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IMPACT OF FINANCIAL AND NON-FINANCIAL REWARDS ON EMPLOYEE JOB SATISFACTION

V.B.D.P.V.Bambarandage¹, W.A.C.Priyankara²

V.B.D.P.V. Bambarandage¹

Assistant Lecturer

Department of Management and Entrepreneurship

Faculty of Management and Finance

University of Ruhuna, Sri Lanka

E-mail: dp.bambarandage@gmail.com

W.A.C Priyankara

Marketing Executive

Ideal Finance (Pvt) Ltd

Sri Lanka

E-mail: chathura@idealfinance.lk



KeyWords

Job Satisfaction. Financial Rewards, Non-Financial Rewards, Bankers, Banking Sector, Southern Province

ABSTRACT

Rewards always play an important role in organizational performance and employee satisfaction. Job Satisfaction is a major discussion term in modern business world and employers focus to increase employee job satisfaction using numerous strategies. Rewards can be identified as one of the major drives for employee job satisfaction. This study aims to measure the impact of financial and non-financial rewards on Executive level employees of Southern province Banks in Sri Lanka. It has used survey method where data were collected through self-administered structured questionnaire from sample of 110 bankers employed in four leading banks in Southern Province, Sri Lanka. Cronbach's alpha was used to measure the reliability of the variables and collected primary data was analyzed using correlation and multiple linear regression techniques by taking Financial and Non-Financial rewards as independent variables and Job Satisfaction as the dependent variable. Bonuses, Salary Level, Pension Schemes were used as Financial Rewards, and Recognition, Promotions, Empowerment were used as Non-Financial Rewards. Correlation Analysis revealed that Financial Rewards has a strong relationship with the Job Satisfaction than Non Financial Rewards. But more interestingly, there isn't a major deviation between the correlation statistics of financial and non financial rewards. The results of the Regression analysis revealed that all 2 variables have a significant impact on employee job satisfaction and financial rewards have the greater impact on job satisfaction than non financial rewards for the bankers in Southern province.

INTRODUCTION

Satisfaction is one of the major factors which has a massive impact on employee actions and work and Financial Rewards are used many organizations to retain and satisfy their employees. (Spector, 1997) defines Job satisfaction is simply how people feel about their jobs and different aspects of their jobs. It is the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs. Job Satisfaction is arisen in collection of some factors. Such as, relation with Supervisors, ability to us initiative, Job security, work itself, working conditions etc. Organizations in today's environment seek to determine the reasonable balance between employee commitment and performance of the organization. The reward and recognition programs serve as the most contingent factor in keeping employees' self esteem high and passionate.

Ali and Ahmed (2009) confirmed that there is a statistically significant relationship between reward and recognition respectively, also motivation and satisfaction. The study revealed that if rewards or recognition offered to employees were to be changed, then there would be a corresponding change in work motivation and satisfaction.

Reward is one of the strategies used by Human Resource Managers for attracting and retaining suitable employees as well as keeping them satisfied and motivated while complying with employment legislation and regulation. As a result HR managers seek to design reward structures that facilitate the organizations strategic goals and the goals of individual employees.

On the other hand employers need maximum contribution from their employees and employees waits for the financial and non financial stimulation in return. In this case, to achieve maximum contribution from the employees, employers use different forms of rewards. Luthans (1998) divided these rewards used by the organizations into two groups as financial rewards and non-financial rewards. Financial rewards are the financial payments made to the employees for their high performance. According to Naldöken et al. (2011: 286), the financial rewards provided for employees are listed as payment raise, premiums, profit share, economic awards, payment packages, etc. According to Ellis and Pennington (2004), the financial rewards have a short-term effect on the motivation levels of employees although they play a critical role in their motivation. Therefore, non-financial rewards are also required to give a long-term motivational effect instead of the short-term effects of financial rewards at these premises. Non-financial rewards are listed as enabling authority, participating in the management, job enrichment, promotion, holidays, better working atmosphere (opportunity of an air-conditioning, less noise, etc.), enhancing a sense of belonging. Non-Financial Rewards are also used to retain and attract employees. Recognition, Appreciation, Promotions etc. are included in the Non-Financial Rewards. According to (Sarvadi, 2010) Recognition and appreciation are another integral component of a winning strategic reward system. Recognition is to acknowledge someone before their peers for desired behavior or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centers on showing gratitude to an employee for his or her action. Such rewards help employees to measure their performance and know whether they are doing good or bad. Al-Wathnani (1998) also examined the impact of rewards on the efficiency of work performance and job satisfaction in security organizations. According to the findings of the study, the most valued rewards for the employees are promotions, financial allowances, leaves, allowances for medical treatment and participation in decision making.

This paper is an attempt that focuses on how Financial and Non Financial rewards impact on Job Satisfaction of bankers in Southern province Sri Lanka. In this study considers about the relationship impact between Rewards and Job Satisfaction.

METHODOLOGY

The objective of the study was to identify the impact of Rewards to the Job Satisfaction of employees in Southern Province Banking sector in Sri Lanka. The population is all the bankers in Southern Province Sri Lanka. The target number of respondents which had been used for this study is randomly selected 110 bankers who are working in southern province leading banks. A questionnaire was used for data collection. The questionnaire method was chosen to collect data for number of reasons peculiar to this study. In other way, operational workers are very busy people. Therefore, the questionnaire method was found to be more suitable way of collecting information from respondents and the questionnaire method was the only possible method of gathering more reliable information while assuming the anonymity of the respondents. 110 questionnaires are distributed and the response rate is 100%. Questionnaire consists of 5 demographic items in part I and 33 items on four point likert scale on part II, which measures employee job satisfaction.

Hypotheses

H1 Financial rewards have a significant impact on job satisfaction of bankers in southern province

H2 Non-Financial rewards have a significant impact on job satisfaction of bankers in southern province

RESULTS AND DISCUSSION

Data collected from respondents has been analysed, to meet the objective of this study descriptive statistics applied in which mean and standard deviation of the data has been calculated. Moreover, regression analysis was used to draw the inference about the variables predicted. All these methods are analysed by using the SPSS 20

Table 1: Descriptive Statistics of the key variables

	N	Mean	St. Deviation	Variance
financial_rewards	110	3.7333	.77525	.601
non_financial_rewards	110	3.6485	.85174	.725
job_satisfaction	110	3.0212	1.03287	1.067
Valid N (listwise)	110			

According to the above mean values it can be identified the existence of each variable within the organization. The variables, financial rewards, non financial rewards and job satisfaction available within the organization in moderate to satisfactory level according to their mean values which are 3.7333, 3.0485, 3.6212 respectively. Among all the variables the Financial Rewards variable is highly existed within the organization as its mean is in between the range of $3 \leq X \leq 4$

For data analysis and find the relationship between variables correlation and regression has been performed. Results of correlation analysis are given below:

Table 02: Correlations Analysis

Independent Variables	Dependent Variable	Significance
(Financial and Non Financial Rewards)	(Job Satisfaction)	
Financial Rewards	0.668	0.023
Non Financial Rewards	0.518	0.048

** Correlation is significant at the 0.05 level (2-tailed)

N= 110

Source: SPSS

According to table 2, Correlation for Financial Rewards is .668, It implies, Financial Reward has a good relationship with the Job Satisfaction. And also it is significant at 5% significance level ($0.023 < 0.05$). Correlation for Non Financial Rewards is .518, It implies, Non Financial Reward has a moderate relationship with the Job Satisfaction. it is also significant at 5% significance level ($0.048 < 0.05$)

In order to analyze the impact of independent variables on dependent variable, this study has used linear regression tool as follows and it consists with three tables model summary, ANOVA and coefficient table.

Table 3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.359	2	19.680	27.374	.000 ^b
	Residual	76.925	107	.719		
	Total	116.284	109			

a. Dependent Variable: job_satisfaction

b. Predictors: (Constant), non_financial_rewards, financial_rewards

Significance of the model can be tested according to the P-Value of ANOVA table. According to ANOVA table the significance level of the model is 0.000 ($p < 0.000$). Thus entire model is significant. This model is a good descriptor of the relationship between the independent variables and dependent variable. Thus, the financial and non financial rewards are significant in explained the variance of the job satisfaction.

Table 4: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.915	.413		2.214	.029
	financial_rewards	.714	.122	.514	6.156	.036
	non_financial_rewards	.619	.111	.589	4.453	.000

a. Dependent Variable: job_satisfaction

Accordance with the table 4, both financial and non financial rewards have a positive significant impact on employee job satisfaction with $t = 6.156$ and $t = 4.453$ respectively at 5% significance level. Financial rewards ($t = 6.453$; $p = 0.000$) emerged as the most significant variables in explaining the variances in Employee job satisfaction.

The Sig values of the model constants are less than 0.05 at 5% level of significance. Therefore all the above constants are taken to the regression equation.

$$\text{job_satisfaction} = .915 (\text{constant}) + .714 (\text{financial_rewards}) + .619 (\text{non_financial_rewards})$$

$$= 2.248$$

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.582 ^a	.338	.326	.84789

a. Predictors: (Constant), non_financial_rewards, financial_rewards

33% variance of Job satisfaction is explained by the Financial non financial rewards which means there exist other variables that impact on Job satisfaction of Southern Province Bankers.

Conclusion

The primary purpose of this study was to identify the most significant Reward factor which may cause to the Job Satisfaction of the bankers in Southern Province, Sri Lanka. Based on the collected data and the analysis, following conclusions are made. The type of Financial Rewards Such as Bonuses, Salary Level, Pension Schemes have high mean value than Non-Financial Rewards such as Recognition, Promotions, Empowerment. But there isn't any major deviation between the mean values Mean value of Satisfaction is also high. According to the Correlation, There is good relationship between Financial rewards and Job Satisfaction and a moderate relationship between job satisfaction and Non-Financial Rewards. Comparing both mean values and correlation Financial Rewards are in strong position than Non-Financial Rewards. As per the Regression analysis, both independent variables are significant which implies both Financial and Non financial rewards have a significant impact on bankers' job satisfaction. Financial rewards ($t= 6.453$; $p= 0.000$) emerged as the most significant variables in explaining the variances in Employee job satisfaction of Southern Province bankers.

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