

## **Impact of Financial and Non-financial Benefit on Employees' Job Satisfaction**

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### **Abstract**

This study examines the impact of financial benefit, training, reward, and career development opportunity on employees' job satisfaction. This study is based on Likert scale data. There are forty questions included in the questionnaires excluding demographic variables. Each attribute contains eight questions. The primary data are obtained through the survey method. These collected data are analyzed by using descriptive statistics, Pearson correlation coefficient, and ordinary least squares regression model. The Statistical Package for Social Sciences (SPSS) is used for the analysis of data. The results indicate that the independent variables (financial benefit, training, reward, and career development opportunity) positively impact on job satisfaction.

*Keywords:* job satisfaction, financial benefit, training, reward, career development.

### **Introduction**

#### **1.1 Background**

Human resource (HR) is one of the important key sources for the success of the organization. Due to the tough competition, organizations need to preserve high skilled, motivated and loyal employees. Only satisfied employees stay in the organization and dissatisfied employees can leave the organization. Job satisfaction is the employee's evaluative feeling and attitude about his/her own job (Mitchel & Larson, 1997). In other words, job satisfaction is the positive and negative emotional evaluation of the employees regarding their own job. The attitude developed by employees toward their job may be positive or negative in term of various internal or external factors of the job performed (Bayarcelik & Findiklik, 2016, p.405) It is generally believed that financial benefit received by the employees and employee's job satisfaction is positively related because high financial benefits fulfilled the need of the employees. A sound compensation policy improves the firm's productivity, earning of the workers, and job satisfaction at the workplace (Mohanty, 2019, p.39). This extrinsic motivation predicted higher job satisfaction. Satisfied employees are more committed to the organization, and employees with higher job satisfaction predicted higher performance' (Hayati & Caniago, 2012). Generally, it was felt that the primary motivating factor which could make employees

remain effective and feel satisfaction in their work was the money (Chatzopolou, Vlachvei, & Monovasilis, 2015). Similarly, it is predicted that the relationship between job satisfaction and employee training highly positive because training develops the employee's knowledge, skills and abilities to perform work in a better way. Leadership style also affects the employee's job satisfaction. On the one hand, transformational leadership has a positive association with job satisfaction which means that transformational leaders through their inspiring and motivating behavior can change the psychological states of members of the organization. On the other hand, the negative association between transactional leadership and job satisfaction which means that transactional leaders are more concerned with achieving organizational goals through giving rewards or punishment and have less concern with the motivation of organization (Saleem, 2015). It is also predicted that there is positive relationship reward and employee job satisfaction because the material and non-material benefits fulfill the employees' needs. It is also predicted that there is a positive relationship between career development opportunities and employee's job satisfaction. In general, it is believed that there is an inverse relationship exists between job satisfaction and turnover because satisfied employees do not want to leave the organization. But some researchers' empirical evidence suggests that there may be a positive relationship because private organization's employees may leave the organization for a better salary or may leave due to migration. Similarly, some of the researchers expect that there may be an inverse relationship between absenteeism and job satisfaction. They argued that satisfied employees do work regularly and dissatisfied employees stay at home and get low financial benefits in comparison to satisfied employees. The number of studies shows that life expectancy is higher for satisfied employees.

## 1.2 Literature Review

The literature regarding the impact of financial benefit, training, reward, and career development opportunity on employees' job satisfaction in the banking sector are reviewed and examined as follows:

**Job satisfaction and financial benefit.** It is a general notion that financial benefit fulfills the employee's needs; therefore, employees who received sufficient financial benefit can be satisfied with their own job. On a more basic level, wages and salaries should be sufficient to attract and retain quality personnel. Furthermore, the salary structure should be flexible enough to recognize the different levels of merit due to outstanding work, as well as the acquisition of new skills (Gup & Kolari, 2012). A study conducted by Madhu Mohanty in (2019) entitled 'Effects of job satisfaction on the worker's wage and weekly hours: A simultaneous equations approach' and found a positive relationship between weekly wages, weekly hours and job satisfaction. Weekly hours are also related to weekly wages positively in all age-groups. The relation between weekly hours and job satisfaction, however, is not uniform among workers of

all age-groups. Hours are related to job satisfaction positively when workers are younger or when they are mature adults and negatively when they are middle-aged adults (p. 38). The research on the effect of wages on satisfaction and productivity is vast. In general, people are more satisfied with high wages than those of low wages. However, his research revealed that the strength of the relationship is moderated by the variables. People are more satisfied when their wages are equal to or greater than a little higher than those received by others who are doing a similar job. No matter what the actual dollar amount and had a comparison with others (Mitchel & Larson, 1997; Trivellas, Panagotis, & Platis, 2013). Similarly, a study made by Trivellas, P., Reklits, P., & Platis, C. in 2013 entitled *The effect of job-related stress on employees' satisfaction: A survey in health care' nurses with higher wages, at a hierarchical level working at the large department, are more pleased with reward and job security*. Based on this literature review, it can be predicted that there is direct relationship between job satisfaction and financial benefit.

**Job satisfaction and training.** Commercial banks require a high skilled labor force. Without this banks cannot achieve their goals and objectives. Training is the most important tool that focused on employee development. The scope of training is firstly to overpass the gap between the requirements of the job and the current qualification of an employee (Afroz, 2018). Therefore banks must provide opportunities for the continuous training their employees in the latest banking operation and techniques must provide means for their employees to keep up with the changes in banking operation (Gup and Kolari, 2012). Every organization needs well-adjusted, trained, and experienced people to perform its activities (DeCenzo & Robbins, 2011). Training involves changing employees' skills, knowledge, attitudes, or behavior. This may mean changing what employees know, how they work, or their attitudes toward the jobs, co-workers, managers, and the organization. On the one hand, training is more present-day oriented; it focuses on individual current jobs, enhancing their skills and abilities needed to immediately perform their jobs. On the other hand, employee development generally focuses on future jobs in the organization. For future job and career progress, employees need to develop new skills and abilities (DeCenzo & Robbins, 2011).

Training programs upgrades and develop the required skills of employees to perform work effectively and efficiently. A study by Shen and Tan in 2018 and found that first, there is no direct relationship between training and customer service quality; rather, training indirectly affects customer service quality through the mediation of transfer of training and job satisfaction. The second training, directly and indirectly, influences the transfer of training through the mediation of job satisfaction. This finding suggests that there is a significant relationship between job satisfaction and the transfer of training. Therefore training, transfer of training, and job satisfaction are interconnected and work collectively to influence customer

service quality. Based on this literature review, it can be predicted that there is positive relationship between job satisfaction and training.

**Job satisfaction and reward.** It is a generally accepted notion that people do their work to satisfy needs. Intrinsic rewards are personal satisfaction one derives from doing the job. Extrinsic reward, on the other hand, includes money, promotions, and benefits. Consequently, if an employee experiences a sense of achievement or personal growth from a job, they would label such rewards as intrinsic, if the employees receive a salary, wages, bonuses, or profit-sharing -or indirectly through employer-subsidized benefits such as retirement plans, paid vacations, paid sick leave, insurance, purchase discount and other financial benefits we would label these rewards as extrinsic (DeCenzo & Robbins, 2011). On a more basic level, compensation for excellence in work performance is necessary to maintain motivation (Gup & Kolari, 2012). The performance-based reward uses different instruments such as commissions, piece-rate pay plans, incentive systems, group bonuses, merit pay, and other forms of pay-performance (DeCenzo & Robbins, 2011).

Material and non- material rewards have been considered extremely important for overall satisfaction. Non-material reward includes several incentives such as attractive holiday, nearby location, free medical services, sports club subscription and many more. Material reward includes other financial benefits such as vouchers, bonuses, profit sharing, etc (Izvercian, Potra, & Ivascu, 2016, p.92 ). The results of this study reveal that employees who are working in the private sector are motivated by material benefits and willing to change jobs for better salary but public sector employees are dedicated to their domain (Izvercian, Potra, & Ivascu, 2016, p.94). Based on this literature review, it can be predicted that there is direct relationship between job satisfaction and reward.

**Job satisfaction and career development opportunities.** It is a general presumption that employees leave a company due to the lack of career development opportunities. Career motivation can be associated with job satisfaction. Career development opportunities prepare employees to deal with conflicting roles in their workplace. They develop additional skills in order to adjust to a vague condition (Belias, Koustelios, Sdrolias, & Aspridis, 2015). Job satisfaction can be positively related to one's choice to adapt to changing circumstances even when circumstances are discouraging or disruptive. It encompasses welcoming jobs that are expected to have strong career motivation or vice versa' (Alnatic, Alniacik, Akcin , & Erat, 2012). Career development opportunities help them feel motivated because they are working toward lifelong goals. Promotional opportunities have traditionally been used by the organization to foster job satisfaction. In the case of promotions, it does appear that employees are more satisfied with situations in which this opportunity is likely than those in which it is not. The relationship is weak; however, this is probably due to the fact that promotions are a relatively infrequent experience (Mitchel & Larson, 1997, p.141). The older and female nursing

staff is more satisfied with career opportunities and the physical environment (Trivellas, Reklits, & Platis, 2013). Based on this literature review, it can be predicted that there is positive relationship between job satisfaction and career development opportunities.

### 1.3 Research Hypotheses

The objective of this study is to measure the impact of financial benefit, training, reward system, and career development opportunity on employee's job satisfaction. Based on the study of previous empirical findings, the following alternative research hypotheses are proposed:

H<sub>1</sub>: Financial benefit is positively correlated with job satisfaction.

H<sub>2</sub>: Training is positively correlated with job satisfaction.

H<sub>3</sub>: Reward is positively correlated with job satisfaction.

H<sub>4</sub>: Career development opportunity is positively correlated with job satisfaction.

### Methods and Materials

This research is explanatory and descriptive in nature and attempts to analyze the effect of financial benefit, training, reward system, and career development opportunity on employee's job satisfaction. A descriptive research design is used to describe the characteristics of demographic variables whereas explanatory research design is used to show the relationship between dependent and independent variables. The dependent variable in this study is job satisfaction while the independent variables are a financial benefit, training, reward system, and career development opportunity. For that, the research basically focuses on primary, secondary and tertiary sources of data. The secondary and tertiary sources of data are obtained from different articles, books and references used to review the literature and they facilitate the researcher to develop hypotheses. The primary data are obtained through a self-designed questionnaire from the individual employees who are working in Nepalese commercial banks, Dharan. The sample of this study is selected through non-probability convenience sampling. There are 44 questions included in the questionnaire. Among them, four questions have pertained to demographic characteristics and the rest of the questions are related to dependent and independent variables. This survey was conducted in 2019. The questionnaires were distributed to 140 employees of the banks and a time of one week is given to them to fill the questionnaires. Only 130 questionnaires were returned back by the respondent. But only 120 questionnaires were qualified for analysis. The response rate is around 93 percent. Data were analyzed using SPSS software and presented in the paper.

### Multiple Regression Model

Based on the review of the literature, to examine the relationship between the dependent variable and independent variables, the following model has been tested.

$$JS = a + \beta_1 (FB) + \beta_2 (T) + \beta_3 (R) + \beta_4 (CD) + \epsilon_{ij}$$

Whereas,

JS = Job satisfaction

FB = Financial benefit

T= Training

R= Reward system

CD= Career development

### Results and Discussion

This present study is based on the survey method. The samples of this study are drawn from employees who are working in commercial banks operating in Dharan, Nepal. Out of the 120 respondents, 80 (67%) are male and 40 (33%) are female. The participant's ages varied from 20 to 51. Their mean age is 31.65. The job title of the respondents revealed that 35 (29.2%) are junior assistant, junior officer 14 (11.7%), manager 7 (5.8%), officer 34 (28.3%), senior assistant 5 (4.1%), senior officer 12 (10%), supervisor 9 (7.5%), telephone operator 1 (0.8%) and trainee 3 (2.5%). The demographic characteristics job status of the respondents showed that 113 (94.2%) are permanent, 2 (1.7%) are temporary, and 5 (4.1%) contracts.

The reliability test of this study is made by using Cronbach's Alpha, and it is found that the value of all variables under study is greater than 0.7, therefore as a rule of thumb all the answers provided by the respondents are considered as reliable which is presented in table 1. The four dimensions of job satisfaction are analyzed. The average values of four independent variables are 3.8, 3.9, 4.6 and 4.3 respectively. Table 1 clearly shows that average financial benefit excluding reward is 3.8 which indicates that on average the financial benefit given by employers is sufficient to fulfill their needs. The most interesting fact is that reward and career development opportunities are the two most important determinants to satisfy the employees.

Table 1

*Descriptive statistics of independent variables*

Variables	Mean	Std. deviation	Cronbach's Alpha
Financial benefit	3.80	.48817	0.786
Training	3.90	.54754	0.836
Reward	4.60	.75080	0.911
Career development	4.30	.58840	0.918

Table 2 shows the correlation between independent variables. These results indicate that they are all positively correlated with one-another and statistically significant. The correlation matrix is used to examine the relationship between predictor variables. The correlation matrix helps to identify the multicollinearity problem. A common rule of thumb is that correlations among the independent variables between -0.7 to 0.7 do not cause difficulties (Lind, Marchal,

& Wathen, 2006, p.434). Some statisticians assume that the correlation coefficient between predictor variables between -0.9 to 0.9 does not harm significantly. Thus, in this research, the researcher accepts those independent variables whose correlation coefficient lies between -0.9 to 0.9. Therefore, the results indicate that all the independent variables are suitable for regression analysis.

Table 2

*Correlation between independent variables*

Variables	1	2	3	4
Financial benefit	1			
Training	0.69	1		
Reward	0.614	0.65	1	
Career development	0.647	0.70	0.715	1

Note.  $p < .01$ , (2tailed).

Table 3 shows the results of regression analysis. The regression coefficient of financial benefit ( $\beta = 0.237$ ,  $p < .01$ ) indicates that higher financial benefit provides higher job satisfaction to the employees. Therefore, this result shows that there is no sufficient evidence to support the null hypothesis. This result is consistent with the study of Mohanth, 2009; Hayati & Caniago, 2012; Chatzopolou, Viachvei & Monovasilis, 2015. The question may arise that why this relationship between these two variables. On a basic level, financial benefits such as salary, allowances and other fringe benefits fulfill the employees' needs. As employees cannot fulfill their basic needs, they cannot do work effectively. It creates psychological stress or mental tension. Even though, some researchers argued that a worker who belongs to a rich family does not motivate by financial benefits. But in the Nepalese context, most of the employees' family members are unemployed and they must fulfill their basic needs of the family members. Therefore, at least in the Nepalese context, the financial benefit is directly related to employees' job satisfaction. When the company is not able to fulfill the financial requirement of employees, then they become dissatisfied and the organization gets the lower performance. So, salary, wages, allowances and other financial benefits should be sufficient to attract and retain quality personnel.

Table 3

*The regression coefficient of variables and p-values*

Variables	$\beta$	P
Financial benefit	0.237	0.00
Training	0.265	0.00
Reward	0.364	0.00
Career development	0.285	0.00

Note.  $p < .01$ , (2tailed).

The regression coefficient of training ( $\beta = 0.265$ ,  $p < .01$ ) indicates that training programs provide higher job satisfaction to the employees. Therefore, this result shows that there is no sufficient evidence to support the null hypothesis. The commercial banking sector is a dynamic and ever-changing business organization. This business sector provides a menu of services based on the latest technology. It requires highly skilled manpower to perform work more efficiently and effectively. So, it needs to develop employees' knowledge, skills and abilities according to the pace of technology change.

The regression coefficient of reward ( $\beta = 0.364$ ,  $p < .01$ ) indicates that reward provides higher job satisfaction to the employees. Therefore, this result shows that there is no sufficient evidence to support the null hypothesis. This study clearly states that job satisfaction is directly related to monetary rewards. This result is consistent with the empirical study of Izvercian, Potra, & Ivascu. The question may arise that why this relationship between these two variables. Motivation is an important factor in order to motivate employees in the organization. Monetary and non-monetary rewards have been considered extremely important for overall job satisfaction. Because private sector employees are motivated by material benefit and ready to leave the organization if they get a new job with better salary. They are less loyal to the organization.

The regression coefficient of career development opportunity ( $\beta = 0.285$ ,  $p < .01$ ) indicates that career development opportunities provide higher job satisfaction to the employees. Therefore, this result shows that there is no sufficient evidence to support the null hypothesis. This result is consistent with the empirical study of Mitchel and Larson. Career motivation is closely related to job satisfaction. When the employees get better career development opportunities, they become more satisfied and loyal to the concerned organization.

### **Conclusion**

There are several variables that affect employees' job satisfaction. The empirical study conducted by various scholars shows the contradictory results that affect job satisfaction. In this paper, four independent variables are used to find out the impact of these variables on employee job satisfaction. Likert scale ranging from 1= very dissatisfied to 5 = very satisfied are used to collect data from 120 respondents. This study uses ordinary least squares regression models to find out the relationship between the dependent and independent variables. This model suggests that the independent variables like financial benefit, training, reward, and career development opportunities have a positive relationship with job satisfaction and they are all statistically significant.

The Nepalese banking sector is not well developed still now. But this study certainly helps the bankers to take effective HR decision because job satisfaction is directly related to



overall organizational performance. One of the main limitations of this study is that only four variables are used as predictor variables, therefore, further research needs to be done by including other more variables to know the relationship between other factors and employees' job satisfaction.

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