



“Impact on Financial Rewards and Motivation towards Employee’s Satisfaction has resilient effect on Success of the Organization”

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Abstract:

Employee satisfaction is considered weighty. When it, come to define organisation success. Employee’s satisfaction is central concern particularly in the service industry, Need to enhance employee satisfaction is critical because it is a key to business success of any organisation.

The main aim of the study was to examine the impact of financial Rewards and recognition on job satisfaction and motivation. The specific objective were to assess the relationship between reward and work motivation and job satisfaction, to identify “**Shriram Commercial vehicle Finance, Nashik District**” total staff perceptions about rewards and recognition and to explain challenges of rewards implementation in Shriram commercial vehicle finance. The study employed descriptive survey design; a total number of 14 branches in Nashik district were conveniently and purposively selected.

The purpose of this study is to observe the “Impact on Financial Rewards and Motivation towards Employee’s Satisfaction has resilient effect on Success of the Organization”. The study scrutinizes the effects of different factors of organisation which affects the employee satisfaction. This is a study in which qualitative research methodology was used. The data was collected through self administrated questionnaire which contains multiple choice question and open-ended questions. In Conclusion, it seems reasonable to believe that understanding of employee role is extremely important as it appears key factor in the success of organisation.

Introduction:

Every organisation employee’s are very importance because he/she growth or develop skill provided to the organization. So that, any rewards and motivation towards employee’s

satisfaction has direct effect to organization success or failure. In globalization, every organization in the world improving its business processes by adopting advance technologies and innovations. To keep the pace of achieving goals organizations tries their best to hire competent human resource. Employing competent human resource, organizations have to offer better working environment, market based salaries, job security etc. Out of all these perks and benefits the financial variables are much important especially pay. Every employee has to run his livelihood. He/ She need financial rewards to support him and family.

Top management of each organization has to develop relationship between employees and organization to fulfil the right demands of both parties. Organization's expectations from employees are to follow the rules, policies and regulations of the organization and employee's expectations are better working environment, good financial rewards. In an organization offers more rewards, the employees of that organization will be more motivated and satisfaction.

Literature Review:

The connections between rewards, motivation and job satisfaction of employees are strategically significant to the success of public and private organizations (Schuler and Jackson1996).According to an analysis of 14 national surveys, Crewson (1997) concluded that economic rewards are most important to private sector employees. Only limited researchers have found no significant differences in the opposite direction. Gabris and Simo (1995) found no significant differences for 20 motivational needs, containing the need for monetary rewards And Crewson (1997) establish related outcomes when data was restricted to one occupational group, i.e. engineers. Maidani (1991) even concludes that public sector employees rate extrinsic factors, such as pay, as more important than the private sector employees. Motivation is a factor that exercises a powerful force on our activities and exertion. According to Baron (1983), motivation is an accretion of diverse practices which effects and directs our behavior to accomplish certain particular goal. It is like a vigorous in the current environment that clearly produces and incorporates an optimistic influence on job. Motivation relay on a certain intrinsic and extrinsic features that are collaborated with positive results in abundantly devoted employees. Tangible incentives are functioning in growing performance for assignment that not completed earlier, to in spire as thinking smarter and support both quality and quantity to accomplish organizational goals (Board, 2007). Moreover, incentives and rewards factors are the most favoured factors for the employee motivation.

Organizational rewards mean all the benefits i.e. financial and non-financial that an employee receives through their employment relationship with an organization (Bratton and

Gold 1994, Malhotra et al. 2007). According to the literature the rewards distinguishes into three main types that individuals seek from their organization i.e. extrinsic, intrinsic and social rewards (Williamson et al. 2009). Extrinsic rewards are the physical benefits provided by the organization such as pay, bonus, fringe benefits and career development opportunities. Intrinsic rewards refer to the rewards that come from the content of the job itself, and encompass motivational characteristics of the job such as autonomy, role clarity and training (Hackman and Oldham 1976). Social rewards arise from the interaction with other people on the job and may include having supportive relationships with supervisor and coworkers. Ali and Ahmed (2009) established that there is a substantial affiliation between reward and recognition, and similarly in employee motivation and job satisfaction. Study exposed that if rewards and recognition offered to employees then there would be a substantial modification in work motivation and satisfaction.

Lawler (2003) described that there are two aspects that decide how much a reward is attractive, the quantity of reward which is provided and the weight age an employee gives to a specific reward. Employees are certainly closer to their organizations and perform better job, while they receive healthier reward and recognition in their organizations. Rewards increase the level of efficiency and performance of the employees on their jobs and in the result thereof increase the success of the organization.

Definitions and Overview of Reward

As organizations compete for needed talents and human capital, reward practice is being adopted by Organizations- public or private, governmental or nongovernmental, profit-making or charitable. As Bowe (2000) argued, in a world of downsizing which is characterized with doing more with less, reward and recognition are pivotal factors to boosting morale and creating goodwill between employees and managers. Malhotra et al. (2007) define rewards as ‘all forms of financial return, tangible services and benefits an employee receives as part of an employment relationship’. Employers expect employees to deliver or execute assigned duties to their satisfaction whilst employees also expect their employers to assure them of adequate wages and salaries (rewards) after they dutifully deliver what is expected of them (Eshun and Duah, 2011). Mayo (1998) argues that, many companies are unable to in still the joy of working in performing duties and responsibilities if there are inadequate rewards being promised. Again, reward provides a visible means of promoting quality efforts and telling employees that the organization values their efforts (Evans and Lindsay, 2003).

Reward and Motivation

Even though people work for salary or wages (rewards), there are numerous ways of rewarding (motivating) employees according to the task or function performed (Eshun and Duah, 2011). The underlying principle for the use of rewards is to motivate or induce behaviours among employees which are viewed as beneficial for enhanced performance whilst inhibiting other behaviours which employers and managers perceive as detrimental to organizational effectiveness and efficiency. Thus, rewards serve as a means of motivating desired behaviours (Eshun and Duah, 2011; Danish and Usman, 2010). Incentives, rewards and recognitions are the prime factors that impact on employee motivation. Zakaria et al., (2011) contend that, employees who are well motivated serve as the competitive advantage for any company because their performance leads an organization to accomplishment of its goals. Among financial, economical and human resources, human resources are the most vital that can provide a company's competitive edge as compared to others.

Types of Reward

Rewards may be classified into extrinsic/external and intrinsic/internal. Shanks (2007, p 30) posits, extrinsic rewards "are a host of external things (tangible) that managers can provide that may serve as incentives for employees to increase their productivity". These, among others, include; money, benefits, flexible schedules, promotion, job responsibilities, change in status, praise and feedback, a good boss, a nurturing organisational culture, etc. Tangible rewards (financial rewards) may be direct or indirect. Direct financial rewards refer to the pay an employee receives in the form of wages, salaries, bonuses, commissions, incentives, merit pay, stock options, etc. That is to say, direct financial rewards constitute base pay and variable pay (performance-base pay). Base pay refers to the basic pay an employee receives which may be a wage or salary and usually influenced by external and internal factors. The former include conditions in the labour market, market rates, government influences, etc. Whilst the latter comprises factors such as job evaluation, collective bargaining with employees' representatives, individual agreements, etc. These rewards are based on time worked and they constitute the bases on which majority of employees are compensated directly (Mathis and Jackson, 2004; Schuler, 1998).

Job Satisfaction

Satisfaction is an evaluative term that describes an attitude of liking or disliking (Ivancevich, 2004). Hence, job satisfaction is a positive emotional state resulting from evaluating one's job experience. On the other hand, dissatisfaction occurs when an individual's expectations from the job are dashed. Mathis and Jackson (2004) explain that,

the important factor in job satisfaction is what employees expect from their jobs and what they receive as rewards from their job. Job satisfaction, as defined by Locke (1976) cited in Gruneberg, (1979, p. 3), is “a pleasurable positive emotional state as a result of work appraisal from one’s job experiences”.

Barton (2002) asserts that, the factor in Fortune best companies which discriminates companies from the others is recognition which is the most important part of their reward system. Thus, employees are closely drawn to their organization as their job can become the major source of satisfaction in their life after having a proper rewards and recognition at their job. Employees are fully motivated when their needs (intrinsic and extrinsic) are met. The level of motivation of employees increases when employees get an unexpected increase in recognition, praise and pay (La Motta, 1995). In today’s dynamic business environment, highly motivated employees serve as a synergy and competitive edge for accomplishment of company’s goals, business plans, high efficiency, growth and performance.

Research objectives:

Research Objective of this study are-

- (1) To explore the relationship between Financial Rewards and motivation level of employee with respect to their salary and position and its resilient effect on success of the organisation.
- (2) To their salary and position and its resilient effect on success of the organisation.
- (3) To explore how can employees be motivated and satisfied and its resilient effect on success of the organisation.

Hypotheses development:

Employees receiving more financial rewards are considered to be more motivated in performing the day to day tasks. They will do their work from core of their heart. It is hypothesized is that there is a positive relationship of financial rewards with motivation and satisfaction and a negative relationship of financial rewards with working environment. Financial rewards considered here are salary, bonuses, incentive etc.

H_1 = There is a positive relationship between financial rewards and employees motivation and satisfaction and its resilient effect on success of the organisation.

H_2 = There is a positive relationship between employee motivation and satisfaction and its resilient effect on the success of the organisation.

Data methodology:

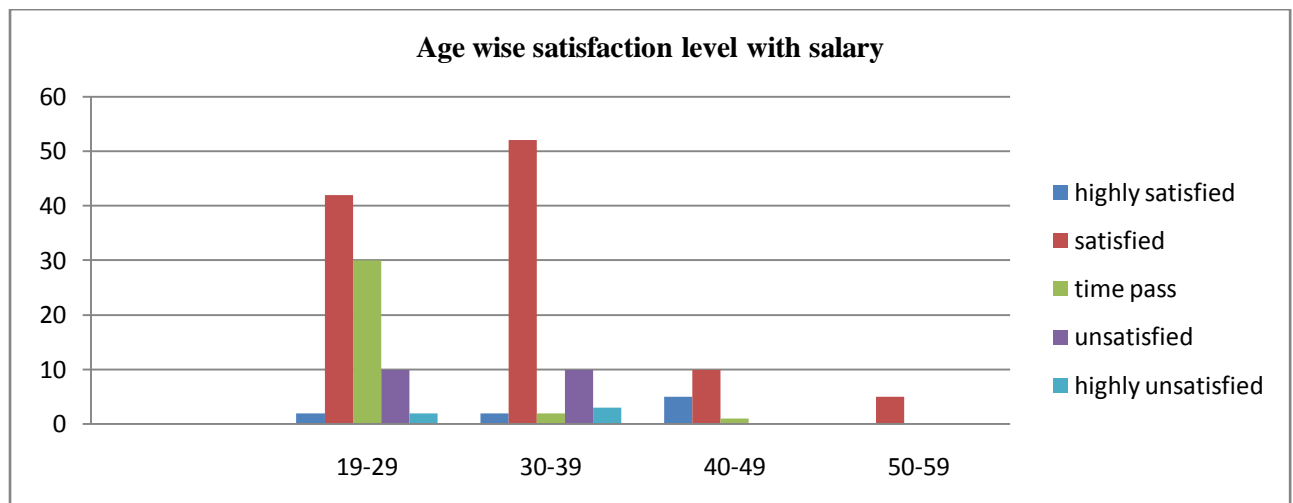
For the purpose of analyzing the research problem, a total number of 200 employees' were selected from Shriram commercial Vehicle finance, Nashik working on Service sector. The data was collected by distributing questionnaires among the 200 employees and 186 filled questionnaires were received back from the employees of Shriram commercial vehicle finance.

So, the response rate is 93%.

Analysis:

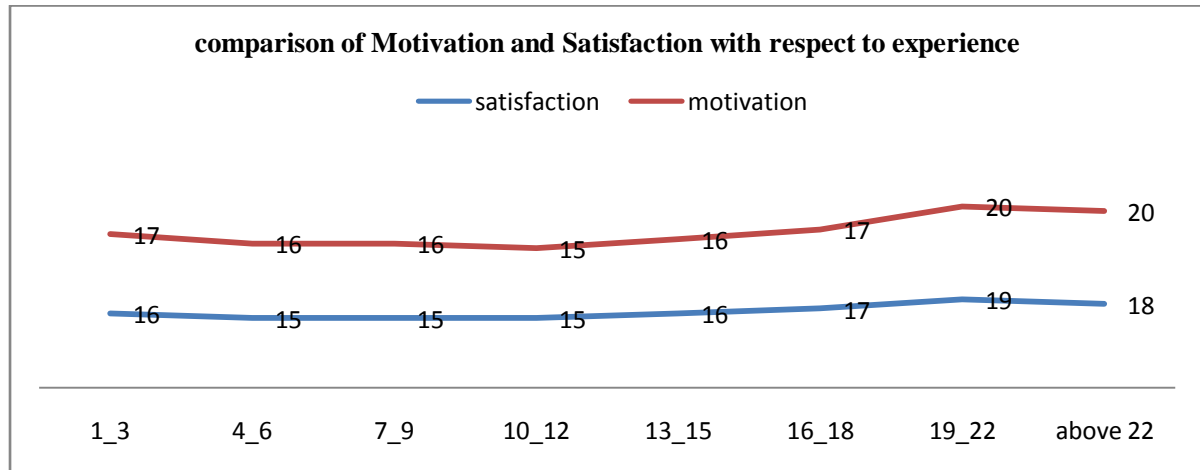
It is observed that 62% of employees of all age group are satisfied with their present salary and position. 65% of employees between age group of 19-39 showed that a sufficient increase in salary will enhance their motivation level.

Graph 1 Shows gender wise satisfaction level of employees. 21% of employees are female and 79% of employees are Male. Level of satisfaction with salary is high in both genders. Most of the employees falling within the age bracket of 19-39 are satisfied with their present salary. Analysis of collected data proved that the companies are paying good salary to its employees. However 23% of employees falling within the age bracket of 19-29 showed that they are doing their job only for time pass and are not being compensation as per their qualification and experience.

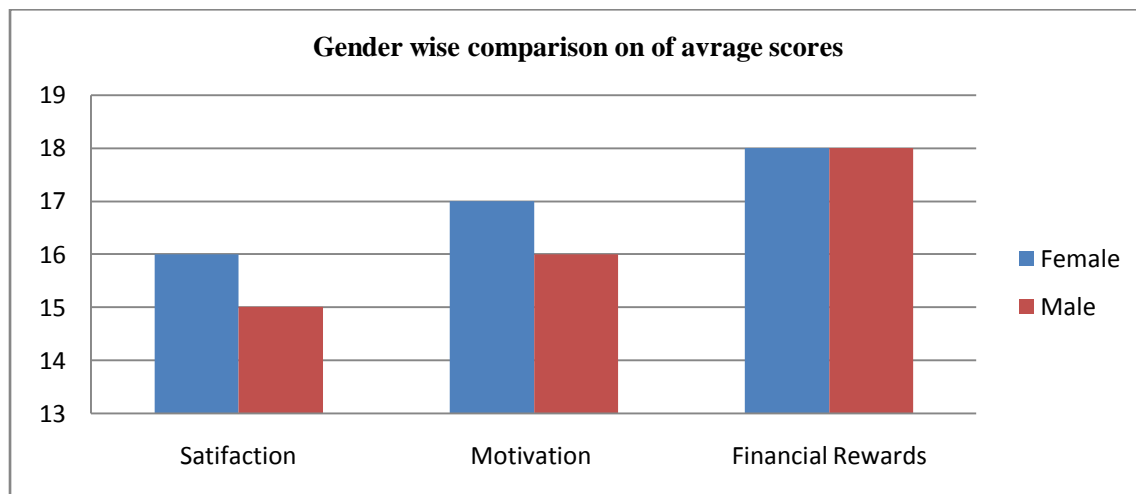


It is also observed from the study that satisfaction is dependent on motivation. Fresh hired employees are more motivated than the existing employees. They perform better than the existing employees because their level of goal achievement is high in the beginning of their career. After observation of Working Environment, Financial Rewards and Human Resource

policies of the organization, the satisfaction level of employees are adjusted accordingly. For this purpose motivation and satisfaction variables are compared with respect to experience of the employees. Results are shown in Graph 2.



Graph 3 shows gender wise comparison between financial rewards, satisfaction and motivation. There is no difference between the opinion of male and female about financial rewards. Mean of both genders is equal as they rated importance of financial rewards. There is a slight difference of motivation and satisfaction between the genders. Females are more motivated and satisfied as compared to males.



Regression analysis conducted using SPSS for observance of impact of independent variables on dependent variables. Following three models have been developed.

Model 1

$$MOTI = \alpha + \beta FR + \epsilon$$

FR = Financial Rewards,

MOTI = Motivation,

SATI = Satisfaction

Model is estimated using Ordinary Least Square (OLS) technique assuming linearity and got the following results.

MOTI = 6.596+0.542FR; R ² =0.197		
Std-Error	1.466	0.081
T-stat	4.499	6.712
P-value	0.000	0.000

Results mentioned in model 1 above showing positive impact of financial rewards on employee's motivation.

Model 2

$$SATI = \alpha + \beta FR + \epsilon$$

Model is estimated using Ordinary Least Square (OLS) technique assuming linearity and got the following results

SATI = 11.688+0.218FR; R ² =0.03		
Std-Error	1.616	0.089
T-stat	7.230	2.448
P-value	0.000	0.015

Results mentioned in model 2 above showing positive impact of financial rewards on employee's satisfaction.

Model 3

$$MOTI = \alpha + \beta SATI + \epsilon$$

Comparison of Motivation with Satisfaction is made in Model 3 and estimated using Ordinary Least Square (OLS) technique assuming linearity and got the following results.

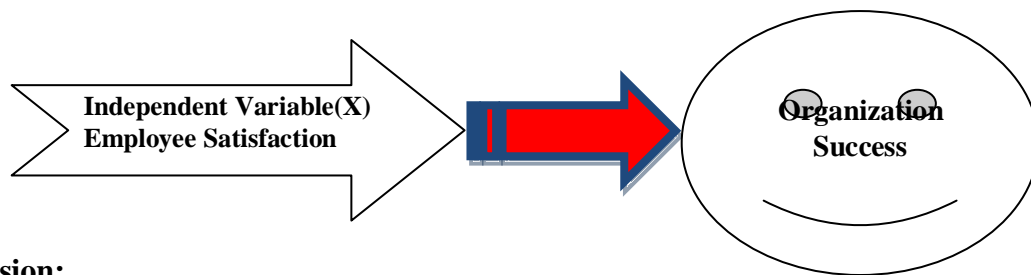
MOTI = 8.703+0.423SATI; R ² =0.08		
Std-Error	1.120	0.067
T-stat	7.771	6.291
P-value	0.000	0.000

Results mentioned in model 3 above showing a slight positive impact of Motivation on employee's Satisfaction.

Data Analysis to Employees satisfaction and organisation success:

The questionnaire one (job satisfaction measuring questionnaire), covered the relevant organization and designation (management, senior managers, managers, professionals and support staff), age and sex and effect on job satisfaction, employee satisfaction with different aspects of job, like, self-esteem, opportunity for growth, job security, respect of job, nature of job, power delegation, independent decision making, feedback on performance, freedom on the job, benefits for job, opportunity for promotion, gender equality, safe environment, reasons for employee to stay in the organization or leave the organization. The questionnaire two was developed to measure the organizational success in terms of staff benefits, staff promotion, power delegation, staff facilities, rewards, working environment, organizational

productivity etc. After data collection, for data analysis, two variables were identified. First is independent variable (X) and dependent variable (Y). The independent variable is Employee Satisfaction because this is cause of basic assumption. The dependent variable is Organization success because this shows the effect of the research assumption.



Conclusion:

This study proved that financial rewards offered to employees in Shriram Commercial Vehicle Company are good. Employees of this company are motivated and satisfied with their salary and position. The result showed a positive impact of financial rewards and motivation towards employee's satisfaction has resilient effect on success of the organisation. Financial rewards leads to employee's motivation. It is also observed that the new entrants in this company are highly motivated and the working conditions, environment and superior's behaviour plays a vital role in determination of their satisfaction level.

The results and findings of research study are,

- There is a significant impact of Employee's satisfaction on organizational performance in development organizations.
- Satisfied workers tend to less absenteeism to the work than low satisfied workers.
- High satisfaction staff has fewer turnovers of employees.
- financial benefits, reward, promotion plays very important role to satisfy, retain and attract employees.
- Organizations having satisfied employees are more productive and have good working environment and reputation.

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