Influence of Compensation and Rewards on Employee Performance and Employee Innovative Behaviour: A Mediating Role of Organisational Climate

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Abstract---Purpose: *The purpose of the study is concerned with determining the mediating effect of organisational climate in the relationship between compensation/ rewards & employee performance and with compensation/ rewards and employee innovative behaviour.*

Design/ Method: *The study has adopted a quantitative approach based on the survey conducted from 381 SMEs operating in Indonesia. The study has utilised SEM technique as the statistical analysis technique and performed the confirmatory factor analysis along with path analysis to determine the mediation effect.*

Findings: *The findings of this study suggests a partial mediating effect of organisational climate existed in the relationship between compensation/ rewards & employee performance and with compensation/ rewards & employee innovative behaviour.*

Limitations: *The study is purely based on the SME sector of Indonesia. With this regard, the study has limitations while applying the findings of this research to other sized companies and companies of different geographical locations.*

Keywords---*Compensation, rewards, employee performance, innovative behaviour, organisational climate*

I. Introduction

The human resource management function and responsibilities have emerged as an interesting and important field of interest in the context of the academic and corporate sectors. The study of Mitchell (2013), has also suggested that the strategic role of effective human resource performance has become a vital component in contemporary management literature. It has been because of the reason that human resource practices are being directly linked to the individual and overall performance of employees. Several modifications and advancements in the field of human resource management (HRM), significant changes have also been undertaken nonetheless, one of the major HRM functions is concerned with compensation and rewards. Compensation and rewards are being widely discussed in contemporary because of its high importance in adding variations in the performance among employees.

Provision of compensation and rewards is an essential component of high motivating and satisfied employees. This is the reason behind referring compensation and rewards as a high-performance HR practice. With reference to the findings of Van Esch (2016), high performing and effective human resource practices such as compensation and

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rewards are considered clinical in influencing and shaping the knowledge, competencies and behaviour of employees. Additionally, it has also been stressed by the researcher that implementation of an effective compensation and rewards mechanism becomes the source of high performing employees as the employees' level of satisfaction and motivation is fostered through this HR function. Drawing on literature, it can be observed that prior researchers have given considerable attention in comprehending the HR practices that aid in fostering innovation and high individual performance. Though contemporary literature has also considered training and development leadership styles, performance appraisal as an important measure in explaining the performance and behaviour of employees. However, the study of Hou (2017), has suggested employee behaviour and high performing attitude is dependent on different factors from which compensation and rewards are also being considered as the major source in terms of contributing to the high performance and innovative behaviour of employees.

It is evident that innovation among employees can be excelled through different HRM practices. However, it becomes important to discuss how important innovation is for the SMEs sector in order to improve innovation and creativity in their processes and procedures. The study of Agus (2015), has also suggested that the SME sector is considered as the sector of high competition. Moreover, it has also been discussed that SMEs are required to prioritised innovation and creativity because of the high competitiveness of the sector. In this regard, effective HR practices in the form of compensation and rewards are important to discuss while predicting the performance and innovativeness of employees.

Similarly, the SME sector of Indonesia is assumed as the critical sector for the country and is referred to as the major contributor to the total GDP of the country. The statistics provided by Ibscd (2019), suggest the revenue growth for the sector has experienced a growth of 9.3 % in 2018. Meanwhile, the profit of the sector grew to 23.35% thereby contributing to the 5.17 % GDP growth for the country. The aforementioned statistics provide insights into the importance and competitiveness of the SME sector in the context of Indonesia. However, the study of Azis (2017), has suggested that innovation and creativity are considered as the key element in driving competitiveness especially in the context of the SMEs sector.

In the realization of this, the current study intends to shed light on the factors contributing to innovation and high performance by means of effective HR practice such as compensation and rewards. Drawing on the literature, it is evident that rewards and compensation lead to high employees' satisfaction and motivation. With reference to the findings of Sembiring (2016), human resource knowledge and skills are considered clinical in providing a firm with a competitive edge. The study conducted in the context of Medan City, Indonesia confirms the relationship between the human resources knowledge and skills with the individual and overall performance of the unit. However, the study lags significantly in providing insights pertaining to how the skill and knowledge of employees are fostered. Moreover, the study of Sani (2012), has suggested organizational climate as the important variable in comprehending the effect of compensation and rewards on competency development. Since innovation is considered as the key element for fostering the competitiveness of individual and organizational capabilities therefore, it becomes important to determine the role of organisational climate in developing employee innovative behaviour and performance. In this sense, the following study intends to evaluate the mediating role of organisational climate in the relationship between compensation and rewards with employee innovative behaviour, and with employee performance for the case of the SME sector of Indonesia.

II. Literature Review

Drawing on literature, human resources must be deemed as the essential strategic source while approaching sustain competitive advantage. The findings of Zhou (2011), is consistent with this and suggest effective HRM practices are clinical for employee performance. Meanwhile, the study also suggests that the role of HRM is generally assumed to be the management function that deals with hiring and recruiting employees. However, the study of De Lange (2015), has contradicted this viewpoint with the supposition that HRM function has become more integrative to achieve a competitive edge. The study also suggests that the influence of effective HRM practices is observed as the fundamental source behind achieving the competitive as the employees are considered as the cornerstone for an organisation whose competencies drive productivity and sustained competitive advantage to an organisation. Nonetheless, the study has also suggested that the business environment has become more dynamic. Additionally, it has become more challenging for businesses to remain competitive in this rapidly changing business environment. However, the study of Rahman (2013), has suggested that businesses that can foster and drive innovation among their workplaces and organisational processes are successful in achieving a competitive edge. With regard to this, it can be stated that organisations achieve a competitive advantage when innovation and creativity are excelled within an organization.

With reference to the findings of Arrowsmith (2013), the primary role of the HRM function is concerned with enhancing productivity, competencies and overall performance of employees. In this sense, the HRM function of businesses of today's era is more centred on implementing such policies and HR practices that can aid in enhancing the innovation and competencies of employees. More specifically, the study of Yamoah (2013), has suggested that effective HR practices such as compensation system and reward are considered essential in enhancing the competencies and eventually employee performance. In this aspect, the following hypothesis can be devoted:

H1: Compensation and rewards affect Indonesian employee performance significantly.

While considering the findings of Kehoe (2013), it can be stated that effective HR practices are clinical in developing the desired working attitude among employees. It has been because of the reason that HRM by means of effective practices directs and manages the workforce accordingly. Similarly, the study of Van Esch (2016), is also concerned with determining whether effective compensation and rewards influence the working attitude and behaviour of the workforce. It has been because of the reason that by means of effective HR practices such as rewards and compensation, employees demonstrate more tendency of working with more commitment and dedication. This consequently results in developing a positive working attitude and behaviour among employees.

In the context of the SME sector, it becomes more essential to consider the innovativeness and creativity in the workforce (Kaliappen, Nu'Man, & Jermsittiparsert, 2019). It can be validated through the findings of Lasagni (2012), innovation among SMEs is considered a vital aspect for enhancing the competitiveness of firms. However, the statement of Xerri (2013), suggests that innovation is fostered by means of developing innovation workplace behaviour among employees. With reference to the findings of Bysted (2013), employee innovative behaviour is deemed as the tendency of the employee in developing a working behaviour or attitude that forms the basis of innovation and lead to developing new products and services by thinking innovatively. However, it has been discussed, the developing employee innovative behaviour is subject to effective HR practices such as compensation and rewards because employees can merely be able to think and perform with more innovation and creativity when employees are satisfied, motivated and well-committed with the organisation.

H2: Compensation and rewards affect the Indonesian employee innovative behaviour significantly

As the dynamics of businesses are changing rapidly, therefore it has become more important for businesses to develop and initiate such HR practices and policies that can contribute to increased human resource skills, competencies and skill. It has been due to the reason that when employees are managed adequately, the competencies of employees and working behaviour can be improved (Shields, 2015). However, with regards to the findings of Naharuddin (2013), it can be stated that employee's performance and competencies can also be improved when employees are facilitated with an adequate work environment. Similarly, while considering the findings of Prieto (2014), it can also be stated that when employees are facilitated with the innovative workplace or environment, their tendency to enhance creativity and innovation in their working behaviour and also enhances.

H3: Organisational climate significantly mediates the relationship of compensation and rewards with employee performance

Moreover, it has already been discussed that the workplace environment and culture is reflected by human resource practices. In realisation of this, HRM is centred towards developing an environment that can contribute to the high performance of employees. The prime purpose of HRM is to attain a high performance of employees that can help the organisation in achieving the aim and objectives. However, it has also been discussed that HR intends to follow the effective HR practice that can drive high performance of employees. Consequently, it can be stated that one of the effective HR practices is being preferably followed in order to develop the workplace environment which can facilitate employees in achieving high performance. With regard to this, the notion of organisational climate becomes important to discuss while predicting employee performance. The study of Schneider (2013), defines organisational climate as the shared perception of employees or reflecting organisational norms having the tendency to significantly influence the motivation and satisfaction level of the employee along with employee performance. Therefore, the following hypothesis can be deducted:

H4: Organisational climate significantly mediates the relationship of compensation and rewards with innovative behaviour

III. Theoretical Framework

The following study deals with the provision of compensation and rewards meanwhile, analysing its effect on employee performance, employee innovative behaviour in the presence of the mediating role of organisational climate. As the study is centred towards the provision of compensation and rewards and in determining its effect therefore, the study can be supported with Maslow's Hierarchy of Needs. The theory of needs suggests that employee motivation is dependent on certain factors or needs that satisfy the needs of employees and eventually make them motivated. The theory of needs suggests five needs driving employee motivation and are identified as physiological needs, safety needs, love and belongingness, self- esteem and self-actualization (Robertson, 2016). In the context of this research, the Maslow hierarchy of needs can support the context of the study in a manner that the compensation and rewards do not merely fulfil the physiological needs however, at the same time it also fulfils the criteria for self-esteem. The theory suggests that when the needs of employees are fulfilled, this motivates employees thereby enhancing their performance and develops innovative behaviour.

IV. Conceptual Framework

The conceptual framework of the study has been presented as follows where the independent construct is compensation and rewards, the mediator is organisational climate while there are two dependent variables in this study that are employee performance and employee innovative behaviour.
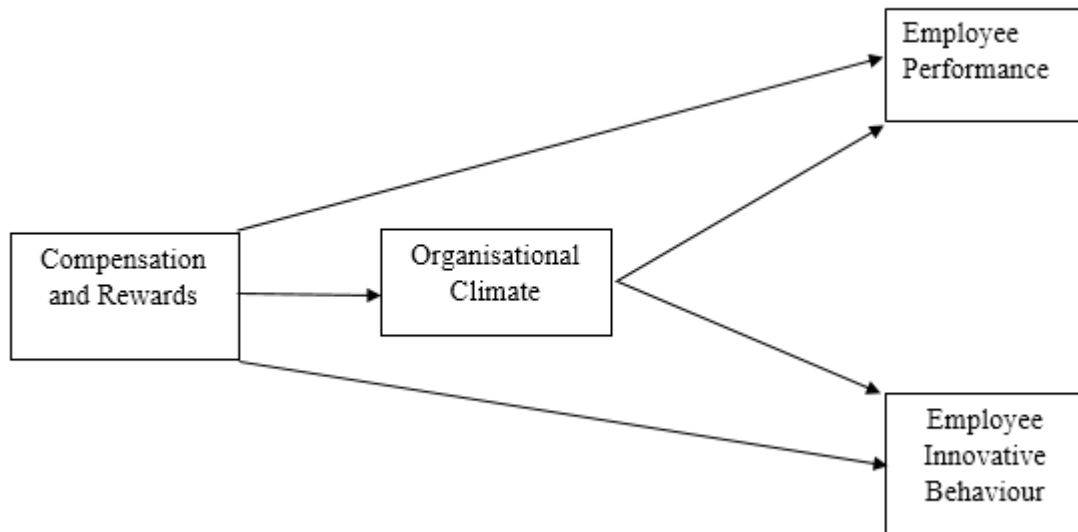

Figure 1. Conceptual Framework

V. Research Design/ Methodology

Data Collection Procedure

The following research uses quantitative research design because the effect of rewards along with compensation on both employee performance and their creative and innovative behaviour is under research. In addition, the testing of mediation analysis also requires a quantitative assessment (Hayes, 2017). Therefore, the data has been accumulated from the employees working in SMEs of Indonesia. The SMEs targeted in this research belonged to different industries, for instance, IT service, pharmaceutical, and other manufacturing and service industries. In terms of accumulating the data, the researcher approached some people physically while some were approached virtually using online survey platforms. The ones who were approach physically were provided assurance regarding anonymity and confidentiality. Given this, the population of this research was based on employees working in different departments of SMEs of Indonesia, therefore, the population cannot be estimated correctly. In this manner, the sample size has been calculated using the formula which is used for the computation with the unknown population as proposed by Mosteller, Fienberg, & Rourke (2013) as well. The calculation has been done as follows:

$$n = \frac{z^2 \times p \times q}{e^2}$$

$$n = \frac{(1.96)^2 \times 0.5 \times (0.5)}{(0.05)^2} = 384$$

In the equation presented above, 'z' is the standard score at 5% level of significance that is 1.96, 'p' is the targeted proportion which is 0.5 while 'q' is remaining population proportion which is also 0.5. Moreover, 'e' is the error considered in this study which is 5% implying 95% of confidence level. On the basis of the calculation, the sample is computed to be 384, therefore, the targeted sample was more than the one generated by the formula and that was 411.

Sampling Technique

The researcher targeted SMEs which implies that the number of workers would be 200 to 250 on average OECD (2002), therefore, targeting large sample was challenging. This depicts that the researcher has used a convenience method of sampling which is a non-probability sampling technique. In non-probability sampling, the participants of the study are not given equivalent chances. The underlying reason for choosing convenience sampling was the accessibility issue. However, the researcher managed to accumulate 385 responses yet some were incomplete and ineligible to be incorporated in this research. Therefore, the usable responses were 381 implying that the response rate of the study was 93.67% which after the removal of ineligible responses reduced to 92.7%.

Instrument

The instrument used in this study is a survey questionnaire which comprised of close-ended questions. The questions were based on a 5-point Likert scale that ranged from strongly disagree to strongly agree. Furthermore, the survey questionnaire was based on four variables that were present in the conceptual framework of the study. Each of the undertaken variables had 3 items upon which the analysis was done. Therefore, the responses have been accumulated with the mentioned instrument.

Data Analysis Technique

The data analysis technique that has been used in this study is Structural Equation Modelling (SEM) modelling which is further fragmented into Confirmatory Factor Analysis (CFA) and path analysis. The research conducted by Whittaker (2011) asserted that SEM modelling can be deemed as a part of causal modelling and this can be further deemed as a benefit of this model over the mainstream models. In addition, the analysis is conducted using diagrammatic analysis. In CFA, the analysis of the factors and variables is conducted specifically using composite reliability, convergent validity, composite reliability and discriminant validity. However, the use of path analysis is conducted to evaluate the direct effect, indirect effect and mediating effect. In addition, the analysis has been conducted using SmartPLS 3.0 which uses partial least squares technique to compute the values.

VI. Analysis and Results

Confirmatory Factor Analysis (CFA)

In order to conduct CFA analysis, the researcher has tested the latent constructs and the relative items. The factor loadings have been firstly analysed where the threshold is considered to be 0.6 as stated by the study of Brown (2015). In this concern, all the factor loadings of all the variables can be deemed as reliable and further analysis can be conducted on it. In addition, the latent construct reliability has been tested with the help of Cronbach Alpha and composite reliability. The study carried out by Vinzi et al., (2010) implied that the minimum acceptable value for both the metrics is 0.6. In this essence, all the latent constructs can be regarded as reliable because the computed value of

compensation and reward (CR), employee innovative behaviour (EIB), employee performance (EP) and organisational climate (OC) are computed to be 0.676, 0.838, 0.656 and 0.622 respectively in terms of Cronbach Alpha while in the context of composite reliability, the values are computed to be 0.823, 0.901, 0.813 and 0.798 respectively.

On the other hand, convergent validity is used to analyse how much the constructs are related to each other. The research carried out by Schmitt (2013) implied that the threshold for AVE which is used for testing convergent validity is 0.5. The variables of the study that are CR, EIB, EP and OC have AVR 0.61, 0.75, 0.59 and 0.57 respectively. This entails that all the latent constructs of the study possess convergent validity. The results discussed in this section have been presented in Table 1 while the results can also be seen in the measurement model illustrated in Figure 2.

Table 1: *Reliability and Convergent Validity of the Constructs*

Latent Constructs	Items	Factor Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Compensation and Rewards	CR1	0.706	0.676	0.823	0.610
	CR2	0.837			
	CR3	0.794			
Employee Innovative Behaviour	EIB1	0.796	0.838	0.901	0.752
	EIB2	0.912			
	EIB3	0.890			
Employee Performance	EP1	0.808	0.656	0.813	0.594
	EP2	0.845			
	EP3	0.644			
Organisational Climate	OC1	0.700	0.622	0.798	0.570
	OC2	0.759			
	OC3	0.803			

The researcher has tested the relationship between the variables in terms of convergent validity, however, discriminant validity is also necessary. According to the study of Hair et al., (2016), the distinct nature of the variables can be examined with the help of discriminant validity where the values should not exceed 0.9 in the case of HTMT ratio (Hadžikadić & Avdaković, 2018). The researcher of this study has also used HTMT ratio and the results have been presented in Table 2. The highest computed value is between EP and CR which is 0.86, therefore, all the values can be deemed as below 0.9 and all the constructs possess discriminant validity.

<div align="center">Table 2: Discriminant Validity</div>

	Compensation and Rewards	Employee Innovative Behaviour	Employee Performance
Employee Innovative Behaviour	0.598		
Employee Performance	0.861	0.842	
Organisational Climate	0.777	0.632	0.736

Path Assessment

Subsequent to the factor assessment, path modelling has been conducted to analyse the mediating, direct and indirect effects. It has been found from the analysis that the direct effect of CR on EIB is computed to be positive and significant (B=0.301; p-value=0.000< 0.01). In addition, the effect of CR on the EP is also positive and significant (B=0.450; p-value=0.000< 0.01). The effect of CR on the mediator OC is also computed to be statistically positive and significant (B=0.500; p-value=0.000< 0.01). Moreover, OC also affects EIB positively and significantly (B=0.325; p-value=0.000< 0.01) while OC also impact EP in a similar manner (B=0.260; p-value=0.000< 0.01). The results have been depicted in Table 3:

<div align="center">Table 3: Path Analysis (Testing Direct Effect)</div>

	Path Coefficient	T Statistics	P Values
Compensation and Rewards -> Employee Innovative Behaviour	0.301***	4.666	0.000
Compensation and Rewards -> Employee Performance	0.450***	8.257	0.000
Compensation and Rewards -> Organisational Climate	0.500***	10.435	0.000
Organisational Climate -> Employee Innovative Behaviour	0.325***	4.877	0.000
Organisational Climate -> Employee Performance	0.260***	3.702	0.000
***: significant at 1%			

For testing mediation, the results of specific indirect effects have been generated and presented in Table 4. The indirect effect of CR through OC on EIB is computed to be positive and significant (B=0.162; p-value=0.000< 0.01). The indirect effect of CR on the EP through OC is also computed to be positive and significant (B=0.130; p-value=0.002< 0.01). Overall, the mediation of OC in both cases is computed to be partial because the direct effect is also computed to be significant.

<div align="center">Table 4: Specific Indirect Effect Testing</div>

	Path Coefficient	T Statistics	P Values
Compensation and Rewards -> Organisational Climate -> Employee Innovative Behaviour	0.162***	3.847	0.000

Compensation and Rewards -> Organisational Climate -> Employee Performance	0.130***	3.107	0.002

Other than testing direct, and specific indirect effect, total effects have been further computed where the total effect of CR including OC's effect on EIB is significant (B=0.464; p-value=0.000< 0.01). The case with CR on EP including OC is similar (B=0.580; p-value=0.000< 0.01). The positive effect implies that with the increment or enhancement in the independent construct, the dependent variable would improve. Therefore, enhancement on the compensation by Indonesian SMEs along with rewards would lead to better employee performance and their innovative behaviour at work. The results of total effects have been depicted in Table 5:

Table 5: *Total Effect*

	Path Coefficient	T Statistics	P Values
Compensation and Rewards -> Employee Innovative Behaviour	0.464***	11.982	0.000
Compensation and Rewards -> Employee Performance	0.580***	17.874	0.000

The quality of the constructed model has been tested with the help of R-squared while the comparative analysis between the models can be done better with adjusted R-squared. The variance in CR and OC is explaining 29.4% variance in EIB. However, in the case of EP, the variance explained is better and that is 38.7%. The explained variance in the internal model is computed to be 25%. Comparatively, the adjusted R-squared is computed to be 38.3% where the dependent construct is employee performance which is followed by EIB and OC with 29% and 24.8% respectively. The results have been illustrated in Table 6.

Table 6: *Examining the Quality of the Model*

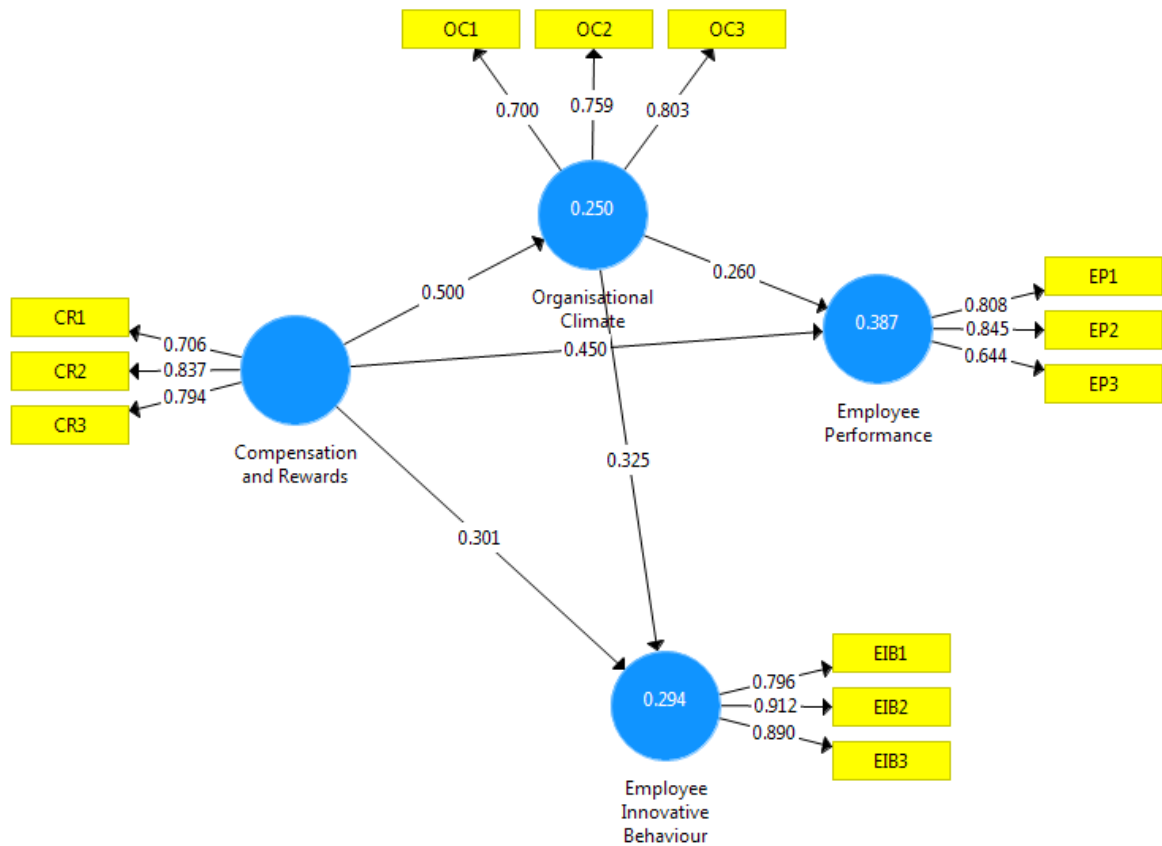|	R Square	R Square Adjusted
Employee Innovative Behaviour	29.4%	29.0%
Employee Performance	38.7%	38.3%
Organisational Climate	25.0%	24.8%

Figure 2: Measurement Model of the Study

VII. Hypotheses Assessment Summary

The hypotheses that had been constructed previously have been summarised as follows in Table 7. It has been found that all hypotheses are accepted while in the case of mediation, partial mediation is found of OC between the dependent and independent constructs.

Table 7: *Analysis Summary of Hypotheses*

Hypotheses	Statement	Results
H_1	Compensation and rewards affect the Indonesian employee performance significantly	Accepted
H_2	Compensation and rewards affect the Indonesian employee innovative behaviour significantly	Accepted
H_3	Organisational climate significantly mediates the relationship of compensation and rewards with employee performance	Accepted (Partial Mediation)
H_4	Organisational climate significantly mediates the relationship of compensation and rewards with innovative behaviour	Accepted (Partial Mediation)

VIII. Recommendations

On the basis of the obtained findings, the following recommendations can be essential for SMEs operating in Indonesia.

- The study has found a direct effect of compensation/ rewards on employee innovative behaviour thereby indicating the discussed HRM function is clinical in fostering innovative behaviour among employees. In this regard, there is always a need for an organisation to develop such a compensation and reward mechanism whose aim to enhance the level of motivation and satisfaction of employee thereby enhancing the performance of employees.

- The study has also found a direct effect of compensation/ rewards on employee innovative behaviour. This suggests SMEs foster innovation and creativity within organisations in order to enhance the individual performance of employees. Improving compensation/ rewards mechanism and adding more integrity in the process can direct employees towards innovative work practices.

- The study has found the mediating effect of organisational climate in the relationship between compensation/ rewards % employee performance and compensation/ rewards % employee innovative behaviour. This suggests the importance of considering the organisational climate while targeting high employee performance and employee innovative behaviour. Therefore, in order to foster innovation, SMEs are required to develop such a workplace environment that can facilitate compensation/ rewards leading to high employee performance and employee innovative behaviour.

IX. Conclusion

The current study deals with the analysis of the mediation effect of organisational climate in the relation between compensation/ rewards & employee performance and compensation/ rewards with employee innovative behaviour. The study approached the SMEs sector of Indonesia in order to determine and valid the concerned research phenomenon. The study has adopted the SEM technique as the statistical analysis technique in order to execute the confirmatory study for the self-administratively developed survey questionnaire. Meanwhile, determining the direct and indirect effect to determine the mediating effect was also the main aim behind conducting this research.

It has been discussed in the study that employee compensation/rewards are considered as the one primary and effective human resource function that significantly contributes to enhancing the satisfaction and motivational level of employees. The study has also been supported by Maslow's Hierarchy of Needs in order to support the research phenomenon being studied. The findings of this study suggest that organisational climate mediates the relationship between compensation/rewards and employee innovative behaviour in the context of the SME sector of Indonesia. Additionally, the mediating effect on another dependent variable i.e. employee performance has also been determined. The findings of the study suggest that organisational climate also mediates the relationship between compensation/rewards and employee behaviour.

It has been discussed in the study that the SME sector of Indonesia contributes significantly to the total GDP of the country. Meanwhile, it has also been discussed that one of the major sources of competitiveness for the sector is concerned with innovation and creativity which provides a competitive edge to SMEs. Therefore, the HRM function is centred on implementing effective human resource strategies in order to foster the element of innovation within the organisation. In this sense, the study has also intended to examine whether compensation/ rewards establishes a positive association with the employee innovative behaviour. On the basis of the findings, it can be stated the

compensation/ rewards establishes a positive association with the employee innovative behaviour. Moreover, the current study is also concerned with the analysis of the influence of compensation/ rewards on the employees' performance. The finding of the study also reveals that there is a positive association between compensation/ rewards and employee performance. The study suggests that compensation/ rewards are an effective HRM function that also establishes a positive association with employee performance. The reason behind this is that the motivation and satisfaction level of employees is subject to rewards and compensation which is provided to an employee. Moreover, it can also be stated that compensation and rewards also encourage an employee to demonstrate more devotion and dedication with his/her work which consequently enhances the overall performance of an employee.

Furthermore, the study also concludes that organisational climate which is defined as the shared vision of employees' perception pertaining to organisation norms and workplace environment. The findings of this also suggest that organisational climate partially mediates the relationship between compensation/ rewards and employee innovative behaviour and compensation/ rewards on employee performance. Therefore, the notion of organisational climate can be referred to as the necessary element while approaching high employee performance and in developing employee innovative behaviour.

X. Limitations and Future Research Directions

Despite the fact that this research underpins Indonesian SMEs, it has certain limitations that have sanctioned the scope of this research. Some of the most prominent ones have been highlighted as follows:

- The sample size considered in this research is limited to the employees working in SMEs of Indonesia. Therefore, in future, the sample can be enhanced to further examine the relationship and effect.

- This research underpins the geographical bounds of Indonesia only. Considering this fact, the future researches con be conducted in other regions, like Malaysia, China, Thailand or developed countries.

- This research is limited to the assessment of SMEs, hence, it has implications for future researchers that MNCs can be further considered in future for evaluation.

- In terms of compensation, only one factor has been undertaken in this research while in future other dimensions can be explored, for instance, non-monetary incentives and exemplary training to the employees.

In addition, this research underpins the quantitative aspect of assessment, therefore, the analysis is conducted on the basis of empirical evidence. This implies that for future researchers, there is room for improvement to incorporate both qualitative aspect along with quantitative assessment or to conduct qualitative assessment only.

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APPENDIX

S.No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Compensation and Rewards					
01	Compensation and rewards foster a positive working attitude and behavior of employees.					
02	Compensation and rewards are a source of motivation for employees to think innovatively.					
03	Compensation and rewards develop a positive perception of employees regarding the workplace environment.					
	Organisational Climate					
04	Organisational climate influence individual employee performance.					
05	Organisational climate helps in developing employee innovative behavior.					
06	Healthy organisational climate fosters employee motivation and satisfaction leading to high performance.					
	Employee Innovative Behaviour					
07	Employee innovative behavior is the employee's tendency to develop new products and services					

	and is influenced by the workplace environment.					
08	Employee innovative behavior becomes dependent to compensation and rewards they are provided with.					
09	Employee innovative behavior is essential in enhancing individual and overall competitiveness.					
	Employee Performance					
10	Employee performance is influenced by the compensation system and rewards.					
11	Employee performance is enhanced through the positive perception of employees regarding the workplace environment.					
12	Employee performance is distinct because of the innovative workplace climate.					