

**Reward and Job Satisfaction: An Evidence from Private Colleges of Nepal**

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**Abstract**

Human resources are the pivot of organizational effectiveness and the most significant asset an organization can hold. Retaining a skilful and well-equipped workforce in an organization is pertinent to an institution's growth and overall performance. Satisfied employees certainly contribute to the organization's competitive advantage over its competitors. The present study investigates the relationship between employees' rewards and job satisfaction in Nepalese private colleges. The instrument used in information gathering was a structured questionnaire.

The study employed a descriptive survey design in gathering data from 400 members of the teaching and non-teaching staff at private colleges. The data were analyzed using percentages, means, and correlation. The results indicate a positive correlation ( $r = .460$ ) between the reward system and satisfaction. It demonstrates that if there is a change in the reward system by a point, it will bring a change in satisfaction by .460 points. The implications of this study would be beneficial for college educators, young researchers, education leaders, administrators, private college investors, and college teachers to understand the current teachers' retention intention.

**Keywords:** *College employees, job satisfaction, mean values, reward systems,*



## 1. INTRODUCTION

Job satisfaction refers to an employee's perception of their jobs, and the work environment refers to how much they like their jobs (Meyer, Stanley, & Herscovitch, 2002). The level of job satisfaction reflects - and is affected by - one's work experiences, present situation, and future expectations. No single model of job satisfaction applies to all work settings because there is no common explanation of what factors and mechanisms account for such an elusive attitude and subjective concept (Schermerhorn, 1991). Although several studies have examined job satisfaction, very few have examined the job satisfaction of college employees. Colleges impart higher education, an indispensable development tool for any country. Colleges worldwide are expected to cultivate new knowledge, give the right kind of leadership, and promote equality and social justice.

It can be achieved when there is job satisfaction among the staff of the institution (Noe, Hollenbeck, Gerhart, & Wright, 2006). However, Tessema & Soeters (2006) found an elusive difference: respondents who give importance to high income are more likely to prefer private-sector employment but less likely to work for the public sector. The unique employees' rewards, motivation and job satisfaction help create unique (Conti, 2005) and dynamic capabilities that drive competitiveness for public and private organizations (Creswell, 2007). Employee motivation is affected by incentives, rewards, and recognition. Today's employees are involved in activities for their benefit and feel intrinsic motivation as their work is enjoyable and satisfactory (Vansteenkiste, 2005).

Recognition and rewards are crucial to motivate employees for better performance (Lawler, 1986). A well-designed reward system can boost an organization's effectiveness and output significantly. Complex reward systems are required today to satisfy the demands of a more diversified workforce. Firms are increasingly recognizing the importance of focusing on the complete remuneration package for employees. Businesses are also developing more elaborate recognition programs focusing on non-monetary benefits for an employee (Malhotra, Budhwar, & Prowse, Linking rewards to commitment: an empirical investigation of four UK call centres, 2007). Many researchers investigated these factors that are very important to an employee's career.

The research has found a high positive correlation between overall job satisfaction and organizational commitment, while job satisfaction with rewards like promotions, pay, supervision and employee relationships (Mathieu & Zajac, 1990).

This study aims to investigate the relationship between reward and motivation and job satisfaction of teaching and non-teaching staff of private colleges. This study examines the relationship between rewards with job satisfaction of teaching and non-teaching employees of private colleges in Nepal. Hence it is important to conduct the study in Nepalese private colleges regarding employee reward and job satisfaction.

## 2. REVIEW OF LITERATURE

Organizations of all sizes, public and private, governmental and non-governmental, profit-making and philanthropic, are adopting reward practices as they compete for essential talents and human capital. As Bowen (2000) argued, in a world of downsizing, where achieving more with less is the norm, reward and recognition are critical to raise morale and build goodwill among employees and supervisors. 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 do or produce assigned tasks to their satisfaction. In contrast, employees expect their employers to pay them fair compensation (rewards) after they dutifully deliver what is expected (Eshun & Duah, 2011).

A reward is given or received in return or recompense for service, merit, hardship, etc. The Cambridge dictionary defines it as "something given in exchange for good behaviour or work". Some theorists also refer to reward as compensation. Mathis and Jackson (2004) believe that people are compensated for their contributions to the company through salaries, incentives, and benefits. Most firms today reward their employees based on their ability to meet the company's important business goals. Mayo (1998) argues that if insufficient rewards are given, many organizations cannot instil the joy of working in executing duties and responsibilities. Again, the reward is a visible means of recognizing good performance and letting employees know that the firm appreciates their efforts (Evans & Lindsay, 2003).

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 & Duah, 2011). The goal of using rewards is to stimulate or induce behaviours in employees that are favourable to improve performance while discouraging behaviour employers and management consider detrimental to organizational effectiveness and efficiency. Thus, rewards serve as a means of motivating desired behaviours (Danish & Usman, 2010). Rewards may be classified into extrinsic/external and intrinsic/internal. Shanks (2007) 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 organizational culture, etc.

Tangible rewards (financial rewards) may be direct or indirect. Direct financial rewards refer to an employee's pay in the form of wages, salaries, bonuses, commissions, incentives, merit pay, and stock options. To put it another way, direct financial rewards are divided into base pay and variable compensation (performance-based pay). The fundamental remuneration that an employee receives, which can be a wage or a salary, is determined by both external and internal factors. The former includes labour market conditions, market rates, and government effects. The latter includes employment evaluation, collective bargaining with employee representatives, individual agreements, and so forth. These rewards are based on the amount of time worked and are the primary means through which most employees are directly compensated (Mathis & Jackson, 2004).

Satisfaction is an evaluative phrase that refers to a liking or disliking attitude (Ivancevich, 2004). As a result, job satisfaction is a pleasant emotional state that results from assessing one's work experience. Dissatisfaction, on the other side, arises when a person's job expectations are not met. 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. Job satisfaction, as defined by Locke (1976) cited in (Gruneberg, 1979), is "a pleasurable positive emotional state as a result of work appraisal from one's job experiences".

According to Mumford (1991), cited in Buitendach and Witte (2005) and Sempene, Rieger, and Roodt (2002), the most common aspects of job satisfaction are work, promotion, recognition, benefits, working conditions, supervision, coworkers, company and management. In the same way, Robbins (2001) mentions the more important factors conducive to satisfaction are mentally challenging work, equitable rewards, supportive working conditions and supportive colleagues. He goes on to say that a good personality-job match and an individual's genetic predisposition have a role in job happiness. Agreeing with the factors mentioned earlier, Spector (2000) added status and job content as probable causes of job satisfaction and, conversely, organizational structure as the probable source of dissatisfaction. According to Mumford (1991), Job satisfaction can be analyzed and rated in terms of the fit between what the company requires and what employees want, as well as the fit between what the person wants and what they actually get. Furthermore, numerous authors have pointed out that employee satisfaction is the outcome of a combination of benefits rather than a single reward (Bessell, Dicks, Wysocki, & Kepner, 2002).

Extrinsic and intrinsic incentives are both critical, according to evidence from many studies conducted over the years. Ali and Ahmed (2009) established a substantial affiliation between reward and recognition, and similarly in employee motivation and job satisfaction. According to the study, offering awards and recognition to employees would result in a significant change in job motivation and happiness. Many studies have been conducted on employee rewards in various organizations. However, none of these studies provides an accurate picture of private college employees' reactions. There is no study on the effect of reward systems on job satisfaction among employees of private colleges in Nepal.

## **Research Objective**

This study aims to identify the attitudes and experience of private college staff toward reward strategy and job satisfaction. This study's main objective was to examine the employees' reward systems and job satisfaction in Nepalese private colleges.

## Research Hypothesis

H01 There is no significant relationship between reward systems and employee satisfaction

## 3. METHODOLOGY

### The philosophical foundation of the quantitative approach

Postpositivists hold a deterministic philosophy in which causes (probably) determine effects or outcomes. Thus, the problems studied by postpositivists reflect the need to identify and assess the causes that influence outcomes, such as those found in experiments. It is also reductionistic in that the intent is to reduce the ideas into a small, discrete set to test, such as the variables that comprise hypotheses and research questions (Creswell & Creswell, 2018). The knowledge that develops through a postpositivist lens is based on careful observation and measurement of the objective reality. It exists "out there" in the world. Thus, developing numeric measures of observations and studying the behaviour of individuals becomes paramount for a postpositivist. Finally, some laws or theories that govern the world need to be tested, verified, and refined to understand the world. Thus, in the scientific method—the accepted approach to research by postpositivists—a researcher begins with a theory, collects data that either supports or refutes the theory, and then makes necessary revisions and conducts additional tests (Creswell & Creswell, 2018).

### Research Design

This study has applied the non-experimental form of the quantitative research approach. It is the correlational design in which this study has applied the correlational statistic to describe and measure the association between organizational reward systems and employees' job satisfaction (Collis & Hussey, 2021).

### Research Methods

The quantitative research method is useful to consider the full range of possibilities of data collection and to organize this method, for example, by its degree of predetermined nature, its use of closed-ended versus open-ended questioning, and its focus on numeric versus non-numeric data analysis (Collis & Hussey, 2021).

## **The survey study**

The survey research provides a quantitative or numeric description of a population's trends, attitudes, or opinions by studying a population sample. It includes cross-sectional studies using questionnaires for data collection—with the intent of generalizing from a sample to a population (Mishra, Mahat, & Khanal, 2021). For this study, the survey research technique was utilized to obtain essential information from respondents by distributing copies of the questionnaire.

## **Sample population**

In Kathmandu, Lalitpur, Bhaktapur, Chitwan, and Nawalparasi districts, there were 183 private colleges in operation. The study sampled 20 percent of total colleges. A total of 400 samples were taken. Teaching and non-teaching workers were chosen as the respondents using simple random sampling methods from each college.

## **Data analysis**

IBM SPSS Statistics 26 for Windows was applied to analyze the collected data because it is an affordable, professional analysis program for students based on the professional version of the program available from IBM. The data analysis is based on statistical analysis. The statistical tools were applied to examine the association between the dependent and independent variables, where different reward systems were the independent variables and the employees' satisfaction was the dependent variable. The Cronbach Alpha's Test (Karki, Mahat, & Kandel, 2021) value for the total items of the survey questionnaire was evaluated for the reliability of the collected data in this study (92.7 percent).

## **4. FINDINGS AND DISCUSSION**

It is imperative to encourage employees to yield the company better output. In doing so, the organizations can encourage employees by establishing a reward system. If employees are rewarded based on their work rate and ethics, then it will encourage other employees to follow the same work rate. It will help for better output of the company. Reward systems may be a family holiday, bonuses or other packages that



help the employees do more work. The study has shown that the frequency of rewarding teachers decreased the job overturn and increased the commitment of teachers towards the job (Kipkirui, 2014). In most colleges, the teachers want to commit to their school and college when there is a reward policy. The teachers felt that they were the most important part of the colleges. So, the reward system helped improve employees' satisfaction with their organization.

In this section, the study presented a different questionnaire for the respondents to know the reward system for the employees. The maximum mean obtained for good work is recognized appropriately (3.51) (see Table 1), and virtually everyone in the college receives an appropriate salary (3.51). It means that a maximum number of respondents agreed strongly with the statement. At the same time, the minimum mean was obtained for an appropriate difference between the pay awarded to good and bad performance (2.93). It means that the maximum number of respondents were almost neutral to the statement (see Table 1).

**Table 1: Research instrument of reward system**

Reward System							
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean
Good work is recognized appropriately	6.5	11.5	23.8	41.3	17.0	100.0	3.51
I think my boss is too tolerant of poor performance	8.5	20.3	33.8	26.0	11.5	100.0	3.12
Work that is not of the highest importance	10.5	10.3	28.8	33.5	17.0	100.0	3.36
In general, people are adequately rewarded in this college	10.8	17.8	30.3	29.3	12.0	100.0	3.14
The college's pay scale is competitive with similar institutions	10.8	13.5	24.5	33.8	17.5	100.0	3.34
I receive an appropriate salary	13.0	12.5	18.0	34.5	22.0	100.0	3.40
I receive appropriate benefits	15.0	19.0	24.3	28.8	13.0	100.0	3.06
An appropriate difference between the pay awarded	18.0	16.5	30.8	24.5	10.3	100.0	2.93
I feel a strong sense of job satisfaction	8.8	14.0	36.3	27.5	13.5	100.0	3.23
Virtually everyone in the college receives an appropriate salary	10.3	8.3	26.3	31.0	24.3	100.0	3.51

**Source:** Field Survey

It can be interpreted that, apart from the maximum mean with good work recognized appropriately and virtually everyone in the college received an appropriate salary, other questionnaires got an almost neutral response. Most of the respondents did not agree much or less with the statement. The second highest mean was obtained for receiving an appropriate salary (3.40), followed by work that was not of the highest importance and dealt with appropriately (3.36). Therefore, it was concluded that the organization was neutral in providing their employee with a reward system. Although some might take high rewards for their work rate, others felt they were not much rewarded.

### Reward and employee satisfaction

It is important to know the reward system of the college and its employee satisfaction. If the employees are not satisfied with the reward system, they might either perform poorly or discontinue their service, which might negatively impact the institution. So, organizations should have a strong reward policy for their employee to have maximum positive output. Strong ties should be between the organization and employees to ensure satisfaction and productivity for both employers and employees.

This study shows the reward policy and employee satisfaction with such a policy. It was found that there was a strong correlation between employee satisfaction and the reward system.

**Table 2: Reward and employee satisfaction**

Correlations		Reward	Satisfaction
Reward	Pearson Correlation	1	.460**
	Sig. (2-tailed)		.000
	N	400	400
Satisfaction	Pearson Correlation	.460**	1
	Sig. (2-tailed)	.000	
	N	400	400

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

**Source:** Field Survey

It was interpreted that there was a significant correlation between the reward system and

employee satisfaction as the value of  $p$  was 0.000, which is less than 0.01 significant levels. There was a positive correlation ( $r = .460$ ) between the reward system and satisfaction, which indicates that if there is a change in the reward system by a point, it will bring a change in satisfaction by .460 points (see Table 2).

## Implications of Study

The study made the following implications for the improvement of reward systems and job satisfaction in the private colleges of Nepal:

- A reliable system of Review of remuneration of all units has to be developed to eliminate the lack of consideration of the terms of service for the staff.
- Non-monetary rewards should be adopted adequately in private colleges' reward systems, including recognition and placement for training and other personal development initiatives.
- The allowances and other monetary and non-monetary perks and recognition should be tailored to specific jobs to ensure improvement of the job satisfaction of all the employees of colleges.
- The indicators of the reward system under consideration included a comparison of the reward system with the equivalent in the public and governmental colleges, availability and adequacy of rewards, promptness of rewards and adequacy of them. It should be placed in the right place

## 5. CONCLUSION

This research focuses on learning more about private college employees' compensation and work satisfaction perspectives. The study was conducted as a cross-sectional study using an exploratory and descriptive approach. A total of one hundred and eighty-three ( $N = 183$ ) private colleges are currently operating in Kathmandu, Lalitpur, Bhaktapur, Chitwan, and Nawalparasi districts. The study selected 20 percent of the total colleges. There were 400 samples obtained in total. Simple random sample procedures were used to choose teaching and non-teaching employees from each institution as the respondents. The organization was uninterested in creating an incentive system for its employees. While some people were recognized for their high work rate, others did not

feel they were. According to the findings, there was a considerable correlation between the reward system and job satisfaction. There was a link between the reward system and job satisfaction.

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