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Research Article

The Impact of Intrinsic and Extrinsic Rewards on Job Satisfaction: Study of Education Sector of Punjab, Pakistan

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Abstract

Keywords

Extrinsic rewards,
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Human Resource,
Job Satisfaction,
Empirical Study,
Education Sector of
Punjab,
Pakistan

Purpose: Purpose of this study is to measure the extent of the relationship of Extrinsic and Intrinsic Rewards with Job Satisfaction of Teaching staff of Universities of Punjab, Pakistan. **Methodology:** To test the Intrinsic & Extrinsic Rewards and Job Satisfaction model Questionnaire was developed and 120 questionnaire was distributed to the teaching staff of different universities working in Punjab out of which only 103 people take part actively in research and they return the questionnaire after filling it properly, but unfortunately 5 of them are not able to add in research so that's why we exclude them. Pearson correlation analysis and Regression analysis was used to check that up to what extent the Job Satisfaction is being influenced by Extrinsic Rewards and up to what extent the Job Satisfaction is being influenced by Intrinsic Rewards. **Findings:** Finding point out that Job Satisfaction is much correlated and much influenced by the Extrinsic Rewards rather than Intrinsic rewards, that means the teaching staff employed in universities of Punjab, Pakistan are giving more value to the extrinsic rewards rather than Intrinsic rewards. **Research Implications:** This study will contribute in the field of Rewards and Employees Satisfaction; this will also help the Human Resource Managers to understand their employees and to make the rewards policies. **Limitation and Future Research:** Due to Shortage of time and Resources this study is conducted only in Education Sector of Punjab, Pakistan. Researchers can contribute in this field by enhancing this study to the other sectors and to other Provinces of Pakistan.

Introduction

Performance is the capacity of any person to perform a particular task according to a particular standard. Standards of cost, time, completion and the accuracy and it is deemed to fulfill an obligation and has to perform in such a manner that it releases the person from whole of the liability (Newberry and Pallot, 2004).

It is assumed that the performance of the employees is linked with the reward. It always said that employee performance can be improved by adopting the reward system. It is also said that if organization pays according to the efforts putted by the employees the performance and motivation level will be high (Poole et al., 2006).

By measuring the performance we mean that measurement of the results or outcomes on regular basis and to measure the efficiency of program or service. The right thing should be

measure. If the things that are not right are being measured that can mislead and result might be the decisions that are not favorable for the organization. Major use of the performance information is to judge where we are standing and where we have to go (Lapsley, 2008).

What the organization has achieved and toward what it has to go, the goals that organization has to achieve in the near future. It helps the organization to control the behavior of the employees. It improves the management and the services provided by the employees to the organization. It helps the employees to communicate in better way between them and with the other stock holders that has direct or indirect linked with the organization. It imposes the accountability on the employees and helps the organization to justify the cost with the programs (Hood and Peters, 2004).

The questions that where we are and where we want to go can only be answered if there is system of measuring performance exist there in the organization. Managing the performance of the subordinate staff is only possible if we are measuring it on daily basis.

To achieve the particular goal that is the organizations main strategy is also possible through this way (Ad croft and Willis, 2005).

Employees performing better or those that are giving the extra-ordinary must be appreciated by the management. If the employees will be appreciated they will defiantly engage with their work and obliviously they will continue to give the extras than their duties and their abilities. organization has to make commitment to get the best from the employees that they have announce means organization has to pay for performance.

Focus should be on continues improvement because the performance measurement system is not the one time activity, it is a continuous process. Alignment reward should be aligned with the performance not with the nepotism or favoritism (**Kessler and Purcell, 1992**).

Organization must be capable to adopt that kind of performance appraisal system. If the organization is not capable to measure it regularly system will be flop and there is no benefit for the organization. Performance system is an evolutionary system, that everyone is judging himself and others as well (**Campbell et al., 1998**).

System of rewards in the most important issue now a day in organization, employees are demanding non monetary rewards as well as monetary. Non monetary demands of employees are demanding on their jobs, learning opportunities, employee development, advancement in knowledge, flexibility in working hours, recognition, opportunity to become someone which is valued, opportunity to make decision in key areas, opportunity to become closer to management, and authority, (Schneider and Bowen1995).

These are the things that an employee thinks he should be provided and it has been proved after a comprehensive study of employees that the employees that have been provided with non monetary rewards become more loyal and respects his management. To provide these types of rewards it is not a cost for an organization it is an investment that will lead an organization toward success. It is true that money is a necessity without it n one is able to buy anything and money is the only thing that can meet our daily expenses but non monetary rewards are a necessity so that employees become more knowledgeable and loyal for the organization, to get the loyalty of the employees the organizations has to provide them with both kind of rewards, monetary and non monetary. By getting loyalty means the employees are up to a very much extent happy with the organization and they are satisfied with

their jobs. Employees will be more satisfied with their employer and with organizations when they are provided with leisure time to spend with their friends and family. Finally the most significant thing through which the satisfaction can be gain is non monetary rewards. Organization has to focus more and more on non monetary demands so that employees become loyal and more satisfied with their jobs, employer and with their organization as well (Armstrong and Murlis, 1998).

Literature review

Rewards

Reward system is also used as reward management by the scholars in literature, reward management is the most important factor that was highlighted by the theorists for gaining the employees loyalty or to conform that the employees are satisfied to their jobs, and in modern era reward system is the most developing and the most considered area by the practitioners in the discipline of human resource management. If anyone wants to study the complete rewards system he/she has to start from the human resource model of the Harvard School of business (Sparrow and Hiltrop, 1994). This model is also known with the name “soft variant” the reason behind is that this is the only model that focuses on the aspect of Humanity in the discipline of human resource management.

Reward system basically deals with assessment of values that are added to a job, payment against performance, payment against contingencies and benefits after retirement like pension and gratuity etc. The other thing is that system of rewards must have to take into consideration by the organizations while setting their goals and strategies (Armstrong and Murlis, 1998), they also mentioned that reward system includes the culture development in the organization that are leaded by the requirements that are raised within the organization or from the outside of the organization that increases the employees motivation level that lead an organization that’s employees are satisfied with their jobs.

Reward system is comprises on two parts: Financial rewards and non financial rewards that should be according to the roles of the work-force and according to their needs.

Financial rewards consist of strategies: basic-pay pay-based-on market, pay on profit and the other kind non financial reward focuses on the recognition, giving them authority, appraise them on their achievements and focusing more on their personal growth, providing them authority to make decisions according to the needs of the employees (White and Ducker, 2000). It is debatable in rewards system that up to what extent the monetary rewards are the motivator and up to what extent the non monetary rewards influences the level of loyalty in employees and their job satisfaction level.

Extrinsic vs. Intrinsic Rewards

Personalized causing hypothesis was made by simply (deCharms 1968) while they reviewed fresh gents enthusiasm to accomplish scored versus a number of dimensions normal involving brilliance. (Bandura1982) recommended the idea involving public mastering along with self-efficacy by simply mastering some ones self-regulation. This kind of impression involving self applied impact on picking out task, the amount efforts an example may be happy to make use of, as well as how chronic a single are going to be throughout completing a job. (Deci and Ryan 1986; 1992) presented data in which extrinsically brought on habits truly undermines enthusiasm in the long term. Yet another part of self-efficacy is usually cession hypothesis, typically the plaintiff's notion in which tenacity will receive a task accomplished (Lent, Darkish, and Larkin, 1984; Schunk, 1989; Weiner, 1974). This kind of study continually illustrates a past or present student's dimensions or maybe built-in impression involving self applied along with notion throughout spending so much time to accomplish the purpose are definitely the deciding variables throughout regardless of whether he'll have great results. Newer kids aimed at aim angle plus the undeniable fact that enthusiasm is established in concert with the expectancy how the efforts can bring about typically the aim (self-efficacy) and the aim will probably be worth earning (Csikzentmihalyi and Nakamura, 1989;).

Subsequently ca your aim always be a extrinsic prize? Sure, it might; nonetheless the affected person the actual willpower in case the aim will probably be worth efforts. Deci and Johnson (1992) used models involving built-in enthusiasm along with internalized extrinsic enthusiasm to evaluate self-regulation involving mastering. Additionally, they identified in which premium quality mastering is usually linked to built-in enthusiasm along with entirely internalized extrinsic enthusiasm. That they identified how the public situations in which let this mix incorporate alternative, best difficult task, comments, public input, along with thank you involving sensations. Covington (1999) likewise looked into typically the promiscuity involving extrinsic & intrinsic advantages, and located typically the students' curiosity about understanding how to link for you to process angle rather than inability deterrence. No person specific includes a similar harmony involving reasons. Bandura (1977) identified in which "different elements of man habits are generally licensed by simply distinct blends along with numbers of incentives" (p. 114).

Tutors have got to accomplish having a one extrinsic prize technique that could complement typically the mindset demands of assorted men and women.

As a result, supplying some yummy ice cream discount codes or maybe lasagna may well stimulate some scholars to boost academics functionality for a while. The analysis nonetheless is usually extremely persuasive in which extrinsic advantages

have no a confident in the long run influence and can also already have a damaging in the long run influence (Johnson, 99; McCullers, Fabes, and also Moran, 1987). The data is usually powerful in which extrinsic mindset approaches when making short-run transform truly generated side effects. Throughout a pair of distinct substitute mastering reports, scholars using larger extrinsic along with fellow identification demands almost never done an alternative software when those that have far more built-in enthusiasm concluded this software along with assumed that they can could possibly get back to institution and turn into productive (Hudley, 1996; Nichols and also Utesch, 1998). A single the latest analysis aimed at leisure time pursuits involving fresh teens along with unearthed that extrinsic advantages intended for pursuits truly brought on scholars being fed up with exactly what given that they could not get command covering the judgments (Caldwell, Preferred by, Payne, and also Draggletailed, 1999).

Job Satisfaction

Satisfaction of employees with their job is necessary for the survival of the organization in this modern era. The organizations knows that by linking their best employees with the organizational goal can only be the way of survival because they know that if the employees are not being satisfied the organizational objectives are not going to fulfill. Employee's satisfaction with their job is directly linked with the rewards, in modern society everyone wants reward for his contribution, and no one is going to be the philanthropic. Some of the employees want tangible rewards like pay, pension, etc. mean while some of them are interested in intangible rewards like recognition, job autonomy, and job security. In most of the organizations employees wants the job security, literature let us knows that in this era of inflation and crises employee's major concern is job security. It is obvious that if the employees are satisfied they will be motivated and will be more engaged in their jobs. Job satisfaction is a theory just like other motivational theories and it directly links to the behavior of the employees toward job (Smith et al, 1969). With the passage of time a lot of behavioural philosophers produces allot of knowledge and presents their thinking on the issues of motivation and job satisfaction. Maslow (1954), McGregor (1985), Herzberg (1986) and the Hawthorne Experiments (Cameron, 1973) all of these theorists almost focus on the needs and wants of the public and particularly of employees.

Maslow (1954) focuses on the needs of individuals and proposes that there are certain level of the needs if one will fulfil then other will take place of that but one thing that is most interested thing is that if someone feels that he/ she in insecure about the last stage he/she will defiantly "revert back".

McGregor (1985) also describe the needs of people in a systematic way, he provides that when one of the need is being satisfied it will become a greater motivator for the plan

of action. When people feel more secure they will be highly motivated and satisfied. If management provides the conditions the employees will be self managed and motivated. Herzberg (1986) also focuses on the factors that lead the employees toward greater satisfaction or dissatisfaction while working on different jobs and on different levels. He also focuses on the difference between the motivation level with reference to the intrinsic and extrinsic motivation, because intrinsic motivation is directly related to the achievements and appraisals and the extrinsic motivation is directly linked with the factors like money, working conditions etc.

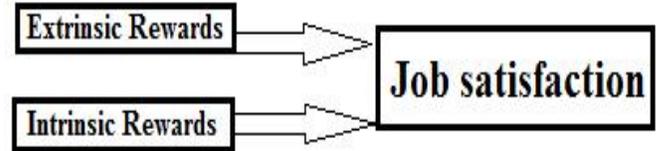
Your potential linkage involving employee perceptions and functionality was considered in earnest inside 1930s, coinciding along with (and because of this of) the actual Hawthorne studies as well as the ensuing individual relations movements. Although the actual Hawthorne studies are generally credited along with emphasizing a linkage involving employee perceptions and functionality, researchers have been more circumspect inside their results than many assume (Roethlisberger, 1941). The item is crystal clear, however, how the human relationships movement aroused interest inside relationship. Pursuing the human relationships movement, probably the most influential narrative review of the work satisfaction job functionality relationship seemed to be published by (Brayfield and Crockett 1955). In the following paragraphs, the authors reviewed research relating job full satisfaction to work performance and also to many other behavioural outcomes (accidents, absence, and turnover). Brayfield along with Crockett concluded that there was not much of any relationship involving job full satisfaction and functionality, labelling that as "minimal as well as no relationship" (p. 405). You're Brayfield along with Crockett review was limited by the very small number of published studies readily available for review during those times (only eight studies have been reviewed that reported a correlation involving individual work satisfaction and work performance) as well as the general subjectivity of qualitative evaluations. In spite these short comings, Brayfield along with Crockett's post were perhaps the most frequently cited examine in this area of research ahead of 1985. Since the Brayfield and Crockett (1955) examine, several different influential narrative reviews are published (Herzberg et ing., 1957; Locke, 1970; Schwab & Cummings, 1970; Vroom, 1964). These evaluations differed greatly in their orientation along with, to some degree, inside optimism they expressed in connection with satisfaction performance connection, with Herzberg et ing, Being probably the most optimistic. The main gist of two these reviews (Locke, 1970; Schwab & Cummings, 1970) seemed to be to issue a powerful call pertaining to theory driven investigations of the satisfaction-performance connection. In response to these evaluations, researchers did start to consider more closely the character of the relationship, giving particular consideration to factors which may moderate as well as mediate the relationship. Accordingly, over the following section of the article, all of us group most of these investigations in seven types of the

satisfaction-performance relationship along with review research that's been conducted on these useful forms.

Methodology

This research is quantitative in nature and in accordance with the prior studies finding and on the basis of theory this model has been developed to check that is there any relationship between Extrinsic and Intrinsic Rewards and Job Satisfaction and to determine that up to what extent the Satisfaction is influenced by extrinsic rewards and up to what extent the Satisfaction is influenced by intrinsic rewards.

Model of Study



Data collection

Questionnaire was developed and 120 questionnaire was distributed to the teaching staff of different universities out of which only 103 people take part actively in research and they return the questionnaire after filling it properly, but unfortunately 5 of them are not able to add in research so that's why we exclude them.

Measurement Construction

Questionnaire consist of total 20 items and was divided into 3 parts, 1st part is about Job Satisfaction that consist of 9 items, 2nd part is about Extrinsic Rewards that consist of 5 items, and 3rd part is about Intrinsic Rewards that consist of 6 items.

Data Analysis

Collected instruments are analyzed by different analyzing tools, Pearson correlation analysis, Regression analysis, and to check the internal consistency reliability analysis was used and the result of this test is shown as under.

Research findings

Reliability of Instrument

By applying CronBach's Alpha test the reliability of questionnaire was tested.

Cronbach's Alpha	N of Items
.818	20

To test the Research questions that is there any relationship between Extrinsic & Intrinsic Rewards and Job Satisfaction we

conduct a Pearson correlation analysis and the results are as follows.

Correlation

Table 1

		Job Satisfaction	Extrinsic Rewards
Job Satisfaction	Pearson Correlation	1	.577**
	Sig. (2-tailed)		.000
	N	98	98
Extrinsic Rewards	Pearson Correlation	.577**	1
	Sig. (2-tailed)	.000	
	N	98	98

** Correlation is significant at the 0.01 level (2-tailed).

It depicts that Job Satisfaction and Extrinsic Rewards are significantly correlated because the results are slightly higher than the moderate value and significance level is 0.001

Table 2

		Job Satisfaction	Intrinsic Rewards
Job Satisfaction	Pearson Correlation	1	0.456*
	Sig. (2-tailed)		.005
	N	93	98
Intrinsic Rewards	Pearson Correlation	0.456*	1
	Sig. (2-tailed)	.005	
	N	98	98

Table 2 shows that Intrinsic Rewards and Job Satisfaction is moderately correlated.

Regression

Regression analysis was run to calculate that up to what extent the Job Satisfaction is influenced by the Extrinsic and Intrinsic Rewards.

Table 3

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.577 ^a	.333	.326	.163

a. Predictors: (Constant), Extrinsicreward

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.279	1	1.279	47.917	.000 ^a
	Residual	2.562	96	.027		
	Total	3.841	97			

a. Predictors: (Constant), Extrinsic rewards, b. Dependent Variable: Job Satisfaction

Table 3 shows that Job Satisfaction is influenced about 57% by the Extrinsic Rewards and almost 43% involvement of the other factors was there.

Table 4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.459 ^a	.214	.172	.137

a. Predictors: (Constant), Intrinsicreward

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.097	1	1.097	24.978	.005 ^a
	Residual	2.743	96	.039		
	Total	3.840	97			

a. Predictors: (Constant), Intrinsicreward b. Dependent Variable: JobSatisfaction

Table 4 shows that Job Satisfaction is influenced about 46% by the Extrinsic Rewards and almost 54% involvement of the other factors was there.

Discussion

Result shows that teaching staff working in universities of Punjab, Pakistan has more concern about the Extrinsic Rewards rather than Intrinsic Rewards, the reasons behind these findings are, there is no proper performance management system in the universities, and secondly this is the mindset of teaching staff that they are just visit to universities to deliver lectures, they are not focusing on the development of the students, their selves and not even on the development of the organizations. This study suggests that there must be a fair performance management system and performance appraisal system so that employees feel safety in their jobs, in their promotions, allowances, and in all the matters regarding their job. By adopting a fair performance Appraisal system the efficiency and effectiveness of employee can be increase the loyalty, commitment, and employee’s satisfaction can achieved.

Limitation and future research

Due to Shortage of time and Resources this study is conducted only in Education Sector of Punjab, Pakistan. Researchers can contribute in this field by enhancing this study to the other sectors and to other Provinces of Pakistan.

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