RELATIONSHIP BETWEEN TYPES OF REWARDS AND JOB SATISFACTION OF EMPLOYEES: EVIDENCE FROM KHYBER PAKHTUNKHWAH

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Abstract

The main objectives of this research study were to gauge the prevailing level of job satisfaction amongst employees. Furthermore to find an association among the levels of rewards (task significance, task involvement, task autonomy, organizational rewards, social rewards) and job satisfaction of employee’s doing jobs in private sector organizations in Khyber Pakhtunkhwah. 240 employees of five private sector universities and eight private sector banks participated in this study. A Cronbach’s Alpha, Multiple Regression and Pearson Correlation are used to test the proposed hypothesis. The findings reveal that there exists significant and positive association between job satisfaction and rewards (task involvement, task autonomy and task significance). The results show that job satisfaction is insignificantly associated with organizational rewards and social rewards. The findings of this research and their implication for future research are also discussed.

Keywords: Task Significance, Task Involvement, Task Autonomy, Job Satisfaction, Social Rewards, Organizational Rewards.

JEL Classification: Z000

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Introduction

In organizations, one of the main rationales for conducting research on job satisfaction is positive or negative attitudes. Such attitudes directly or indirectly affect work forms: largely behaviour (Koustelios, 2001). Satisfied employees indirectly and directly put in value to the organization that could result in organizational and individual performance, decreased turnover and contribute to better profitability. There are various components that affect the job satisfaction and employees turnover intentions. These components found and researched by different researchers include salary, nature of work, social status, security, authority, working conditions, promotion, recognition, co-workers, faculty and students (Ali & Baloch, 2008).

Hoppock (1935, p. 47) defined job satisfaction as any mixture of psychosomatic, physiological, and environmental situation that justify a person truthfully to say, ‘I am happy with my job’. Locke (1976) defined the job satisfaction as the enjoyable or positive emotional state which is the result of the appraisal of one’s job or job experience. According to (Graham (1982, p. 68) Job satisfaction is “the calculation of one’s total feelings and attitudes towards one’s job”.

The study of Bhatti and Qureshi, (2007) concludes that there is a significant positive correlation between the employee participation, employee commitment, job satisfaction and employee productivity. Various interrelated factors form organizational work area. Understanding of these factors and dimensions is important because these are related to the job satisfaction which further leads to improve the quality of work life Clifford, 1985. Many research studies found that job satisfaction and rewards are significantly related to one another. The findings of Lam’s (2001) show that job satisfaction and rewards are positively and significantly associated, furthermore the rewards are important factors in predicting employee’s job satisfaction.
According to Rafikul & Ahmad, (2008) & Milne (2007) employer offers rewards to employees for significantly improving their motivation towards their work. This further leads to job satisfaction (Kiviniemi et al, 2002). Various kinds of satisfaction will direct various intent and actions that occur from various kinds of motivation in achieving various kinds of rewards (Luthans and Sommers, 2005). Rewards motivate employees to show high level of job satisfaction (Amabile et al, 1994), moreover rewards maintain work commitments (Bhatnagar, 2007). The study of Vandenbergh and Trembley, (2008) states that rewards are directly associated with the job satisfaction of employees working in the private and public sectors.

According to Clifford, (1985) there are two types of rewards. Extrinsic rewards and intrinsic rewards, and these rewards are more divided into sub categories. Extrinsic rewards are subdivided into two categories; organizational rewards and social rewards. Rewards that are tangible or visible in nature are known as organizational rewards like promotion, pay and other benefits related to the job. According to Pearson, (1991) salary is the appreciation that shows importance of the employee in an organization. When the top management of an organization provides promotion opportunities to managers as a result satisfaction at work place will be high (Alpander, 1990; Cranny, Smith and Stone, 1992; McCamphell, 1996; Arnold and Boshoff, 2001). Satisfaction from job is significantly highly associated with Extrinsic rewards (Janet, 1987). In comparison with intrinsic rewards, job satisfaction has strong association with extrinsic rewards (Rehman et al, 2010). On the other hand, rewards that can be derived from relation and communication with other employees on the job are known as social rewards. The studies conducted by different scholars (Kiviniemi et al, 2002; Ramlall, 2004; Chew 2005; and Zaini, and Nilufar 2009) state that public sector executives give more importance to job security, than private sector executives who are more financial rewards.
Intrinsic rewards are subdivided into three categories; task involvement, task significance, and task autonomy. Task involvement refers to rewarding in itself and the degree to which the task is considered interesting. The degree to which the task is perceived as a significant contribution to the work process is known as Task significance. Task autonomy refers to the degree of self-direction in task performance (Clifford, 1985).

In the present economic situation, task significance is a critical factor that is helpful and beneficial to others (Hackman & Oldham, 1976) and many other scholars research on this predictor are Brickson, (2005); Morgeson & Humphrey, (2006); Colby, Sippola, & Phelps, (2001). Task autonomy is determined in the procedures that employees carry out at work, freedom in scheduling of work and the degree of independence (Hackman, 1980). Many scholars’ researched on this predictor are Evans & Fischer, (1992); Spreitzer, (1996). The degree of how much the task is interesting and challenging is known as Task involvement (Rehman, Khan, & Lashari, 2010). Many researchers have theoretically recognized five different types of independent task characteristics, and argue that these can be relating to any work. These features are feedback, task significance, task autonomy, skill variety and task identity. Their research’s results indicate that work attitude is strongly and significantly associated with these task rewards. Prior and succeeding researches lead to support their results (Herzberg, 1966; Kirsch and Lenger-mann, 1971; Sims and Szilagyi, 1976; Pierce and Dunham, 1976; & Mottaz, 1981). These are various researchers who have researched on various intrinsic factors and recommended that these variables have significant effects on employee’s job satisfaction.
Background of the study

Studies conducted by various researchers’ state that there is a significant and positive link between job satisfaction and rewards offers by employers (Danish and Usman, 2010; Khalid et al, 2011 and Khan et al 2011). In Khyber Pakhtunkhawah fewer researches have been conducted in this regard. This study will focus to confirm and find which of these rewards are affecting job satisfaction of employees working in private sector of Khyber Pakhtunkhawah. The findings may help the management of private sectors to improve the level of their employee’s job satisfaction. Through proper reward system and employee recognition, organization can achieve the competitive advantage. Moreover this helps them to make the organization more profitable and value added.

Hypothesis of the study

On the basis of the literature review, subsequent hypotheses were formulated.

1. Task autonomy is significantly associated with job satisfaction, and would have significant and positive effect on job satisfaction of employees working in the private sector of Khyber Pakhtunkhawah.

2. Task significance as rewards would have significant and positive effect on job satisfaction of employees working in the private sector of Khyber Pakhtunkhawah.

3. Task involvement as rewards would have significant and positive effect on job satisfaction of employees working in the private sector of Khyber Pakhtunkhawah.

4. Social rewards would have significant and positive effect on job satisfaction of employees working in the private sector of Khyber Pakhtunkhawah.
5. Organizational rewards would have significant and positive effect on satisfaction with job of employees working in the private sector of Khyber Pakhtunkhwah.

**Conceptual framework**

Based on the literature reviewed, the conceptual framework is as follows: Figure 1:

**Figure 1**  
*Relationship between variables of the study*

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**Sample**

This study has used convenience sampling technique to select 5 private sector universities and 8 private sector banks in Khyber Pakhtunkhwah. A total of 800 questionnaires were distributed. 260 questionnaires were returned out of which 240 questionnaires were complete in all aspects. Among respondents (n=240), 209 were men and 31 were women. Moreover, the sample constituted of Lecturers, Assistant Professors, Managers, Officer Grade I, Officer Grade II and Officers Grade III. The Following demographics were catered in the study:
Table 1
Demographic Profile of Sample (N=240)

<table>
<thead>
<tr>
<th>Demographic variable</th>
<th>f</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>209</td>
<td>87.1</td>
</tr>
<tr>
<td>Women</td>
<td>31</td>
<td>12.9</td>
</tr>
<tr>
<td>Organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abasyn University, Peshawar, Pakistan.</td>
<td>18</td>
<td>7.5</td>
</tr>
<tr>
<td>Askari Bank Limited.</td>
<td>12</td>
<td>5.0</td>
</tr>
<tr>
<td>Bank Al-Habib Limited.</td>
<td>15</td>
<td>6.3</td>
</tr>
<tr>
<td>Bank Alfalah Limited.</td>
<td>17</td>
<td>7.1</td>
</tr>
<tr>
<td>Burj Bank Limited.</td>
<td>16</td>
<td>6.7</td>
</tr>
<tr>
<td>City University of Science &amp; Information Technology, Peshawar.</td>
<td>16</td>
<td>6.7</td>
</tr>
<tr>
<td>Faysal Bank Limited.</td>
<td>15</td>
<td>6.3</td>
</tr>
<tr>
<td>Iqra National University, Peshawar.</td>
<td>16</td>
<td>6.7</td>
</tr>
<tr>
<td>Meezan Bank Limited.</td>
<td>13</td>
<td>5.4</td>
</tr>
<tr>
<td>Muslim Commercial Bank Limited.</td>
<td>14</td>
<td>5.8</td>
</tr>
<tr>
<td>Qurtuba University of Science &amp; Information Technology, Peshawar.</td>
<td>30</td>
<td>12.5</td>
</tr>
<tr>
<td>Sarhad University of Science &amp; Information Technology, Peshawar.</td>
<td>46</td>
<td>19.2</td>
</tr>
<tr>
<td>Standard Chartered Bank Limited.</td>
<td>12</td>
<td>5.0</td>
</tr>
<tr>
<td>Functional Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>16</td>
<td>6.7</td>
</tr>
<tr>
<td>Lecturer</td>
<td>110</td>
<td>45.8</td>
</tr>
<tr>
<td>Manager Grade</td>
<td>36</td>
<td>15.0</td>
</tr>
<tr>
<td>Officer Grade I</td>
<td>25</td>
<td>10.4</td>
</tr>
<tr>
<td>Officer Grade II</td>
<td>30</td>
<td>12.5</td>
</tr>
<tr>
<td>Officer Grade III</td>
<td>23</td>
<td>9.6</td>
</tr>
</tbody>
</table>

Statistical Package for Social Sciences version 20 was used to analyse the quantitative data. Descriptive statistics was used to draw the demographic profile of respondents. Correlation analysis was applied to quantify the correlation between task involvement, task autonomy, task significance, social rewards and organizational rewards. Regression analysis was applied to check the dependability among the variables of the study. After doing the regression analysis, the collinearity statistics were applied.
**Relationship Between Types and Reward**

**Research**

**Instruments**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Scale</th>
<th>No. of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>Brayfield &amp; Rothe (1951)</td>
<td>5</td>
</tr>
<tr>
<td>Task Involvement</td>
<td>Mottaz (1981)</td>
<td>4</td>
</tr>
<tr>
<td>Task Autonomy</td>
<td>Mottaz (1981)</td>
<td>4</td>
</tr>
<tr>
<td>Task Significance</td>
<td>Mottaz (1981)</td>
<td>4</td>
</tr>
<tr>
<td>Social Rewards</td>
<td>Rehman et al (2010)</td>
<td>2</td>
</tr>
<tr>
<td>Organizational Rewards</td>
<td>Rehman et al (2010)</td>
<td>4</td>
</tr>
</tbody>
</table>

**Procedures**

The participants of the concerned universities and banks were contacted through the concerned authorities of private sector organizations. Moreover, the researcher was personally available to explain the necessary instruction and the purpose of the study during the data collection. The respondents were assured that the given data will be used for research purposes only. The permission of the respondents as well as their relevant authorities was taken before the data collection.

**Results**

Descriptive statistics including standard deviation, means, and values of reliability coefficients of all the variables job satisfaction, task autonomy, task significance, task involvement, social rewards and organizational rewards are provided in Table 2.

**Table 2**

*Correlation Matrix and Descriptive Statistics of the Test Scores on all Variables (N = 240)*

<table>
<thead>
<tr>
<th>Variables</th>
<th>No. of items</th>
<th>M</th>
<th>SD</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>JS</td>
<td>5(85)</td>
<td>3.239</td>
<td>.584</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TA</td>
<td>4(89)</td>
<td>3.202</td>
<td>.760</td>
<td>.267**</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TS</td>
<td>4(81)</td>
<td>3.480</td>
<td>.701</td>
<td>.249**</td>
<td>.115</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TI</td>
<td>4(91)</td>
<td>3.256</td>
<td>.699</td>
<td>.377**</td>
<td>.243**</td>
<td>.281**</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SR</td>
<td>2(71)</td>
<td>5.457</td>
<td>1.08</td>
<td>.212**</td>
<td>.076</td>
<td>.289**</td>
<td>.274**</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>4(83)</td>
<td>2.935</td>
<td>.924</td>
<td>.187**</td>
<td>.354**</td>
<td>.078</td>
<td>.216**</td>
<td>.244**</td>
<td>-</td>
</tr>
</tbody>
</table>

*Note.* Parenthesis shows alpha reliability values of the test scores. JS = Job Satisfaction; TA = Task Autonomy; TS = Task Significance; TI = Task Involvement; SR = Social Reward; OR = Organizational Reward.
Table 2 shows the mean, standard deviation and correlation among all the variables of the study. There is a statistically significant relationship (p<0.01) exist between job satisfaction and task involvement, task autonomy, task significance, organizational reward and social reward. The mean ranges from minimum value of 2.935 (Organizational Rewards as Extrinsic Reward) to a maximum value of 3.547 (Social Rewards as Organizational Rewards). The Cronbach’s alpha coefficient value of the studied variables for job satisfaction, task significance, task involvement and task autonomy, social rewards and organizational rewards are .85, .78, .91, .89, .71 and .83 respectively. This shows that the scales are highly reliable.

Multiple regression analysis was conducted to examine the effect of rewards (task involvement, task autonomy and task significance, social rewards and organizational rewards) on job satisfaction.

Table 3

Regression equation coefficient for task involvement, task autonomy, task significance, social rewards, organizational rewards and job satisfaction (N=240)

<table>
<thead>
<tr>
<th>Variables</th>
<th>β</th>
<th>T</th>
<th>R²</th>
<th>F</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. JS(Constant)</td>
<td>6.292**</td>
<td>0.202</td>
<td>11.864**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. TA</td>
<td>.166</td>
<td>2.602**</td>
<td>.840</td>
<td>1.190</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. TS</td>
<td>.128</td>
<td>2.039*</td>
<td>.868</td>
<td>1.151</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. TI</td>
<td>.270</td>
<td>4.224**</td>
<td>.832</td>
<td>1.202</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. SR</td>
<td>.079</td>
<td>1.231</td>
<td>.838</td>
<td>1.194</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. OR</td>
<td>.041</td>
<td>0.639</td>
<td>.819</td>
<td>1.220</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* p < 0.05; ** p < 0.01

Note: JS = Job Satisfaction; TA = Task Autonomy; TS = Task Significance; TI = Task Involvement; SR = Social Reward; OR = Organizational Reward.
The F value is 11.864 with p<0.01 this means that the model fitness between the variables is significant. R² overall 20 percent changes occur in employee’s job satisfaction working in the private sector is explained by the model studied in this research. The value of t in Table 3 shows that the independent variables task autonomy, task significant and task involvement are statistically significantly associated with the job satisfaction. Furthermore the value of t also shows that social rewards and organizational rewards are insignificantly associated with employee’s job satisfaction working in private sector employees of Khyber Pakhtunkhwa. The value of â for task autonomy, task significant and task involvement are 2.602, 2.039 and 4.224 with p<.05 respectively. This means that there is a statistically significant positive relationship between task autonomy, task significant and task involvement and job satisfaction. On the other hand the value of â for social rewards and organizational rewards are 1.231 and .639 with p>.05, this shows that job satisfaction is insignificantly positively associated with social rewards and organizational rewards. Menard (1995: 66) states “A tolerance of less than 0.20 is cause for concern; a tolerance of less than 0.10 almost certainly indicates a serious collinearity”. Variance Inflation Factor (VIF) is the opposite of tolerance. A tolerance of 0.20 corresponds to the rule of 5 and a tolerance of 0.10 to the rule of 10. Table 2 shows the values of Tolerance for task autonomy, task significant and task involvement, social rewards and organizational rewards are 0.840, 0.868, 0.832, 0.838 and 0.819 respectively. Moreover the values of variance inflation factor (VIF) for task Significance, task significant and task autonomy, organizational rewards and social rewards are 1.190, 1.151, 1.202, 1.194 and 1.220 respectively. This mean that statistically there is no collinearity exists between the independent variables.

Discussion

The first hypothesis of the current study was that job satisfaction is significantly related with Task autonomy, and would
have significant and positive effect on job satisfaction of employees working in the private sector of Khyber Pakhtunkhwa. The results are supporting the first hypothesis of the current study that there is a significant association between job satisfaction and task autonomy. In organizational literature the positive and significant motivational impact of autonomy has been well documented (Garcia & Pintrich, 1996; Zhou, 1998; Lee, Sheldon, & Turban, 2003; & Langfred & Moye, 2004). Further more Chung-Yan, (2010) states in his research that autonomy’s perception can direct to different dynamic work behaviours, like higher level of well being and job attitude. Moreover job performance, job involvement, absenteeism, organizational commitment, turnover, lower emotional distress and job satisfaction can also be achieved by autonomy (Spector, 1986).

The second hypothesis of current study was that Task significance as rewards would have significant and positive effect on job satisfaction of employees working in the private sector of Khyber Pakhtunkhwa. The result of Table 1 shows that job satisfaction is significantly and positively associated with task significance. Furthermore a unit increase in task significance increase job satisfaction by 10 units. According to James, (1991) interest in the work and task significance are the antecedents of engineers job satisfaction. Feedback, task significance and task autonomy from employee’s job are significantly associated with the job satisfaction (Ralph, 1978 & P. Chelladurai, 2006). A study conducted by Mire (2005) concluded that personality variables (e.g., openness, neuroticism and extraversion) and organizational variables (skill variety, task identity, feedback, autonomy and task significance) are positively and significantly associated with the police officers job satisfaction. According to Sehran et al, (2011) 18 % variance in the police manager’s job satisfaction is explained by task identity, skill variety, feedback, task autonomy and task significance.

The third hypothesis of this study was that task involvement as rewards would have significant and positive effect on satisfaction
with the job. The end result shows a direct and significant correlation between job satisfaction and task involvement. According to Rehman et al, (2010) intrinsic rewards (task significance, task autonomy and task involvement) and job satisfaction are directly and significantly associated with each other. Furthermore the study of Tausif (2012) also proves the significant and positive relationship between job satisfaction of employees working in private banking sector and intrinsic rewards i.e. Task significance, task involvement task autonomy and recognition.

The fourth and fifth hypotheses were that Social rewards and Organizational rewards would have significant and positive effect on job satisfaction. The results of current study show that there is insignificant association between social rewards, organizational rewards and job satisfaction. The previous studies of various researchers (Clifford, 1985; Kalleberg 1977; and Rafiq et al 2012) show that extrinsic rewards such as social rewards and organizational rewards are positively associated with each other. Moreover low level of employees are reported more satisfied with these kinds of extrinsic rewards. The major reason behind this contradiction is that the job’s nature of middle and high level of employee is more related to the mental than physical. Furthermore there basic needs are already fulfilled. Consequently these employees are less demanding in terms of social and organizational rewards. In the current study the data was gathered from the high level and middle level of employees working in the private sector of Khyber Pakhtunkhwa. This is the reason behind the contradiction between the findings of the current and previous studies.

Limitations and Recommendations

The current study has some necessary findings and it is essential to recognize that the present results also have some limitations. The sample was collected from the private sector organisations of Khyber Pakhtunkhwa. On the other hand, there are
various factors that may vary from private sector to public sector. Secondly, as with all cross sectional investigation information, the findings regarding informality must be tempered. Future studies may benefit the area by using longitudinal data to further elucidate such association. Finally this study’s only observed the effect of the five types of rewards, and their association with employee’s job satisfaction. It is suggested that the other factors like distributive justice at work place, procedural justice, interactional justice, organizational citizenship behaviour, perceived organizational support, participative decision making and working conditions might also be pragmatically tested.

Implications

The current study has mutually theoretical and practical implications in nature. As hypothetical viewpoint, the current study makes a noteworthy input to the available body of knowledge specifically in the area of rewards and employees job satisfaction. The current study, results contradict the two types of rewards in earlier researches. The research suggests that the management of private sector organization should become aware of the significant impact of intrinsic reward on job satisfaction of employees. The research provides guidelines for senior management and policy makers of private sector organizations not to waste their time by focusing on extrinsic reward to increase job satisfaction of employees working in the private sector.

Conclusion

The current study has authenticated that job satisfaction and the three types of intrinsic rewards like task significance, task involvement and task autonomy are positively and significantly associated with one another. Any positive change in these three intrinsic rewards will help the private sector organizations at Khyber Pakhtunkhwah to create satisfied employees. Moreover any negative
change in these three intrinsic rewards attributes will create dissatisfied employees. On the other hand this study has also authenticated that there is insignificant relationship among the extrinsic reward (social reward and organizational reward) and job satisfaction. Any positive or negative change in these attributes will not affect the job satisfaction of employees working in the private sector at Khyber Pakhtunkhwah.
References


patterns, goal level, and mental focus on performance and enjoyment. *Journal of Applied Psychology, 88*, 256-265.


