EFFECT OF REWARDS ON JOB SATISFACTION EVIDENCE FROM PAKISTAN

Muhammad Rafiq (Corresponding Author)
Faculty of Administrative Sciences Air University Islamabad, Pakistan
Islamabad, 44000, Federal, Pakistan.

Muhammad Javed
Faculty of Administrative Sciences Air University Islamabad, Pakistan

Mustajab Khan
MS Scholar Muhammad Ali Jinnah University Islamabad, Pakistan

Maqsood Ahmed
Faculty of Administrative Sciences Air University Islamabad, Pakistan

Abstract
Rewards always play an important role in organization’s growth and better performance. This study examines the impact of intrinsic and extrinsic rewards on job satisfaction, a case of call centre employees in Pakistan. The data was collected from 210 call center employees that were working in different telecom organizations. Standardized questionnaire was used to collect data. Results showed positive trends in all variables. Extrinsic rewards are comparatively more important than intrinsic rewards when job satisfaction of employee was evaluated. The results of regression analysis show that job satisfaction is more dependent on extrinsic rewards as compared to intrinsic rewards. The results and its implications for managers have also been discussed.

Key words: Job satisfaction, intrinsic rewards, extrinsic rewards, Pakistan.

1. Introduction
The 21st century organization faces many challenges but most important one is regarding employee’s wellbeing. Employees spend most of their time at work but they are not completely satisfied from their job that’s why satisfaction is not only important for employee’s wellbeing but also for organization wellbeing. Past few decades, organizational behavior researchers a lot work done on developing the relationship between organization and employee’s behavior that will providing the help to fulfill the needs of both parties on continuously basis. The concept of job satisfaction is extensively studied literature in the organizational behavior. Job satisfaction is originated in early nineties, when a scholar began to research on employee’s job duties and workers trainings (Taylor, 1911). Employee’s positive and negative relationship at workplace began to study when Elton Mayo works on Hawthorne studies (Bruce & Walton, 1992). The job satisfaction is an important area in research and it is still growing suggested by (Levine, 1995). Rue and Byars (1992) define job satisfaction as feeling of employee about their job and added that how employees show a positive attitude toward their job when they are highly satisfied from their job and how employees show a negative attitude toward their job when they are dissatisfied from their job. On the other side, job satisfaction is employee response to different dimensions of the work, job satisfaction include relationship with colleagues, salary,
supervision and rank, extrinsic rewards include environment in which work is carried out, career progression and hierarchy of the organization (Schermherhorn, 1993). Further (Cranny, Smith, and Stone, 1992) found that more than 5,000 studies have been published on job satisfaction. The most widely used definition of job satisfaction defined by (Locke, 1976) as “... a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences”. These are the different predecessor which have an effect on job satisfaction, income (Sweeney, McFarin, & Inderrieden, 1990), happiness (Boehm & Lyubomirsky, 2008), work values (Clifford, 1985); Kalleberg, 1977), work rewards (Clifford, 1985), social concern (Ronald and Steade, 1976), working conditions (Locke, 1976), working hours (Ravinder and Browne, 1977), working conditions (Janet, 1987), performance (Lawler and Porter, 1967). Reward factors include salary, promotions fringe benefits, supervisor behaviour, and working environment that correlate with job satisfaction; research was conducted by (Loche 1976; Clifford 1985; Fournet, Distefano, and Pryer, 1966; Gruenberg 1979). These factors are very significant for job satisfaction. Rewards are one of the important factors of job satisfaction and overall well-being of employee. Muchinsky, (1993) suggested that call centers is the new area of research in industrial organizational psychology. According to Marr & Neely, (2004) call centers defined as “a physical or virtual operation within an organization in which a managed group of people spend most of their time doing business by telephone, usually working in a computer-automated environment”. Call centers are become an important part of today organizations and playing an essential role in service industry. Call centers executives are continuously investigated alternatives to resolve work related conflicts in organizations (Holdsworth & Cartwright, 2003). Holdsworth & Cartwright, (2003) today organizations are looking for adopt new ways doing businesses because of changing nature of customers and business. Service-based call centers demand increases day by day due to rapid advancement in technology. To incorporate these increasing demands call center representatives are those individuals who are employed in call centers and dealing with the customers related issues like dealing queries of customers, giving information about the products of company, solving service related problems. According to the knowledge of author, few studies are conducted on intrinsic and extrinsic rewards and their relationship with job satisfaction on call centers employees but there is no single one study is conducting on call center employees in Pakistan. Job satisfaction and relationship of intrinsic and extrinsic rewards in call centers employees is still a research gap within Pakistan context. The aim of this study is to fill the gap of research in this context. This research paper will help to determine those rewards that can enhance the job satisfaction of call center employees.

2. Literature Review

2.1 Job satisfaction

Robbins (2003) define job satisfaction as, there are four main primary factors that determines job satisfaction. The first one is rewards, refer to as pay and promotion which is considered most related to job satisfaction because when employees feels that they are rewarding fairly, their experience towards satisfaction is increased. The second determinant is supportive work environment, next determinant is mentally challenging work and the last one determinant is supportive colleagues. Job satisfaction define as “a function of the range of specific satisfactions and dissatisfactions that he/she experiences with respect to the various dimensions of work” It includes what Individuals expect from job and what they receive Locke, (1976). Different employees are
different level of expectation with respect to pay and rewards in work situations (Porter and Steers, 1973). Many companies used different techniques like survey to find out what are the employees expectations and perceptions about their jobs (Kinicki and Kreitner, 2003). Arnold and Feldman, (1986) asserts that job satisfaction is the positive attitude of an individual towards his job. Robbins, Odendaal, & Roodt, (2001) recommended that these are the different factors such as work rewards, pay, relationship with coworkers and job security which has substantial influence on job satisfaction. Moshavi and Terborg (2002) portrays call center representative work is highly stressful. Kleemann and Matuschek, (2002) claim that different individual recognize that call center representatives work is so boring because they are bounded to spent a long time on computer and also required to work shifts like night and weekends. According to Kleemann and Matuschek, (2002) depicts that call center representatives job satisfaction is high when they feels that they are rewarded on the basis of their contribution. It is stated that most of the managers consider that fringe benefits and employee recognition are important for call center representative’s job satisfaction and some of them are not belief on it (Levin, 2004). Definitely, when these different factors provide a call center to his employees their performance and satisfaction level ultimately will be boost.

2.2 Call Centers

Call Centre defined as “a physical or virtual operation within an organization in which a managed group of people spend most of their time doing business by telephone, usually working in a computer-automated environment” (Marr & Neely, 2004). Gans et al., (2003) a call centers is the central focus and important part of many organizations where call center representative make possible to direct contact with customers via computer and telephonic. They provide different type services to customers like emergency services, telephonic order and delivery services. Holman, (2005) suggested that currently call centers are the valuable assets in all organizations and also produce progressive contribution in the national economies of any country. Marr & Neely, (2004) call centers generally providing services twenty-four hours in a day, seven days in a week and 365 days in a year. Call centers basically are two types inbound and outbound. Inbound call centers are customer service based call centers dealing with incoming calls and outbound are agent based called call centers dealing with outsides calls, where services offer to customers like telemarketing. Call centers are not only providing services to telephonic but also provided services through SMS, chatting and e-mail. In this study the researcher focus only inbound call centers.

2.3 Intrinsic/Extrinsic rewards

The work area consists of different interrelated factors. These factors are improving the quality of work life that requires understanding those dimensions and factors that related to job satisfaction (Clifford, 1985). Numerous researches have been conducting on rewards that are significantly related to job satisfaction. For instance Lam’s et al. (2001) found that positive relationship between job satisfaction and rewards exists and rewards are considered key factor in determining job satisfaction of employee. Rewards are divided into two categories intrinsic rewards and extrinsic rewards and these rewards further divided into subcategories (Clifford, 1985). Intrinsic rewards are the task significance, task autonomy and task involvement. Task significance is critical factor in today economy and in which employees doing work that is beneficial and helpful for others (Hackman
& Oldham, 1976) and different other scholar’s worked on this antecedent are (Brickson, 2005; Morgeson & Humphrey, 2006; Colby, Sippola, & Phelps, 2001) Task autonomy is the degree of independence and freedom in scheduling of work and determined procedures that employees carry out at work (Hackman, 1980) and different other scholar’s worked on this antecedent are (Spreitzer, 1996; Evans & Fischer, 1992). Task involvement is degree of how much task is interesting and challenging (Rehman, Khan, & Lashari, 2010). These are different researchers that work on different intrinsic factors and suggested that these factors significant impact on job satisfaction of employees. Extrinsic rewards are the social and organizational rewards. Social rewards refer those that can be derived from interaction with others on job. Luddy (2005) friendly relationships opportunities on place of work will increase satisfaction of employees and intention to leave the organization can be decreased through job involvement and organizational commitment. (Wharton & Baron, 1991), supervisor and co-workers relationship are key factors of job satisfaction, higher level of job satisfaction is associated with good supervisor and co-worker relationship. And on the other hand, organizational rewards are the tangible rewards that are visible in nature like pay, promotions, and other job related benefits. Pearson (1991) salary is feedback that shows the importance of the employee in the organization. Satisfaction at workplace will be high when top management is given promotion opportunities at manager’s level (Alpander, 1990; Cranny, Smith and Stone, 1992; McCampbell, 1996; Arnolds and Bosshoff, 2001). Holdsworth and Cartwright, (2003) suggested that call center representative’s job satisfaction level is very low because call center representatives employee’s feeling are highly associated with stress. Call center representatives are normally consisted of lower skill workers because of their lower skill work call center representative’s job satisfaction level is also low and researcher suggested that lower skill workers are not usually satisfied from intrinsic rewards (Rose and Wright, 2005). Although, call centers employees are usually more satisfied through extrinsic rewards like pay, compensation and other benefits. Janet, (1987) found that job satisfaction is highly related with extrinsic rewards. Further, Rehman et al, (2010) found that extrinsic rewards are strong relationship with job satisfaction as compared to intrinsic rewards. Different researchers finding shows that extrinsic rewards are significantly more correlated with job satisfaction as compared to intrinsic rewards. All the findings that will be deducted from the above discussion are evident that rewards are strongly correlates with the job satisfaction. On the basis of above arguments researcher identify that relationship between job satisfaction and job rewards are being tested among call center representatives of Pakistan.

**H1:** Intrinsic rewards are significantly and positively related with job satisfaction.

**H2:** Extrinsic rewards are significantly and positively related with job satisfaction.

### 3. Theoretical framework

Theoretical framework suggests that independent variables are intrinsic rewards extrinsic rewards and dependent variable is job satisfaction. Job satisfaction is affected by intrinsic rewards and extrinsic rewards. The relations of these variables are supported on the basis of review of literature.
4. Research Methodology

4.1 Population

The data was collected for this study from telecom sector in Pakistan on call center employees. The target population was consisted of CSR of four call centers in Islamabad. They were requested to give their answers as honestly as they could & not leave any question unanswered. The scores were subjected to statistical analysis for testing the hypothesis of the study. The study conducted on four large call centers warid, telenor, mobilink and zong.

4.2 Sampling

Zikmund (2003) defined sampling as “A sampling technique in which unit of sample is selected on the basis of personal judgment or convenience”. Convenience sampling was used to select the sample size of participants. A sample size of 210 participants was selected from the population and questionnaires were self administered.

4.3 Measurements

4.3.1 Instruments

All the scales that were used in this research to measure the constructs adopted from previous studies. Five Point Likert-scales was used in this study for measurement purpose. Questionnaire contained four sections, job satisfaction, extrinsic rewards, extrinsic rewards, and demographic and length of questionnaire is two pages.

4.3.2 Job satisfaction

This scale is consisted of three items that is commonly used in research. The scale was already constructed and used by Clifford (1985). Five point likert scale used in this scale and in which 1 strongly disagree to 5 strongly agree. Cronbach’s alpha of job satisfaction is .786.
4.3.3 Intrinsic rewards
There are three extrinsic rewards that are associated with job satisfaction. The scale were already constructed and used by Mottz (1981). This scale is also used five point likert scale and in which 1 strongly disagree to 5 strongly agree. Cronbach’s alpha of, intrinsic rewards is .799.

4.3.4 Extrinsic rewards
There are two intrinsic rewards that are associated with job satisfaction. The scale was already constructed and widely used used by Robbinson et al (1969) and Clifford (1985). This scale is also used five point likert scale and in which 1 strongly disagree to 5 strongly agree. Cronbach’s alpha of, extrinsic rewards are .716. And reliability of all variables is shown in table 1.1.

### Reliability statistics of data collection

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>.711</td>
</tr>
<tr>
<td>Intrinsic Rewards</td>
<td>.799</td>
</tr>
<tr>
<td>Extrinsic Rewards</td>
<td>.716</td>
</tr>
</tbody>
</table>

Table 1.1 Reliability statistics

4.4 Demographic

The demographic in this study is considered are education, age, marital status and gender which are shown in table 1.2. The table shows that 55.5% of respondents have holding Bachelor degree, 43.6% holding degree of Master degree and .9% holding MS degree. Table also represents that respondents having age 36.4% “between” 18 to 22 years, 50% having age “between” 23 to 27 and “between” 33 and above is .9%. According to the table data 53.6% respondents are single or unmarried and 46.4% are married. In this study 60.9% male are respondents and 39.1% are female respondents.

### Demographic

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor</td>
<td>61</td>
<td>55.5</td>
</tr>
<tr>
<td>Master</td>
<td>49</td>
<td>43.6</td>
</tr>
<tr>
<td>MS/M.Phil</td>
<td>1</td>
<td>.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-22</td>
<td>40</td>
<td>36.4</td>
</tr>
<tr>
<td>23-27</td>
<td>55</td>
<td>50</td>
</tr>
<tr>
<td>28-32</td>
<td>14</td>
<td>12.7</td>
</tr>
<tr>
<td>33 &amp; above</td>
<td>1</td>
<td>.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>59</td>
<td>53.6</td>
</tr>
<tr>
<td>Married</td>
<td>51</td>
<td>46.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>67</td>
<td>60.9</td>
</tr>
<tr>
<td>Female</td>
<td>43</td>
<td>39.1</td>
</tr>
</tbody>
</table>

Table 1.2 Demographic
4.5 Statistical methods

Following statistical methods used for data analysis purpose. According to the figure 1 in theoretical framework interdependency is exist in this model so that’s the reason Pearson correlation analysis is used to measure the association between these variables. Multiple regressions are used to measure the relative strength between dependent variables and independent variables because more than one independent variable is exist in this model.

4.5.1 Correlations analysis

The results show that the values of Pearson’s correlation among all variables are summarizing in Table (1.3).

<table>
<thead>
<tr>
<th></th>
<th>Job Satisfaction</th>
<th>Extrinsic Rewards</th>
<th>Intrinsic Rewards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extrinsic Rewards</td>
<td>.389(***, p &lt; 0.01)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Intrinsic Rewards</td>
<td>.287(***, p &lt; 0.01)</td>
<td>.160</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 1.3 Correlations

The Pearson correlation table (1.3) shows that job satisfaction is positively and significantly correlated to extrinsic rewards (.389, p < 0.01). Job satisfaction is positively correlated with intrinsic rewards (.287, p < 0.01) but less than as compared to extrinsic rewards. These Pearson correlation results shows that extrinsic rewards are more related to employees job satisfaction in call centers as compared to intrinsic rewards. These results also shows job satisfaction increased when organization given more extrinsic rewards and extrinsic rewards more worth as compared to intrinsic rewards.

4.5.2 Regression analysis

The results of regression analysis of job satisfaction are reported in table (1.4). That shows that model tested is significant (P < 0.05). The regression analysis accounted for 18.80% change is due to cause by intrinsic rewards and extrinsic rewards to job satisfaction which is dependent variable.

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.451(a)</td>
<td>.203</td>
<td>.188</td>
<td>.67447</td>
</tr>
</tbody>
</table>

Table 1.4 Model Summary
<table>
<thead>
<tr>
<th>Model</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-0.546</td>
<td>-</td>
<td>0.586</td>
</tr>
<tr>
<td>INTRINSIC</td>
<td>0.231</td>
<td>2.640</td>
<td>0.010</td>
</tr>
<tr>
<td>EXTRINSIC</td>
<td>0.352</td>
<td>4.024</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table 1.5 Coefficients

The value of beta of extrinsic rewards is positive (0.352) and significant (p < 0.000) and this proves that extrinsic rewards have positive impact on job satisfaction. The other variable intrinsic rewards (0.231) have significantly (p < 0.000) but less positive impact on job satisfaction as compared to extrinsic rewards. The hypothesis H1 is accepted and this shows that there is significance relationship between intrinsic rewards and job satisfaction. H2 is accepted and this shows that there is also significant positive relationship exist between job satisfactions.

5. Discussion and Future Recommendations

The purpose of this study was to measure the relationship between rewards and job satisfaction of Telecome employees in Pakistan. After interpretation of results, our H1 and H2 is sustained as there is a significant relationship is found between intrinsic and extrinsic rewards and job satisfaction. But comparatively extrinsic rewards have stronger relation than intrinsic rewards. It means that Call centers employees are more concerned with what the job is actually paying to them. The study conducted by Clifford (1985) showed that people are more satisfied with intrinsic rewards than extrinsic rewards. In fact, the local job conditions of Pakistan matters where job security is an issue for the employees. One cannot get job easily if he/she is fired from current job. As Telecom sector is private organization, it has very attractive salaries for workers. And the core competency advantage over public sector is associated highly salaried jobs, so these factors result the high relationship between job satisfaction and extrinsic rewards. The poor working environment, less challenging job, low job involvement, politics and leg pulling are the instrumental factors that resulted in low availability of intrinsic job rewards for Call center employees. The H2 shows that significant relationship of extrinsic rewards and job satisfaction proves it is more related to each others. Hence the H1 intrinsic rewards and job satisfaction is weaker relationship. Kalleberg (1977) also came up with same findings and support our results, however if we see the Table 1.5, job satisfaction increases with increase in extrinsic rewards also. It means that employees report high satisfaction if they are furnished with extrinsic rewards more than intrinsic rewards. It is contrary to the findings of Janet (1987) and Douglas (1991) which showed that employees are more satisfied with intrinsic rewards than extrinsic rewards. So they show more instrumental behavior towards their job satisfaction as their extrinsic rewards increases. Telecom is the largest setup in Pakistan. Call center employees are performing an important job; their satisfaction level should be marked carefully.
References


