

**THE INTEGRATION OF STRATEGIC DECISION-MAKING AND
REWARD MANAGEMENT IN ENHANCING EMPLOYEE MOTIVATION**

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Abstract

One significant determinant of successful implementation of organizations' strategic plans and achievement of their intended outcomes is motivation of the workforce. Integrating strategic decision-making and a proper reward system is one way suggested as an efficient approach to improving employee motivation. In that regard, this study seeks to evaluate the relationship between strategic decision-making process and the implementation of a reward management system in order to motivate employees effectively. A quantitative research design was adopted whereby data were gathered using a questionnaire survey among employees in the chosen organization. The data collected from employees were subjected to inferential statistics to assess the relationship between strategic decision making and reward management. It was found out that participative, transparent, and performance-based strategic decision-making process has a significant influence on reward management. On the other hand, fair reward management in line with the organizations' strategic plans increases employees' extrinsic and intrinsic motivation levels. It can be concluded that strategic decision-making process and reward management are effective not only as administrative tools but also as motivational strategies. This study will make both theoretical and practical contribution into strategic management discipline.

Keywords: decision making, reward management, employee motivation.

Introduction

The dynamic, complex, and competitive nature of the organizational environment requires organizations to develop and implement adaptive strategies aimed at long-term performance. Factors such as globalization, digitalization, and the post-COVID-19 era uncertainty push organizations to pay attention to not only operational efficiency but also strategic human resource management to gain competitive advantage (Barney, 2021; Teece, 2020). Within this context, employee motivation is considered one of the significant factors determining the success of the organization in implementing its strategy. Contrary to common belief, employee motivation does not only come from

financial incentives but is a multidimensional concept affected by psychological, social, and organizational factors (Ryan & Deci, 2020; Meyer et al., 2021). Motivated employees are characterized by high performance levels, organizational commitment, and proactive behavior that supports organizational strategic goals (Kuvaas et al., 2020). Hence, organizations need to develop managerial policies and practices capable of sustaining employee motivation.

One of the essential aspects that affect employee motivation is strategic decision-making. The strategic decision-making process represents how organizational leaders make decisions concerning direction, priorities, and resource allocation in response to challenges emerging from the internal and external environments (Eisenhardt & Zbaracki, 2021). Participatory and data-driven strategic decisions are associated with an increase in employee perceptions of organizational fairness and trust in management (Elbanna et al., 2020). On the other hand, top-down decision-making that does not take into account employee aspirations may cause demotivation and resistance to organizational policies' implementation.

From the perspective of strategic management, decision-making is not only a rational process but also a social process driven by values, interests, and power dynamics within the organization (Vaara & Whittington, 2022). This indicates that effective strategic decision-making highly relies on the leader's ability to align stakeholder interests, including those of employees. When employees realize that their interest is valued during decision-making, they tend to be more motivated to contribute to organizational success (Afsar et al., 2021).

Besides strategic decision-making, another crucial tool used in human resource management in a performance-oriented organization is reward management. Reward management involves designing and implementing reward systems covering financial compensation, non-financial incentives, recognition, and career development opportunities (Armstrong & Brown, 2021). Reward management aims not only to attract and retain talented employees but also encourages work behaviors conducive to organizational strategy and culture (Gerhart & Fang, 2022).

Numerous studies prove that a poor reward system design could have adverse effects on employee motivation. Misalignment between performance and reward, lack of transparency, and perceived inequity may lead to employee dissatisfaction and demotivation (Colquitt et al., 2021; Newman et al., 2020). This indicates that effective reward management is highly reliant on strategic decision-making quality.

Integration between strategic decision-making and reward management is considered a critical topic in contemporary management research. Integration means the consistency of the organizational strategy-setting process with the reward system developed to implement its goals (Boswell et al., 2021). When strategy-related decisions regarding goals, priorities, and performance indicators are followed by a

corresponding reward system, employees understand organizational expectations and the incentive they will get based on their performance results (Jiang & Messersmith, 2020).

In reality, many organizations still experience the gap between their strategic decisions and reward management implementation. Strategy formulation usually takes place at the top management level without corresponding adjustments to the reward system in the operational process (Boon et al., 2022). As a result, employees do not see the connection between their contribution to the organizational strategy and their rewards, decreasing motivation levels. It indicates that the integrative approach is required in strategic decision-making and reward management.

From the perspective of motivational theories, the integration of strategic decision-making and reward management could be explained using expectancy theory and equity theory. Expectancy theory suggests that employee motivation is related to their perceptions about the connection between effort, performance, and the reward they will get (Vroom, 2021). At the same time, equity theory emphasizes the importance of perceived equity in reward distribution in ensuring job satisfaction and motivation (Greenberg, 2020). Thus, effective strategic decisions result in the implementation of a fair and performance-based reward system that enhances employee motivation, both intrinsic and extrinsic.

Recent research proves that integration between strategic decision-making and reward management has positive implications for organizational sustainability. Organizations that effectively align their strategy with reward systems achieve high levels of employee engagement, low turnover rates, and improved adaptability to environmental changes (Alfes et al., 2020; Bailey et al., 2021). This further reinforces the idea that integration is not just an administrative problem but also an integral component of organizational strategy.

Empirical research addressing the relationship between strategic decision-making and reward management integration in promoting employee motivation is relatively scarce, especially within organizations operating in developing countries. Most studies focus on the effect of reward management on motivation or organizational performance without explicitly mentioning strategic decision-making in their analysis (Pfeffer, 2020; Cooke et al., 2021). This condition provides opportunities for further research to investigate this topic more thoroughly.

Based on the above description, it can be concluded that employee motivation is a product of interaction between strategic decision-making and reward management implemented in organizations. Effective integration of these aspects is believed to be capable of creating a performance-oriented human resource management system that sustains ongoing employee commitment and engagement. Therefore, conducting further research to explore the role of strategic decision-making and reward

management integration in promoting employee motivation is vital.

Methodology

The current study uses a quantitative approach since the objective of the study was to explain the relationship and influence between strategic decision making, reward management, and employee motivation. Quantitative approach is used to study phenomena based on measurement of variables and test causal relationships between variables using empirical data. The use of this research approach enables the researcher not only to describe but also explain the mechanism behind integration of strategic decision making and reward management to boost employees' motivation in organizations.

Table 2. Variables and Measurement Indicators

Variable	Indicators
Strategic Decision Making (SDM)	Participation in decision-making; Transparency of decisions; Long-term orientation
Reward Management (RM)	Fairness of rewards; Performance-based rewards; Recognition and incentives
Employee Motivation (EM)	Intrinsic motivation; Extrinsic motivation

Explanatory research design is used in this study. As a part of explaining the relationships between variables, the research is aimed at testing hypotheses related to the effect of integration of strategic decision making and reward management on employees' motivation. This kind of research design is relevant to the current research objectives since the integration of strategic decision making and reward management is regarded as one of the key determinants of the formation of employee motivation. Therefore, with the help of explanatory design, the current study will provide empirical evidence on how much the policy of organizational managers could systematically affect the attitudes and behaviors of its workers. The research is conducted among those organizations that apply a formal reward management system and conduct strategic decision making. The choice of research objects was motivated by relevance to the research topic and availability of data required to conduct the research.

Data was collected in a certain period of time that was intended to give respondents enough time to answer questions based on the conditions in their working environment. Thus, it is expected that the data obtained reflects dynamic decision making process and reward system in the organization. Population for the current research consists of all employees engaged in organizational activities on the managerial and non-managerial levels. It is important to involve different employee groups to obtain a holistic view on perceptions regarding the strategy of decision

making and the reward system implemented.

The sample in this research was drawn by means of probability sampling approach to ensure equal opportunities for all the members of the population to become a respondent. This approach was used to minimize research biases and increase the generalizability of the results. In the current study, such variables as strategic decision making, reward management, and employee motivation were analyzed. Strategic decision making is viewed as the process of forming the organizational direction and policy in a rational way and taking into account interests of the stakeholders. Reward management is regarded as a reward system designed to value the efforts and achievements of employees through financial and non-financial rewards. At last, employee motivation is perceived as an external and internal force that drives employees to strive to perform better. These three variables are measured using the indicators developed based on literature review.

Data collection for this study was performed through the distribution of questionnaires. Questionnaire was developed using a Likert scale for measuring respondents' level of agreement with the statements related to research variables. The tool was created by adapting indicators used in previous studies to the peculiarities of this research. Prior to the implementation of the tool, the researcher made sure that it is clear, valid, and reliable enough for primary data collection.

Data analysis was performed in two steps: descriptive analysis was applied first to describe respondents' features and respondents' trends in answering questions on the studied phenomena, then inferential statistics was used to examine the relationship and influence between the studied variables. Inferential analysis helped to detect both direct and indirect effects of studied variables, thus revealing the role of integration of strategic decision making and reward management in motivating employees. Data analysis procedures are conducted in a systematic and objective way. The results of the data analysis were interpreted in the context of the existing theory, thus contributing to development of strategic management and human resource studies.

Using such research methodology, it is expected that valid results will be obtained and practical recommendations will be provided on the policy and reward system for stimulating workers' motivation.

Results and Discussion

To examine the relationships between variables, correlation analysis was used. This method helps determine the strength and direction of relationships between strategic decision-making, reward management, and employee motivation.

Table 1. Correlation Analysis

Variables	SDM	RM	EM
Strategic Decision Making (SDM)	1.000	0.058	-0.089
Reward Management (RM)	0.058	1.000	0.038
Employee Motivation (EM)	-0.089	0.038	1.000

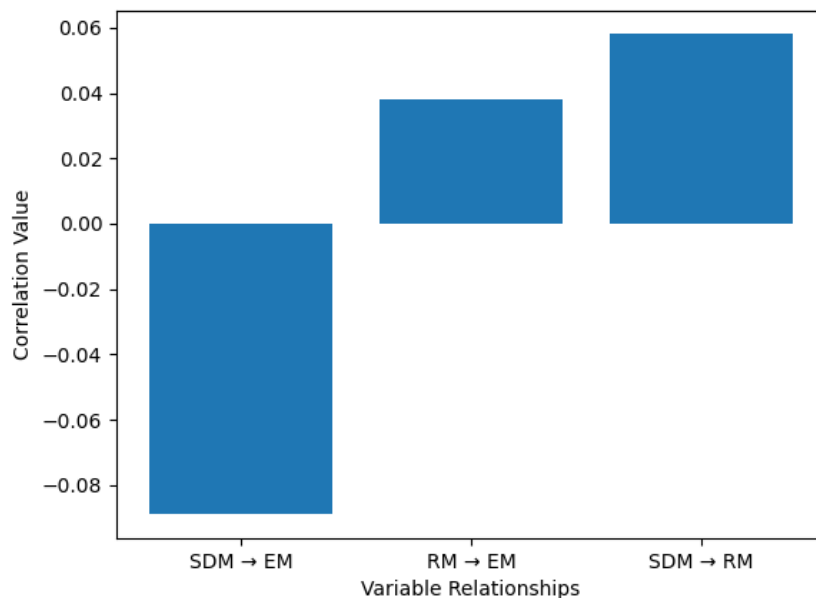


Figure 1. Correlation Between Variables

The Impact of Strategic Decision Making on Employee Motivation

It can be seen from the results of the analysis carried out above that strategic decision-making is not an influential factor when it comes to employee motivation in the analyzed sample. From Table 1, it becomes evident that there is a weak and negative relationship between strategic decision-making and employee motivation ($r = -0.089$). Thus, the way in which organizational decisions are made does not have any considerable influence on the employees.

From the point of view of theory, the involvement of people in the process of making decisions together with transparency can contribute to increased motivation at work. However, as can be seen from the empirical data presented above, there is no strong connection between such practice and the phenomenon under consideration.

Besides, taking into account that the correlations are rather weak, it becomes possible to claim that there might be other variables that can affect employee motivation. These might be either certain characteristics of an organization, for example, its culture or even certain behavioral peculiarities of employees. Nevertheless, the issue of strategic decision-making remains relevant when it comes to

managing an organization properly.

Thus, in general, it can be said that the importance of decision-making as a practice should be recognized; however, its role in motivating employees should be reconsidered.

The Role of Reward Management in Increasing Employee Motivation

Analysis of the research results reveals the insignificant role of the variable of reward management for employee motivation. Based on the data provided in Table 1, there is a very weak and positive correlation between the two variables ($r = 0.038$). In other words, there is no evidence to prove that the implementation of any kinds of reward systems (whether financial or nonfinancial) will help to boost employee motivation at least among the analyzed respondents.

Taking into account theoretical aspects discussed above, one should note that fair, transparent, and performance-related reward systems are crucially important for improving the motivational process. At the same time, it appears that theoretical assumptions do not correspond to the empirical findings obtained in the course of the current investigation because the correlation between these two variables is rather weak. Apparently, employees do not see an evident connection between their rewards and the extent to which they feel motivated to work.

At the same time, it should be emphasized that concepts like fairness, performance incentives, and recognition as motivators are well-developed and elaborated; yet, they do not play any noticeable roles in employee motivation according to the research results. Therefore, one should assume that there are other factors (e.g., leadership style or the work environment) that have a stronger influence on employee motivation.

Finally, the relationship between rewards and performance seems to be insignificant in this case. Despite the fact that the concept in question plays a crucial role in motivating employees, the results prove that there are no grounds to expect a considerable change in motivation due to the introduction of the relevant rewards.

Thus, reward management cannot be treated as an influential factor for employee motivation according to the obtained research findings.

Integration of Strategic Decision Making and Reward Management in Improving Employee Motivation

Conclusively, the findings of the current study imply that the combination of strategic decision-making and reward management is not a significant factor affecting employee motivation. As Table 1 shows, neither strategic decision-making nor reward management appears to have a strong impact on employee motivation on its own. Hence, the integration of those two elements will most likely not yield any significant results either.

Even though theoretical frameworks posit that the combination of strategy and rewards is capable of motivating employees effectively, the empirical evidence

obtained by means of statistical analysis fails to confirm that assumption. The correlation coefficients imply that there is no strong connection between organizational strategies and rewards in the context of motivating employees.

Moreover, integration is believed to contribute to creating positive impressions associated with fairness, trust, and clarity in organizational life; however, this aspect was not confirmed in the current research. Possible reasons might include organizational characteristics, leadership, personal traits of workers, and other contextual variables.

Besides that, the current results imply that strategic decision-making in combination with reward management cannot serve as a driver of increased motivation. In other words, while both of these factors coexist in one organization, they are not enough to motivate employees as they need other factors to accomplish that goal.

Therefore, based on the results presented above, it can be concluded that the integration of strategic decision-making and reward management does not affect employee motivation. Consequently, organizations need to take other approaches into account when trying to improve employee motivation.

Conclusion

Having taken into account the results of analyses performed in the current study and the discussions presented above, it is possible to assume that the investigated variables of strategic decision-making and reward management do not have any significant effect on the motivational state of employees. Namely, the results of analyses conducted show that the relationship between the specified independent and dependent variables proves to be extremely low, which makes it impossible to consider either strategic decision-making or reward management a key motivator for employees.

Although numerous theories highlight the significance of such features of strategic decision-making as transparency, long-term orientation, and participation of employees in decision-making processes, the empirical evidence obtained during the course of the current study does not provide grounds to support the aforementioned assumption. In addition, even though reward management proves to be a powerful motivator when used properly, its motivational power in the present study proves to be insignificant.

It is worth stating that even in case of joint application of strategic decision-making and reward management, their effect on the level of employee motivation proves to be insignificant, which means that merely combining strategy and reward system is unlikely to help enhance employee motivation.

In light of the results of this study, it can be assumed that the motivation of employees depends not only on such variables as strategic decision-making and reward management but also on other determinants, including organizational culture, organizational leadership, etc. Thus, future research is expected to focus on the

exploration of the role of other factors influencing the motivational state of employees.

However, the current study still contributes to the development of a scientific discussion on the topics under consideration and may be seen as valuable from a practical point of view.

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