i>H2</i> proposed that employee engagement mediates the linkage between rewards and workspace morale	Pearson correlation $H_0: \beta_1 = 0$, $H_A: \beta_1 \neq 0$. $\beta_1 = F'=0.376$ vs. $DE=0.315$ Linear regression analysis	Reject H_0 if P- value ≤ 0.05 otherwise fail to reject H_0 if P- value is > 0.05	P- value = 0.000, reject Accepted <i>H1a</i>

Source: Authors

As shown in table 5 above, *H1a* suggests that, extrinsic rewards do not enhance employee morale. This buttresses the observation by Tasavori et al (2021) who note that organisations in a hyperinflationary environment struggle to provide meaningful extrinsic rewards such as high salaries. However Malek (2020) argue that employers operating in a financially troubled context should resort to extrinsic

rewards that positively impact on intrinsic motivation such as recognition and social rewards. Since the employers struggle to match rewards to inflation, employee preferences shifts from extrinsic to intrinsic and social rewards. Hence the needs satisfaction theory argues that line managers should maintain a constant check of employee changing preferences to enhance workspace morale (Khan, 1990). This view bolsters the SET by Blau. (1964) which contends that, employee morale improves when rewards match their expectations. The quality of rewards offered by the employer transmit signals that sets organisation as an employer of choice in the labour market (Spence, 1973). Therefore HR professionals should design a reward structure that addresses challenges that are synonymous with hyperinflation.

In light of the failures of extrinsic rewards, H1b suggested a positive association between intrinsic rewards and workspace morale in a hyperinflation. This view is supported by Truong and Barraket (2018) who argue that, intrinsic rewards provide a strong source of motivation when the extrinsic rewards are failing. In line with the views by Deci (1971) in his CET, intrinsic motivation is found on the job itself hence it works well even in a financially depressed context. Herzberg, (1959) note that intrinsic motivation drives key values such as loyalty and commitment than extrinsic motivation. These values support a harmonious industrial relations climate that improves workspace morale. The above narration may indicate that, in a hyperinflationary context strengthening supervisory skills such as the ability to appreciate top achievers, giving employees challenging tasks is critical for enhancing workspace moral.

Apart from depending on intrinsic rewards, H1c showed that there is a significant relationship between social rewards and workspace morale in a hyperinflationary context. These findings are similar to the results of a study by Stefanidis et al, (2022) that indicate that the social environment determines the extent to which employees engage or disengage from the work environment. Mayson et al (2018) in defending the need for social rewards argue that, the social environment instil a sense of belonging which is critical for building a team. Bowlby (1982) supports the view by arguing that human beings feel more secure and motivated when they have a sense of attachment. Social rewards are therefore useful in inspiring workspace moral in a hyperinflationary context hence, social activities should be used to instil a sense of belonging amongst the employees.

H2 proposed that employee engagement intermediates the linkage between rewards and workspace morale. This study proved that employee engagement mediates a healthy relationship between rewards and workspace morale. This view is supported by Fredrickson, (1998) in the broaden- and-build theory that explains the importance of inspiring positive attitudes among team members when operating in challenging contexts. This study proved that engaged employees are self-motivated and do not need external influence to work. Hence, employee engagement debunks the SET that views the work relationship as a batter trade of labour and employer rewards (Blau, 1964). Employee engagement therefore represents an alternative to the traditional view of relying on employer rewards to stimulate workspace morale. The findings indicate that line managers in an inflationary context should thus step up the employee engagement drive and use the results to inform human resource strategies that enhance workspace morale. The findings demonstrated that employee engagement is an enabler of workspace morale. Further, the involvement of employees in the key decision making process is critical for gaining their support.

The findings in this study further contribute to talent management literature within businesses operating in high inflationary contexts such as Zimbabwe. Workspace morale has a contribution in the employee productivity matrix, hence appropriate rewards should be used to sustain morale during times of national crisis. Studying employee perceptions in Zimbabwe was timely, to reveal the impact of the current rewards on employee morale and determine the mediating factors that could strengthen the relationship between rewards and workspace morale. The findings of the research study ties the rigour-relevance gap and further contributed towards the following notional (theoretical) and real life lessons (practical).

Conclusions

The study significantly contributed towards the field of rewards, employee engagement and workspace morale literature. In the rewards sphere it demystified the social exchange theory that has been presented before as the bases for driving employee motivation for work. The study elevated the importance of gaining employee loyalty to improve workspace morale in a hyperinflationary context. By analysing the role of employee engagement in mediating the link between reward components (extrinsic, intrinsic and social) and workspace morale, the study strengthened the 'broaden-and-build' theory which advocate for positive attitudes when operating in difficult contexts such as the inflationary. Employee engagement demonstrated the power of engagement when managing teams, thus contributing to the literature in people management and positive psychology.

Line managers should focus on extrinsic rewards that have an impact on intrinsic motivation. There is need to explore reward options specifically supportive supervisory relations, work autonomy, role clarity, skill variety and regular feedback to improve workspace morale in a hyperinflation. Additionally, while some previous studies have magnified extrinsic rewards in removing dissatisfaction (Herzberg et al, 1959), the findings from this study show that employees are discontented with the extrinsic rewards in a hyperinflationary context. In such circumstances, rewards that appeal to human emotions such as intrinsic and social are ideal to sustain workspace morale. Given the stand-off between employees and management on extrinsic rewards in a hyperinflationary context, there is need for a participatory approach to managing rewards by engaging employees on reward decisions.

The participatory approach can further strengthen the engagement effort which has proved to be significantly related to both rewards and workspace morale. The results further demonstrate the importance of practices that win employee hearts to enhance commitment as opposed to external motivation in an inflationary environment.

The study viewed employee engagement as a mediating force between rewards and workspace morale but did not examine the bond longitudinally. The effect of the economic factors as variables and being time bound in nature may alter the view point as they can change in line with changing circumstances such as stability of the currency in the country. For example the link with employee engagement can be curvilinear or change position after a certain period of time. Similarly, workspace morale and its formation can also change after a while. Additionally, the perceptions in this study were gauged using a self-report instrument from respondents and this could cause common method bias. It is endorsed that another study is conducted to validate the findings utilising other rating scales to improve objectivity of the study.

Another weakness is that the sample was drawn from a single case, the presupposition that it has challenges that are similar to other companies could be wrong. Future studies could test the relative impact of rewards on institutional factors that are unique to each company. Further, diversifying data collection methods to include qualitative methods such as ethnography might provide the researcher with a personal feel of the impact of rewards in a hyperinflationary context such as Zimbabwe. The study focused on all employees without differencing their rankings and categories, future studies could compare perceptions of managers and non-managers, critical skills and non-critical skills.

This study focused on relationships that have been sporadically examined in the extant literature (the impact of rewards on workspace morale). This phenomenon could be expanded by further research that assess whether the observed links (the mediating effect of employee engagement on rewards and workspace morale) can be simulated in other contexts and better clarify these relationships. Realising the possibility of the existence of other factors that could mediate the studied relationship (rewards, employee engagement and workspace morale) we recommend further studies to examine additional variables such as work-life balance (Joo and Lee, 2017), positive work environment (Chaudhary and Rangnekar, 2017).

The study focused on a hyperinflationary environment using data from Zimbabwe, therefore the inferred results are context specific. Thus there is limited generalizability of the results on rewards and workspace morale in other hyperinflationary economies. We therefore call for other studies that replicate the current study as this could open opportunities for further refining the research framework with improved rigour from a diverse social, economic and cultural spectrum. In that regard, we recommend borrowing from Schreurs et al. (2014), and develop multi-level research designs as well as adopting a poly contextual approach (Tsui et al., 2007), to robustly contribute towards the impact of rewards on workspace morale at both individual and institutional level. Furthermore, the study analysed both male and female without separating the findings. Future studies could explore further to understand gender dynamics of workplace satisfaction.

The literature review on workspace rewards and workspace morale provided insights to support the link between the two human resource variables as found in previous studies. However the results from the empirical study showed a close association and revealed dynamics that can strengthen or weaken the rewards workspace morale in an inflationary environment.

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Appendix

Questionnaire

The linkage of rewards to workspace morale in a hyperinflationary environment.

The questionnaire is designed to establish the relationship between rewards and workspace morale within a hyperinflationary context or environment. The data collected from this study will be used for research presentations and publications. Taking part is voluntary, your identity, and answers will all be kept confidential to safeguard your privacy. The questionnaire consists of four sections and should take less than 15 minutes of your time. Indicate your choice of answer in the appropriate box with a tick (✓)

Thank you for taking the time to complete this survey. Should you have any questions, please feel free to contact: Dr Sam Sixpence +263775471893.

SECTION A: BIOGRAPHICAL DETAILS

1. What is your gender?

Male	1
Female	2

2. What is your age range?

< 25	26 -30	31-40	41-50	50 – 60	60 +
1	2	3	4	5	6

3. What is your highest qualification attained?

Below Ordinary Level	1
Ordinary/Advanced level	2
Certificate/ Diploma	3
Under Graduate Degree	4
Post Graduate Degree (Honors, Masters/PhD)	5

SECTION B: THE REWARDS AND WORKSPACE MORALE RELATIONSHIP

Reward Mix

On a scale of 1 to 5, where 1= Very Poorly, 2=Poorly, 3=Decently, 4= Well, 5= Very Well, indicate extent to which the reward mix enhance workspace morale in the organisation.

		Very poorly	Poorly	Decently	Well	Very well
RM1	Pay and recognition.	1	2	3	4	5
RM2	Supervisory support and skills development.	1	2	3	4	5
RM3	Supportive structure, responsible culture and authority.	1	2	3	4	5
RM4	Participation in goal setting, positive relationships with colleagues.	1	2	3	4	5
RM5	Employment contract, growth and status symbols.	1	2	3	4	5

Extrinsic Rewards

On a scale of 1 to 5, where 1= Very Poorly, 2=Poorly, 3=Decently, 4= Well, 5= Very Well, indicate extent to which the extrinsic enhance workspace morale in the organisation.

		Very poorly	Poorly	Decently	Well	Very well
ER1	Salary.	1	2	3	4	5
ER2	Work environment and conditions.	1	2	3	4	5
ER3	Job security.	1	2	3	4	5
ER4	Incentives.	1	2	3	4	5
ER5	Contract of employment.	1	2	3	4	5

Intrinsic Rewards

On a scale of 1 to 5, where 1= Very Poorly, 2=Poorly, 3=Decently, 4= Well, 5= Very Well, indicate extent to which the intrinsic rewards enhance workspace morale in the organisation.

		Very poorly	Poorly	Decently	Well	Very well
IR1	Recognition.	1	2	3	4	5
IR2	Praise and appreciation.	1	2	3	4	5
IR3	Job rotation.	1	2	3	4	5

IR4	Challenging assignments.	1	2	3	4	5
IR5	Work autonomy.	1	2	3	4	5

Social Rewards

On a scale of 1 to 5, where 1= Very Poorly, 2=Poorly, 3=Decently, 4= Well, 5= Very Well, indicate the extent to which the following social rewards enhance workspace morale in the organisation.

		Very poorly	Poorly	Decently	Well	Very well
SR1	Social status.	1	2	3	4	5
SR2	Supervisor's support	1	2	3	4	5
SR3	Organizational supportive culture..	1	2	3	4	5
SR4	Colleague relationships.	1	2	3	4	5
SR5	Group belongingness.	1	2	3	4	5

SECTION C: THE MEDIATING EFFECT OF EMPLOYEE ENGAGEMENT

On a scale of 1 to 5, where 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4= Agree, 5= Strongly Agree, indicate extent to which you agree/disagree with the following statements.

Vigour

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
V1	At work I feel bursting with energy.	1	2	3	4	5
V2	At my job I feel strong and vigorous.	1	2	3	4	5
V3	When I get up in the morning I fell like going to work.	1	2	3	4	5
V4	I can continue working for very long periods at a time.	1	2	3	4	5
V5	At my job, I am very resilient, mentally.	1	2	3	4	5

Dedication

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
D1	I find the work that I do full of meaning and purpose.	1	2	3	4	5
D2	I am enthusiastic about my job.	1	2	3	4	5
D3	My job inspires me.	1	2	3	4	5
D4	I am proud on the work that I do.	1	2	3	4	5
D5	To me, my job is challenging.	1	2	3	4	5

Absorption

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
A1	Time flies when I'm working.	1	2	3	4	5
A2	When I am working, I forget everything else around me.	1	2	3	4	5
A3	I feel happy when I am working intensely.	1	2	3	4	5
A4	I am immersed in my work.	1	2	3	4	5
A5	I get carried away when I'm working.	1	2	3	4	5

SECTION D: THE EXTENT OF WORKSPACE MORALE

On a scale of 1 to 5, where 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4= Agree, 5= Strongly Agree, indicate extent to which you agree/disagree with the following statements.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
WM1	Today, I liked the people I work with very much.	1	2	3	4	5
WM2	I felt very friendly toward my co-workers.	1	2	3	4	5
WM3	Today, I felt satisfied with my job.	1	2	3	4	5
WM4	Today, I feel enthusiastic about my job.	1	2	3	4	5
WM5	Today, I feel that I like my job better than the average worker does.	1	2	3	4	5
WM6	Today, in most ways my life was close to my ideal.	1	2	3	4	5

Thank you for taking the time to complete this survey!!!