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Original Contribution

Total Rewards as a Driver of Employee Performance: An HRM-Based Analytical Literature Review

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An effective Total Rewards System is a vital HRM strategy for attracting, retaining, and motivating employees to enhance organizational performance. This study conducts an extensive literature review to examine the relationship between total rewards, motivation, and employee performance. A thorough analysis of multiple research studies reveals a strong positive correlation between these components, indicating that well-structured total rewards significantly enhance employee motivation and, in turn, boost performance levels. Increased motivation leads to higher productivity, innovation, and overall job satisfaction, ultimately improving organizational success. The findings highlight that organizations implementing comprehensive reward systems experience lower turnover rates, improved workforce engagement, and increased profitability. However, the study is limited to analyzing employees' perceptions of total rewards and motivation within business organizations, without considering broader industry variations. This review consolidates existing research to provide valuable insights into HRM practices, helping organizations optimize reward structures to enhance employee commitment and performance. By integrating strategic reward mechanisms, HR professionals can create a work environment that fosters motivation and continuous growth, ensuring long-term organizational success. The study reinforces the need for clear, practical, and adaptable compensation models that align employee incentives with business objectives, making HRM-driven reward systems a critical factor in workforce efficiency.

INTRODUCTION

The notion of rewards and employee motivation has been a general topic of debate in countless efficacious firms in a competitive business climate. Businesses must evaluate their pay systems to increase employee engagement, improve performance, and stay competitive (Anumandla, 2018; Vennapusa et al., 2018). Research indicates that individuals with strong motivation who demonstrate productivity and innovation play a vital role in ensuring a

company's long-term success (O'Dea et al., 2014). Businesses must comprehend the relationship between incentives and motivation and discover what inspires their staff. It is a significant difficulty in establishing an atmosphere where all workers feel appreciated and can work at their best and accomplish their objectives (Dzwigol, 2021; Smith et al., 2016). The prior study emphasizes understanding the relationship between reward systems and employee motivation and how they affect staff productivity and profitability (Robescu & Iancu, 2016;

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Anumandla et al., 2020; Goda, 2020; Mallipeddi, 2022). Every employee is responsible for his or her livelihood. Employees need financial incentives or benefits to sustain themselves and their families. Each business's top management must cultivate relationships between workers and the company to meet both sides' needs (Guest, 2017). Employees are expected to respect the organization's rules and laws, while employers demand a better working environment and substantial financial benefits, particularly fair compensation. Employees will be more motivated and happier if a firm provides more monetary rewards.

Employee motivation is the driving force that inspires individuals to strive for the distinct goals and objectives of the organization. This has become a prominent subject in the business world as organizations strive to maximize their financial and human capital (Stone & Rosopa, 2017). A business may build a competitive strategy for keeping qualified personnel and sustaining optimum performance via a Total Rewards System. It is one of the Human Resource Management techniques for improving employee performance via motivation (Mullangi et al., 2023). Employees look for work to make a living and meet their necessities. Employers, on the other hand, pay for services given as well as the development of performance.

Analysis of the literature review, according to these articles, offers an overview. These papers provide a quantitative evaluation of how effectively a therapy works, and they may also provide an estimate of how much more probable a person is to get a disease if they engage in a given activity. With the aid of literature review analysis, researchers have a clear advantage in terms of deciding on the methods and techniques that will produce the most valuable results in terms of the study's research objectives, given that the chosen method is designed to steer clear of any issues that may arise during data collection and is committed to providing the best results in serving the study's objectives.

This research aimed to compile and evaluate individual research results on the link between employee performance, motivation, and overall rewards. The literature review analysis looked at the overall size of the association between these three essential business components. Based on the present study's findings, new areas for future theoretical development and research are suggested, as is practical advice for more successful HRM in today's enterprises.

TOTAL REWARDS SYSTEM

A total rewards system is a comprehensive method that aligns with business and HR strategies. Compensation, perks, growth, and the work environment are aspects of an employee's value in their employment relationship.

HR specialists, consulting businesses, service providers, and academic institutions have contributed to a better understanding of total rewards. Total Rewards System (Güngör, 2011) is a mixture of monetary and non-monetary awards used to recruit, retain, motivate, and satisfy employees to improve efficiency and effectiveness and promote desirable attitudes in the workplace. The total rewards system encompasses traditional quantifiable elements like fixed pay, variable pay, and benefits. Nevertheless, intangible, non-financial aspects exist, such as prospects for career advancement, possibilities for learning and development, the inherent motivation derived from the work, and the overall quality of life within the institution.

Francis and Fernandes (1998) outlined the main components of total incentives, which included basic pay, variable pay, pension benefits, long-term disability benefits, death-in-service benefits, private health insurance, vacation entitlement, corporate vehicle and share plans, mortgage subsidies, and more. Patricia and Jay (2000) examined the components of total reward that pertain to positive workplaces, total remuneration, appealing futures, and individual progress.

A comprehensive reward strategy includes base salary and variable pay, which encompass both short-term and long-term incentives along with additional compensation, perks, benefits, and performance management (Zingheim & Schuster, 2000). Moreover, a total strategy may also include training, career development, coaching, and other employee-related policies. Zingheim and Schuster (2000) articulated that the concept of "total rewards" can be divided into four key components: a compelling future, a supportive workplace, personal development, and "total pay." Silverman and Reilly (2003) described the total payment as a blend of basic salary, performance-based salary, benefits, and recognition or suggestions (Tahira Nazir, 2012).

The Business Leadership Council (CLC) delineated the overall reward structure in 2005, encompassing basic salary, health and wellness benefits, leave entitlements, retirement benefits, bonuses and rewards, and family-friendly benefits under its model (Hoole & Hotz, 2016). Kantor and Kao (2004) used four components to categorize total rewards: compensation, benefits, advancement and education, and work environment (Medcof & Rumpel, 2007).

The World at Work model (2007) offers five main reward groups: (1) remuneration, (2) benefits, (3) work-life, (4) performance and recognition, and (5) development and career opportunities.

Zingheim and Schuster (2000) classified their concept into three categories: total compensation, performance management, and various extra benefits (Hoole & Hotz, 2016). Armstrong et al. (2011) identified four primary components to be considered in a reward management system: compensation structures, employee perks, non-monetary rewards, and performance management.

Many researchers have described total reward elements that have been developed in recent years and offer different reward structures. Many of these elements offer almost similar total reward systems like compensation, benefits, career development, work-life balance, recognition, performance-based pay, etc. (Hoole & Hotz, 2016).

Defining and assessing performance and delivering feedback to workers are all part of the performance. Bonuses, salary raises, promotions, stock awards, and gratuities are examples of rewards (Webb, 2007). Organizations use a total incentive system to increase employee performance by including appraisal or promotion (Humphrey, 2009). Over time, the definition of incentives has evolved, integrating salary and perks to recruit, maintain, and inspire individuals inside the company. Total rewards strategy helps businesses meet their most essential needs, such as attracting, retaining, motivating, and engaging employees, in a more effective way capable of producing long-term results and maximizing the positive impact that a variety of rewards can have on motivation, retention, job engagement, and job satisfaction (Cherotich et al., 2015; Graham-Matheson, 2018).

EMPLOYEE PERFORMANCE

What an employee does and does not do is considered in his or her performance. Furthermore, employee performance includes the quality and amount of output, the person's attendance at work, helpfulness, and output timeliness (Ong & Teh, 2012). Employee performance may be defined as an activity or series of acts that can be seen and quantified. In contrast, performance inconsistency is defined as the discrepancy between intended or anticipated performance and observed or measured performance (McConnell, 2003).

Employee performance refers to a person's or people's ability to do duties successfully. It is evaluated by a manager or organization against pre-defined acceptable criteria while efficiently and effectively using existing tools in a changing scenario. Performance is a complex concept, and at its fundamental level, the method aspect of performance, namely behavioral relationships, may be differentiated from the desired outcomes (Pradhan & Jena, 2017). Employee performance refers to the degree

to which a person does his or her work according to the organization's established standards, and organizations need high employee job performance to meet the organization's objectives or aims (Yee, 2018).

Employee performance is a quantitative and qualitative description of what a person, a group of individuals, or an organization did to achieve the desired goal concerning the job they did. Performance is the degree to which activities that make up an individual's employment are completed, and it is often mistaken with effort; nevertheless, performance is judged in terms of outcomes (Cherotich et al., 2015). Employee performance may be defined as a list of achievements for each job function over a certain period of time (Nzomoi Mulwa & Muthoni Weru, 2017). In general, performance refers to the degree to which set corporate goals may be met. Darden and Babin (1994) said that employee performance is a rating system many corporations use to decide an employee's abilities and output.

Employees who perform well have been associated with higher consumer perceptions of service quality, whereas those who perform poorly have been connected to more customer complaints and brand switching (San et al., 2012). Employee performance may be characterized as a psychological contract. This concept refers to an employee's perception of the terms and circumstances of a reciprocal trade agreement between the employee and the employer. Employee performance is usually measured in terms of results, but it may also be estimated in conduct (Armstrong & Taylor, 2014). Organizational managers have long been concerned with employee job performance (Inuwa, 2016). Employees' performance is evaluated against the institution's performance criteria, and there are a variety of metrics to examine when assessing performance, such as productivity, efficiency, success, and excellence (Halawi & Haydar, 2018).

Performance is influenced by environmental variables mainly via their effect on individual determinants of performance ability and motivation, making performance a unique phenomenon. It is widely assumed that effective leadership is required for good organizations, and organizational performance will suffer in direct proportion to this omission. According to Bernthal (2006), employee performance includes establishing linkages to corporate strategy, creating individual performance objectives, giving frequent feedback on progress toward those objectives, giving chances for improvement, and rewarding employees (Pradhan & Jena, 2017). Customer happiness may be assessed by the number of loyal customers and customer feedback, while employee performance may be

evaluated by the percentage of work production. According to Aguinis (2009), performance does not contain the consequences of an employee's behavior, just their behaviors. Performance is about behavior or what workers do, not what they create or their job results (Ahmad & Shahzad, 2011).

There are four main aspects of performance to assess workers, according to Breugh (1981). Quality, quantity, reliability, and work knowledge are the four characteristics of performance. Hunter (1986) merged the four elements of Breugh's performance theory with five aspects from Vroom's (1964) theory: knowledge, experience, talents, personality, and skills. Finally, Hunter (1986) developed a work performance method that allows most businesses to evaluate their employees' productivity. The chart below depicts the job performance plan. Employee performance is an essential factor in determining hotel profitability since workers are one of the most significant assets of any company (Zhang, 2016). The fact that employee performance is one of the most important factors in determining a company's success is widely recognized by businesses (Ackah, 2014).

MOTIVATION

The term "motive" denotes the impetus for undertaking any action. Motivation encompasses the degree and direction of behavior and the circumstances that influence individuals to act in particular manners. It encompasses several aspects, including individual aims, goal selection, and behavioral modification efforts. Motivated people are those who think that following a certain course of action will lead to the achievement of a goal and the receipt of a valued reward that satisfies their wants and aspirations.

All internal and external driving factors that cause a person to execute an activity are characterized as motivation (Robescu & Iancu, 2016). Motivation is the inner force or energy that propels one to do a specific action. Furthermore, it boosts ambition, boosts initiative and provides direction, bravery, energy, and perseverance in pursuing one's objectives. According to Robbins and Decenzo (2008), motivation is the desire to put in a high degree of effort to achieve organizational objectives, conditioned by the actions and capacity to achieve those objectives (Sharma & Sharma, 2017).

Motivation refers to the internal factors influencing a person's voluntary behavior direction, intensity, and persistence. The route to which individuals exert effort is called direction (Abbah, 2014). Motivation is a person's inherent propensity to be concerned with and pursue favorable rewards while avoiding negative

incentives (Safiullah, 2015). Motivation, according to Armstrong & Taylor (2014), is the "inclination to disburse large amounts of effort toward organizational objectives, conditioned by the activity's potential to meet some human need". According to Reece and Brandt (1990), motivation may be the reason individuals do what they do. In a work situation, motivation makes individuals desire to work (Kim, 2006).

Motivation is a management technique that encourages individuals to exert more significant effort for the collective advantage of the organization by offering incentives aligned with their unfulfilled needs. According to Smith (1994), employers encourage workers because the company's existence is at stake. For leaders and managers, employee motivation has always been a significant issue. Employees motivated are more likely to be persistent, inventive, and productive (Chaitanya, Ganta & Vinay, 2014). Employees are motivated when they believe a course of action will lead to achieving a goal and receiving a valuable reward.

The only way to maximize employee motivation to achieve the organization's objectives is to grasp motivation theories thoroughly (Reid, 2002). Several theoretical frameworks have been established to understand motivational challenges. Stoner, Edward, and Daniel (1995) classified early perspectives and contemporary approaches to motivation theory into content and process theories.

According to motivation experts, intrinsic motivation has an impact on how employees see their work. The most popular definition of intrinsic motivation is doing something for the sake of doing it (Reiss, 2012). People are intrinsically driven when they seek pleasure, pleasure, and fulfillment of curiosity, self-expression, or a personal challenge in their job (Cho & Perry, 2011). Intrinsic motivation is defined as the act of doing something for no visible reward other than the act of doing it (Nadeem et al., 2015).

Individuals driven by intrinsic motivation find their reasons to persevere independent of external rewards or acknowledgment. It also serves as the most potent motivator of employee behavior and attitudes (Cho & Perry, 2011). Internally motivated employees are motivated by a desire to accomplish something enjoyable or challenging rather than by external objects, expectations, or incentives (Oudeyer & Kaplan, 2008). Inherently motivated for certain activities but not necessarily motivated for others; not everyone is motivated by the same things. When intrinsically driven, people are compelled to behave because it is enjoyable or challenging rather than because of peripheral demands or rewards (Ryan & Deci, 2000).

EXTENSIVE LITERATURE REVIEW ANALYSIS

The process of synthesizing research findings to derive conclusions about therapy efficacy or design further trials is known as literature review analysis. It is a quantitative assessment of the impact of therapeutic intervention or exposure based on a systematic literature evaluation of a specific issue. The key to creating a high-quality analysis is to choose an area where the impact of the treatment or exposure is unknown and where there is a reasonably homogeneous body of research. The approaches employed in literature review analysis give an organized and consistent way to examine previous results in the literature on a specific issue (Russo, 2007).

Several studies have been conducted on the impact of total rewards variables and practices on corporate performance, motivation, and business competitiveness. Most businesses use awards to motivate staff to do particular tasks. Employees are expressly encouraged to perform effectively and efficiently to accomplish company goals via the use of incentives. A complete analytic literature review is shown here, which gives a thorough grasp of the subject issue.

Diankenda (2015) observed a tight association between incentives and numerous elements of work motivation and recognition in his research titled "The Relationship between Total Rewards Management and Recognition on Employees Motivation in the Workplace." Motivation, according to Reece and Brandt (1990), may be described as "the reason why people do the things they do," and "motivation is what makes people desire to work. According to Armstrong & Taylor (2014), motivation is the "willingness to expend high amounts of effort toward organizational objectives, conditioned by the activity's potential to meet some human need. Motivation is a mediator in the link between training and employee performance, according to Etin and Askun (2018).

Onyango (2014) discovered a link between compensation, benefits, career development, and employee engagement in their study "Effectiveness of the Total Reward Strategy on Employee Engagement Levels; A Case of East African Breweries Limited." Reena Ali and M. Shakil Ahmed (2009) showed a statistically significant association between motivation and satisfaction and reward and recognition. Their research found that if employee incentives or recognition were changed, there would be a proportional shift in job motivation and satisfaction. Changing the incentives given to employees significantly impacts their motivation and performance in the long run. Arik

Prasetya and Masanori Kato (2011) found that financial and non-financial rewards substantially impacted employee performance.

Employees who undertake intrinsically and extrinsically rewarding jobs have the highest levels of motivation, according to Koehler et al. (2018). Total rewards aim to optimize the influence of various incentive aspects on motivation, commitment, and work engagement. Workers' motivation is highest when internally and extrinsically rewarded. According to Locke (2004), employees are motivated by non-monetary rewards and recognition, such as praise, performance, responsibility, and personal growth. It is also worth noting that an intrinsically motivated individual is committed to his career to the degree that it includes things he enjoys doing. The advantages of a comprehensive incentive system, according to Armstrong & Taylor (2014), include a combined effect of several sorts of awards having a more profound and longer-lasting influence on employee motivation and commitment. According to an adequate compensation scheme, employees should be motivated to work and have the capacity to affect their performance.

Buttner and Moore (1997) discovered that when employee attitudes improved by 5%, customer satisfaction climbed by 1.3 percent, and revenue climbed by 5%, according to their study "Happy Employees Make Productive Employees." In the words of Guthrie (2001), job motivation is a human resource component and an intangible resource that adds to the productivity and effectiveness of an organization. Furthermore, as he noted, building a management system of practices, increasing workers' abilities (training exercises), knowledge, and motivation is a significant concern (encouraging work motivation). Consequently, this system will provide a job atmosphere that is a competitive advantage (Guthrie, 2001). According to Riaz (2018), motivation is critical for achieving peak job performance.

Furthermore, the more motivated the personnel are, the greater the level of performance required of them. On the other hand, employees who are sufficiently driven increase the value of their jobs. Low-motivated personnel might have a detrimental impact on their performance.

According to Ekundayo (2018), the relationship between motivation and employee performance is such that when individuals are continuously driven, they perform much better than when they are not. Furthermore, motivated employees are more likely to be productive than non-motivated employees. Employee happiness, retention, grievances, and absenteeism are all

advantages of having a highly engaged team. Furthermore, a business must encourage people to improve performance (Leite & Rodrigues, 2014). Employees perform when they are rewarded and surpass their performance when they are inspired, according to Bao and Nizam (2015), and motivation is one of the most critical factors in psychology. Employee motivation motivates them to work harder and provide better results than before, and it is thought to be a predictor of job success (Ali et al., 2017).

According to R. Nienaber, Bussin, and Henn (2017), in their study titled "The Relationship Between Personality Types and Total Reward Preferences," researchers discovered that base pay attracted people, while variable pay motivates them to perform better, and benefits and benefits motivate them to perform better. In terms of attraction, retention, motivation, quality work environments, career management, and work-home integration are crucial in inspiring people. In the opinion of Wu (2011), organizational success may be described as the performance of employees inside the organization. Thus, every company will strive to enhance the performance of its human resources personnel to achieve its corporate objectives. According to Robbins and Decenzo (2008), motivation is the desire to exert significant effort to accomplish organizational objectives, which is constrained by the ability to take action and perform organizational responsibilities. Motivation is the inner force or energy that propels one to do a specific activity. Furthermore, it boosts ambition, boosts initiative and provides direction, bravery, energy, and perseverance in pursuing one's objectives.

For leaders and managers, employee motivation has always been a significant issue. Employees motivated are more likely to be persistent, inventive, and productive (Chaitanya, Ganta & Vinay, 2014). Sachani et al. (2022) defined motivation as "the energy that propels people to complete a certain activity while also strengthening their readiness to work." As a result, the organization's efficacy and employee performance will improve. According to Huselid (1995), human resource considerations include high-involvement work practices that affect attrition, financial performance, and organizational productivity. According to him, the criteria "employee motivation," "organizational structures," and "employee skills" were strongly linked to attrition, financial performance, and organizational productivity among the 13 practices studied. Additionally, motivated individuals are more involved in their jobs and eager to perform extra duties (Kuvaas, 2006). Motivated staff are more likely to be productive than those who are not (Nadeem et al., 2015).

Employer brand, work-life balance, and work culture attract workers considerably in the eyes of SMEs, according to Dhameliya et al. (2024). Human resources are the most valuable and prized resources in the organization. Employees motivated are more productive, joyful, and devoted to their jobs (Sharma & Sharma, 2017). Greater understanding, acceptance, dedication to execution, comprehension of goals, and decision-making between management and workers will result from a motivated workforce (Lin, 2007). In contrast to less motivated employees, motivated people are more concerned with their liberty. Self-motivated employees are more interested in and immersed in their work and professions and ready to take on new challenges and responsibilities (Motlokoa et al., 2018). Individuals' performance is influenced by their level of motivation since when people are motivated, they will put out more effort in their jobs, resulting in better performance overall (Zameer et al., 2014).

According to Bhuyan, S., and Goswami, M. (2017), inspired employees will improve their capacity to fulfill their purpose, goals, and objectives. It will also involve all employees to foster a strong company culture. Motivated employees will also feel like part of a long-term strategic partnership with the business, and their commitment and loyalty will grow daily. As a result, motivated workers create more than others, increasing customer satisfaction. According to Mansoor (2008), motivation is about establishing an atmosphere where people will be encouraged to work hard. As a result, businesses must drive their staff to improve competitive advantages and achieve their vision and goal. According to Rizwan et al. (2014), a rewards system motivates high-potential personnel to achieve high-performance levels.

Motivated personnel and devotion are essential to work output because they will execute to the best of their abilities and with exceptional quality, as Jonathan, Christine, and Yvonne (2002) claimed. According to Usman Ali et al. (2014), the main reasons for employee stress, which lowers employee productivity, include workload, role conflict, and inadequate financial compensation. According to Asghar Ali and Akram (2012), better incentives lead to higher motivation and employee performance. According to Danish and Usman (2014), rewards play a critical role in deciding substantial work performance and are favorably connected with the motivating process (Danish & Usman, 2014). Workers put a high value on various prizes offered to them by their employers, according to Jesca (2014), and this has substantially influenced their performance. Total Reward Systems, on the other hand, cannot be ruled out in leading businesses. In times of recession, they may always be utilized minimally or left alone.

Hoole and Hotz (2016) discovered a statistically small-to-moderate significant link between total rewards and job engagement in their research titled "The Impact of a Total Reward System on Work Engagement." Workplace engagement is inextricably related to job performance and advancement. According to Bello and Adebajo (2014), workers prefer to show dissatisfaction by exhibiting poor performance and a lack of dedication to their jobs. Whenever a compensation system fails to offer a variety of rewards and incentives that meet the requirements of employees, workers are more likely to show dissatisfaction via poor performance and a lack of dedication to their jobs. Mujtaba and Shoayb (2010) investigated a fair method of performance management reward payment and discovered that reward systems directly impact performance and management. According to Puwanenthiren (2011), employee commitment to corporate goals may be accomplished by deploying a suitable incentive system. It also states that incentive systems serve as a motivating element for workers to be more committed to their aims and objectives.

According to Vroom (2017), numerous individual variables, such as incentives and recognitions, significantly impact an employee's productivity. According to Ohueri, Enegbuna, Wong, Kuok, and Kenley (2018), motivation and TRS components positively affect employee performance. Tariq and Ding (2018) found that motivation is a buffer between strict monitoring and poor employee performance. Momanyi, Adoyo, Mwangi, and Mokuia (2017) found that motivation mediates the relationship between the total compensation system and employee performance, consistent with the current study and previous research. Their findings demonstrated that employee motivation mediates the link between Total Reward Systems and employee performance.

Tsede and Kutin (2013) discovered that the total rewards strategy effectively inspires workers to attain improved performance in Ghanaian organizations. In their research, "Total Reward Concept: A Key Motivational Tool for Corporate Ghana," Rewat (2018) discovered that motivation moderates the link between job features and employee performance in private equity businesses. According to the data, motivation favors the interaction between Total Rewards Systems and employee performance. In a study titled "The Critical Success Factors in a Total Reward Strategy to Motivate Innovation in the Workplace," Möller (2013) discovered that non-financial form, learning and growth, and workplace atmosphere are given the colossal opportunity to distinguish the organization's total rewards offering to promote competition.

CONCLUSION

The findings of this study contribute to the expanding body of data supporting the entire rewards system's efficacy in terms of motivation and performance, as shown by an increasing number of individual studies and substantial literature reviews. More motivation will result in increased effort and creativity, directly improving production. Motivation fosters an individual who excels in their endeavors, dedicating themselves fully to their tasks, optimizing their time and energy, and consistently surpassing expectations. This individual will undoubtedly contribute significantly to the organization and serve as an inspiring example for their peers. Motivation is a vital force behind job performance, and a workforce lacking motivation incurs significant costs through elevated employee turnover, rising expenses, diminished morale, and the need for extra managerial oversight. Employees who are top achievers need motivation; otherwise, their performance may deteriorate, or they may quit the company.

The total rewards system is an excellent incentive for employees to improve their performance and lower the likelihood of turnover. Any organization's performance and survival depend on its significant assets, personnel, and managers' skills to create a stimulating atmosphere for their workers, resulting from a well-designed overall incentives system. It supports the idea that compensation systems should be founded on clear, practical, and dependable criteria that can be easily recognized and redefined to give employees more purpose.

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