

# Reward Satisfaction and Employee' Outcomes: The Moderating role of Work Values

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## Abstract

*As reward satisfaction and employee's outcomes involving turnover intention and organizational citizenship behavior is gaining much attention now days, so it is worthwhile to investigate the relationship between reward satisfaction and employee's outcomes in the presence of work values of employees. To evaluate the reward satisfaction on employee this study was conducted in Lahore city and data were collected from the employees of private commercial banks. After collecting and analyzing the data it was found that reward satisfaction is very important element to enhance the outcome of employees. Further analysis shows that work values significantly moderates the relationship of reward satisfaction and employee outcome. This will help the higher management of banks to determine reasonable rewards to the employees so that employees may enhance their outcome.*

**Keywords:** Reward Satisfaction, Work Value, Employees Outcome

## Introduction

Reward distribution to employees from an organization is a crucial element in every aspect of organization's life. Rewarding workforce is a component of the interchange relationship between organization and employees. Employees perform their work related duties and look forward to get rewards in return of their performance (Cropanzano & Mitchell, 2005).

Management of reward is the process of planning and executing strategies to reward workforce. Through reward management, organizations attract, encourage and retain the workforce in order to attain their organizational objectives (Dulebohn & Werling, 2007). Traditionally the focus has been only on financial rewards and there is little known about possible employees individual differences regarding their needs of different rewards but now in this era, scholars have highlighted the need of focusing on non-financial rewards but it remains an open question whether the effect of satisfaction with financial, material and psychological rewards on employee outcomes is invariant across employees or whether there exist individual differences in these relationships (De Gieter & Hofmans, 2015).

In the view of Equity theory, if an employee considers that his or her rewards are little as compared his output performance or as compared to others, this may lead to de motivation and dissatisfaction of that employee and thus it will perhaps lower his or her input and motivate employees to leave the organization. Therefore for an organization, equilibrium must be created between effort and rewards. According to the Expectancy theory, motivation is awareness process and persons prefer those actions to put their exertion into which they can get their most wanted results. Thus, human behavior towards motivation is



formed by partiality and likelihood of the preferred conclusion. Therefore, individuals will be motivated when they supposed that their behavior will result in outcomes or rewards they worth (Crossman & Abou-Zaki, 2003).

Based on Expectancy Theory (1964), Equity Theory (1965) and Discrepancy Theory (1971), it is evident that rewards and attached satisfaction with these rewards, inspires employee's behaviors and attitudes (De Gieter & Hofmans, 2015). Thus reward satisfaction has an influential effect on behaviors and attitudes of employees. There is a tentative support that individual differences exist in these relations. According to the Need theory of Maslow, individuals differ in their levels of certain needs, which suggest that the need for a particular reward type or the corresponding value attached to this reward type may vary (Hofmans, De Gieter, & Pepermans, 2013). Satisfaction with a particular reward type may has a different effect on the behaviors and attitudes of different employees. Studies have clearly illustrated that the more important a reward type is for an employee, the more we can expect that satisfaction with this reward type will influence the employee's behaviors and attitudes (Gieter & Hofmans, 2015).

A research study has revealed that the individual differences in the relationship between reward satisfaction and employee outcomes can be enlightened by the individual differences in work values. Work values are considered as an aspiration that employees wish and look forward to obtain it through working (Caers et al., 2008).

This study need to be conducted as it is suggested by Ahmad and Rainyee (2014) to

explore the nature of the relationship between reward satisfaction and other relevant employee outcomes i.e. organizational citizenship behavior, counterproductive behavior and also to investigate the individual differences present within this relation. This current research study will investigate the relationship between satisfaction of the financial and non financial rewards given by organization and two employee outcomes i.e. turnover intention and organizational citizenship behavior. This study will also investigate the moderating role of work values between reward satisfaction and employee outcomes.

In the current era of hyper competition, the satisfaction of employees in terms of their rewards is top priority for the growth and survival of the business. Growth of the business is attained only if the objectives of the organization are fulfilled and these objectives can be fulfilled only if the workers of the organization are satisfied with their personal achievements. As reward satisfaction and employee's outcomes involving turnover intention and organizational citizenship behavior is gaining much attention now days, so it is worthwhile to investigate the relationship between reward satisfaction and employee's outcomes in the presence of work values of employees.

Human resources are the asset of every organization. To make them happy, it must be the top priority for every organization. By implementing reward satisfaction theoretical framework, this research look for to give the results of the impact of the reward satisfaction on the employee's behaviors and attitude by taking moderating variable of work values. This study will provide assistance to the organizations to gain well

understandings of their employee's attitudes and behaviors through examining the effect of reward satisfaction on employee's outcomes. From the practical point of view, it will also help the organizations to design rewards according to the needs of their employees and at last this study will assist the employers to retain their employees for the future and this will probably reduce their cost of new hiring and they will also attain the loyalty of their employees.

### **Literature Review**

**Rewards:** It is clear that most workers are often given high preference and a positive social environment in the workplace. The social environment includes fair and just treatment, cooperation between colleagues and respect. On the other hand, there are many cases where employers or owners also pay attention to the social, material and mental well-being of their staff (Mohan & Mulla, 2013).

The remuneration system is a broad management concept, as it shows that employees can appreciate their managers who are ready to contribute. Lack of rewards can reduce employee satisfaction and, in return, the return of employees may increase. In this way, it is essential to increase the level of motivation of the staff remuneration system and to keep the staff working in the organization (Falola, Ibidunni, & Olokundun, 2014). The main goal of the organization is to reduce employees' efforts by offering them the appropriate reward for changes in their services. This will increase the level of satisfaction and personal performance (Abbas, Khan, & Hussain, 2017). The remuneration system is considered to be a management tool that enhances the

organization's performance by encouraging worker behavior (Emery & Fredendall, 2002).

**Psychological Rewards:** The Employee Psychological Benefit refers to reports of satisfaction from their work, storage, and interaction between the staff involved with collaborators and administrators, including how they are treated appropriately (Judge, Piccolo, Podsakoff, Shaw, & Rich, 2010). Psychological awards (for example, admiration by the leadership, and praise from colleagues) do not mean monetary costs for the organization. Instead, they were positively assessed by the results of the changing relationships between employees and managers, colleagues or clients. Non-financial bonuses, like other working arrangements, can be more effective in women's culture where work and life balance is high and desirable (Grant, Cravens, Low, & Moncrief, 2001). Non-financial bonuses also have a real prize that is provided and administered by the company even if they do not take advantage of employees' cash benefits. Examples include recognition, promotion, authority and responsibility, training and development. Supplying too much workforce in the hospitality industry and increasing pressure to control non-financial bonuses are increasingly being used to increase staff efficiency (Ng & Feldman, 2008).

**Reward Satisfaction:** Personal satisfaction is about demonstrating employees' satisfaction with their overall work and organization and the quality of the decisions taken in the organization. On the other hand, personal and individual satisfaction is a reflection of the satisfaction of the employees of the judiciary, which they

regard as a quality relationship with their workers and the quality of the relationship with their managers (Judge et al., 2010).

The key prerequisite for prize management is that the prize, which promotes employee attitudes and behavior, is not a direct issue. On the contrary, the value employees associate with these awards (Vroom, 1964) or the satisfaction of these awards (Lawler, 1971) affects their attitudes and behaviors (the above book). Employees receiving many social and psychological awards are considered more satisfied than those who have fewer savings (Rowe & Snizek, 1995).

**Employee Outcomes:** The result of our sample participants is extra work, extra effort, and withdrawal behavior e.g., Revenue, latency and absence (Azanza, Moriano, & Molero, 2013). As the most important theoretical and theoretical research, it is necessary to relate to the context of behavior. The effect of remuneration only makes sense when interpreted according to its results. Due to the variety of gifts that changes in how they affect employee attitudes, it is important to determine what type of remuneration is perceived to be most effective by staff members for certain duties and sizes associated with different tasks (Ng & Feldman, 2008).

**Organizational Citizenship Behavior:** Urban characteristics of the organization (OCB) believe that any behavioral citizenship improves the organization's functionality. The term "nationality" was introduced in 1983 by Bateman and Organ and described it as a treatment whose staff influenced personnel involved in the behavior and social welfare of staff. It's called "good people". When discussing the

history of non-old OCBs, in search of this study it appears that these organizations have participated in organizing the organization of their organization in order to achieve the goals of the organization. Dibbon (1984) show that productivity and collaboration approaches do not deserve the view of the work created for the organization's perfect work. Citizenship practices are praised by citizenship to enable organizations to strengthen OCB organizations as a social care system Behavior and leadership of effective organization.

OBB is a special decision and the employee can not be obliged to enter into a formal agreement with an employee. OCB may refuse to react or communicate with its employees to change working conditions. From OCB's point of view, it is an additional effort of the staff to improve the efficiency and effectiveness of the organization (Miao, 2011).

**Work Values:** Corporations can retain different meanings for people in the industrial society. The job does not mean concrete, but rather it refers everyone to their work. One way to understand the difference between meaning is that the agreement can be highlighted in the industrial society (Trivellas, Reklitis, & Platis, 2013).

The purpose of the job or goal is seen as a major demonstration of pricing. The core values define four types of work - internal, external, social and reliable. The job is that it is related to the desired state (for example, high salary) or behavior (for example, people working with people). According to their importance in the guiding principles, different work is arranged

Execution and settings to choose from among the different work options. The value of work only means the purpose of the circular layout. Labor prices are usually related to those who want to leave the job completely (Schwartz, 1989).

The term "work" can be described as the term "value" and can be described as a concept of individual action for its work. Labor costs reflect an early understanding of the situation they are looking for in terms of work and control their activity in search of the situation. They relate to general behavior according to the importance of man, the role of a worker in the sexual satisfaction of his character (Iqbal, Latif, & Naseer, 2012).

### Research Methodology

This research study is based on empirical approach. In this study, concept and texts is

overviewed and then used to enlighten the assured facts. This research study follows the quantitative approach. The population of the study is employees working in private banks of Lahore. Convenience sampling will be used for data collection. For the survey purpose, questionnaires were distributed to collect data from sample of population of the study. The sample is employees of private Banks of Lahore and questionnaire is used to assess the observation of workers of private banks regarding their reward satisfaction.

Self-administrated questionnaire is used. The questionnaire comprises of two segments: The first segment includes the demographics of the workers. A passage is also included for the worker who filled the questionnaire in order to ensure them that the privacy will not be leaked regarding their answers and all the information will be kept confidential.

### Measures

Variables	Items	Scale Developed by
<b>Reward Satisfaction</b> Financial Rewards Psychological Rewards	5 4	Henmen& Schwab (1985) Gieter, Cooman, Pepermans, &Jegers (2008)
<b>Turnover Intention</b>	7	Olusegun (2013)
<b>Organizational Citizenship Behavior</b>	15	Organ, & Near (1983)
<b>Work values</b> Financial Security Interpersonal Contact	4 4	Cooman, Gieter, Peperman, Bois, Caers, &Jegers (2007)

### Results

The regression analysis was performed to test the relationship between independent and dependent variables. All relationships have significant values less than the alpha value ( $\alpha = 0.05$ ). The results presented in Table 4.12 show that R-square is 0.332 between reward satisfaction and turnover intention which means that a 33.2% change in turnover intention is explained by the independent variable reward satisfaction. In addition, the second predictive financial reward has R square 0.307, which indicates that 30.7% variation in turnover intention is

explained by a financial reward. R square between reward satisfaction and OCB is .412 which shows that 41.2 percent variation in OCB is explained by rewards satisfaction. R square between financial reward and OCB is .309 which shows that 30.9 percent variation in OCB is explained by financial rewards. Psychological reward has R square value of .396 and .366 with turnover intention and OCB respectively which shows that 39.6 percent variation in turnover intention and 36.6 percent variation in OCB is explained by psychological rewards.

**Table 4.11: Regression Analysis**

Predictors	Turnover Intention		Organizations Citizenship Behavior	
	R <sup>2</sup>	B	R <sup>2</sup>	$\beta$
Reward Satisfaction	.332*	-.445*	.412*	.612*
Financial Reward	.307*	-.518*	.309*	.561*
Psychological Reward	.396*	-.469*	.366*	.551*

\*Results significant as their alpha value is less than  $\alpha=0.05$

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	78.546	1	78.546	55.311	.000 <sup>a</sup>
	Residual	295.375	208	1.420		
	Total	373.920	209			

**ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	78.546	1	78.546	55.311	.000 <sup>a</sup>
	Residual	295.375	208	1.420		
	Total	373.920	209			

a. Predictors: (Constant), Financial Reward  
b. Dependent Variable: Turnover Intention

ANOVA table shows the results for F-statistics (55.311,  $\rho < .005$ ) which statistically significant as  $p, < .005$ . This results shows that financial reward is a good predictor of variation in turnover intention.

**ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	81.350	1	81.350	57.835	.000 <sup>a</sup>
	Residual	292.570	208	1.407		
	Total	373.920	209			

a. Predictors: (Constant), Psychological Reward  
b. Dependent Variable: Turnover Intention

ANOVA table shows the results for F-statistics (57.835,  $\rho < .005$ ) which statistically significant as  $p, < .005$ . This results shows that psychological reward is a good predictor of variation in turnover intention.

**ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	118.741	1	118.741	96.787	.000 <sup>a</sup>
	Residual	255.180	208	1.227		
	Total	373.920	209			

a. Predictors: (Constant), Financial Reward  
b. Dependent Variable: OCB

ANOVA table shows the results for F-statistics (96.787,  $\rho < .005$ ) which statistically significant as  $p, < .005$ . This results shows that financial reward is a good predictor of variation in organizational citizenship behavior.

**ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	125.349	1	125.349	104.890	.000 <sup>a</sup>
	Residual	248.571	208	1.195		
	Total	373.920	209			

a. Predictors: (Constant), Psychological Reward  
b. Dependent Variable: OCB

ANOVA table shows the results for F-statistics (104.890,  $\rho < .005$ ) which statistically significant as  $p, < .005$ . This results shows that psychological reward is a good predictor of variation in organizational citizenship behavior.

## **Conclusion**

Each dimension of reward satisfaction named financial rewards and psychological rewards have an impact on employee's outcomes named turnover intention and organizational citizenship behavior. Reward distribution to employees from an organization is a crucial element in every aspect of organization's life. Rewarding workforce is a component of the interchange relationship between organization and employees. Employees perform their work related duties and look forward to get rewards in return of their performance (Cropanzano & Mitchell, 2005). Management of reward is the process of planning and executing strategies to reward workforce. Through reward management, organizations attract, encourage and retain the workforce in order to attain their organizational objectives (Dulebohn & Werling, 2007).

## **Limitations of study**

This study provides many advantageous and imperative aspects of reward satisfaction and its relationship with employee's outcomes but there are also some limitations.

1. This study is conducted only on private banks. Study can be conducted on both private and government banks in order to make comparison.
2. Convenient sampling is used which non-probability is sampling.
3. Study is conducted only in one study Lahore.
4. Only two dimensions of reward satisfaction and work values are used.

## **Managerial implications**

This study will provide help to the management regarding the proper working and effectiveness of making reward policies in the organization. If the satisfaction

regarding reward is pleased in terms of psychological and financial rewards then workforce will provide more fruitful results to the organization. It will also help managers to retain employees and improve their organization citizenship behavior by giving proper financial and psychological rewards according to their performance. Work values must also be fulfilled by the institute for positive results and these positive results are reduced turnover and enhanced organization citizenship behavior in workplace.

## **Recommendations**

This study gives many factors for understanding reward satisfaction. Following recommendations are given on the basis of the results generated from this study.

As reward satisfaction reduces turnover intentions and improves organization citizenship behavior, organizations must consider satisfaction of their employees regarding financial and psychological rewards while designing reward policies.

As financial security and interpersonal contact moderates the relationship between reward satisfaction and organization citizen behavior, organizations must create an environment within the organization where employees have financial security and which improves interpersonal between employees.

Organizations must also consider psychological rewards along with financial rewards while designing reward policy as psychological rewards have impact on turnover intention and organization citizenship behavior.

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