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A Study on the Impact of Financial and Non-Financial Rewards on the Job Satisfaction of the Employees in the City of Mumbai

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ABSTRACT

The impact of business awards on job satisfaction is investigated in this study. Quantitative data analysis was carried out, which included descriptive, reliability, correlation, and regression tests. As a result, 200 questionnaires were delivered to employees of a different private company in Mumbai. The study's goal is to determine the relationship between rewards and their effects on job satisfaction. The study discovered that both financial and non-financial rewards have a substantial impact on job satisfaction. Financial benefits were found to be strongly and positively connected to job satisfaction. The association between non-monetary incentives and job satisfaction is also large and favourable. According to the regression results, financial benefits have a beneficial impact on job satisfaction. Employers will gain valuable insight into their remuneration strategy and policy as a result of the study's findings.

Keywords: Financial reward, non-financial reward, job satisfaction

INTRODUCTION

It is widely agreed that the most important purpose of human resource management is to establish methods that improve employee work satisfaction. Employees demand financial and nonfinancial compensation for their services and efforts. Employees get disgruntled and underperform when they are not given equal compensation, training and development chances, or recognition. Employee unhappiness caused by a lack of financial and non-financial incentives frequently results in high turnover and poor performance. Employees are motivated to offer their best because of the benefits they anticipate for themselves and their families. The awards are divided into two categories: financial and non-financial. Financial incentives are referred to as extrinsic rewards, whereas non-monetary gains are referred to as intrinsic rewards. Pay, bonuses, allowances, insurance, incentives, promotions, and job stability are examples of financial benefits, whereas non-financial rewards include. Employees are motivated by acknowledgment, gratitude, and meeting new challenges. They are also motivated by the employer's caring attitude.

One of the most difficult human resource jobs for managers is the creation and maintenance of motivational reward systems. According to Bagraim et al. (2007), it is necessary to determine the requirements and goals of employees in order to meet them and achieve the desired motivation. According to Thompson et al. (2005), management's most powerful instrument for mobilizing organisational commitment to successful plan execution and productivity is a well-designed motivational compensation structure. According to Arnolds and Venter (2010), most multinational firms are experiencing a massive motivation issue. Their findings reveal that while businesses spend billions of dollars each year on courses and incentives to boost employee motivation, these efforts do not always result in better levels of

employee engagement. This is due to the fact that management and subordinates have differing perspectives on how organisational goals should be attained.
According to a study by Farah Liyana Bustamam, Sze Sook Teng, and Fakhrul Zaman Abdullah (2014), there is a substantial association between financial and non-financial compensation and job satisfaction, with financial reward having a higher influence on job satisfaction than non- financial reward. Previous research by Rehman, Khan, Zaiuddin, and Lashari (2010) shown that increasing awards can boost job satisfaction, but the financial reward has a greater impact on job satisfaction. According to the findings of Ali Erbaşand and Tugay Arat's (2012) study, a substantial relationship exists between financial and non-financial rewards and employee job satisfaction. As a result, attitudes toward financial rewards have a greater impact on job satisfaction than attitudes toward non-financial benefits.

Literature Review
"Financial incentives are frequently used by organisations to prevent employee unhappiness and inspire employees, albeit they may not be the most effective motivator in the long run" (Mossbarger and Eddington, 2003). Despite the fact that the presence of money is not regarded as an appropriate motivator, the absence of money can be a powerful de-motivator (Deeprose, 1994). As a result, incentives are not only valued as a method of transaction, but also as tools for determining an individual's worth, increasing self-esteem, and expressing achievement and status (Armstrong, 1996). As a result, firms can employ financial incentives to assist their human resource strategies.
Non-monetary benefits are tangible rewards supplied and controlled by a company that may not always benefit employees financially" (Chiang and Birtch, 2008). People nowadays seek more than monetary compensation for their efforts (Millmore et al, 2007). It indicates that in exchange for their contribution, people are seeking something other than money, which has value and purpose for them (Johnson and Welsh, 1999). Non-monetary incentives are increasingly being used to promote employee performance and boost employee happiness (Chiang and Birtch, 2008).
Job satisfaction is critical for employees' well-being at work and for their productive utilization in businesses (Koeske, Kirk, Koeske and Rauktis, 1994). Employees' assessments of the work environment, organisational support, and employment position can predict job satisfaction (Patah, Zain, Abdullah and Radzi, 2009). A happy employee is more productive, stable, and dedicated to the organization's goals (Jessen, 2011). Job satisfaction plays an important role and is characterised as a component of the work duties that people perform (Kalleberg 1977). Job dissatisfactions arise from a person's evaluation of various aspects of work, whereas job satisfaction is the accumulation of a variety of specific satisfactions (Locke, 1976 cited in Rehman, Khan and Lashari, 2010). The work itself, management, payment, advancement rules, and colleagues are all included in the evaluation of various facets of the employment (Efraty and Sirgy, 1990). People express their happiness or dissatisfaction with their jobs when they talk about them, whether good or negative (Pool, 1997). "So, job satisfaction refers to a subjective and emotional response to various aspects of a job, as well as an emotional state coming from an assessment of one's circumstances, as well as the qualities and demand of one's work" (Jessen, 2011).

Problem Statement
Employee job discontent and low motivation are caused by organisations that provide a poor reward package (Shafiq and Naseem, 2011). Because of the private sector's performance-based rewards, public sector employees are more unsatisfied than private sector employees, according to a study by Snyder, Osland, and Hunter (1996). As a result, in order to retain

employees, the public sector should offer rewards that are comparable to those offered by the private sector. As a result, a poor rewards system leads to discontent, which has an impact on turnover. In the long run, the problem will result in a decrease in the organization's efficiency and revenue. As a result, a poor reward system will have a negative impact on staff turnover (Rudzi Munap and Muhammad Izwan Mohd Badrillah and Baharom Abdul Rahman, 2013).

OBJECTIVES

1. To study the relationship between Financial rewards and Job Satisfaction
2. To study the relationship between Non-Financial rewards and Job Satisfaction
3. To study the impact of Financial rewards and Non-Financial rewards on Job Satisfaction

RESEARCH HYPOTHESIS

i. **Null Hypothesis**

There is no statistically significant relationship between the Financial Rewards and Job Satisfaction.

ii. **Null Hypothesis**

There is no statistically significant relationship between the Non-Financial Rewards and Job Satisfaction.

iii. **Null Hypothesis**

The Financial Rewards and Non-Financial Rewards do not significantly predict the Job Satisfaction.

RESEARCH METHODOLOGY

This research is explanatory and descriptive in nature and attempts to analyze the effect of impact of Financial rewards and Non-Financial rewards 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 rewards and Non-Financial rewards. 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. The sample of this study is selected through non-probability convenience sampling. The questionnaires were distributed to 180 employees of the banks and a time of one week is given to them to fill the questionnaires. Only 145 questionnaires were returned back by the respondent. But only 134 questionnaires were qualified for analysis. Data were analyzed using SPSS software and presented in the paper.

Data Analysis and Interpretation

Descriptive Statistics

Introduction

Summary statistics were calculated for each interval and ratio variable. Frequencies and percentages were calculated for each nominal variable.

Frequencies and Percentages

The most frequently observed category of Gender was Male (n = 78, 58%). The most frequently observed category of Education was Graduate (n = 86, 64%). The most frequently observed category of Age was 20-30 (n = 116, 87%). Frequencies and percentages are presented in Table 1.

Table 1: Frequency Table for Nominal Variables

Variable	n	%
Gender		
Male	78	58.21
Female	56	41.79
Education		
Postgraduate	48	35.82
Graduate	86	64.18
Age		
40-50	8	5.97
50-60	2	1.49
20-30	116	86.57
30-40	8	5.97
Note: Due to rounding errors, percentages may not equal 100%		

Summary Statistics

The observations for Financial Rewards had an average of 40.09 (SD = 5.49, SEM = 0.47, Min = 25.00, Max = 50.00, Skewness = -0.63, Kurtosis = 0.16). The observations for Job Satisfaction had an average of 34.79 (SD = 7.12, SEM = 0.62, Min = 17.00, Max = 45.00, Skewness = -0.48, Kurtosis = -0.31). The observations for Non-financial Rewards had an average of 24.63 (SD = 5.28, SEM = 0.46, Min = 9.00, Max = 35.00, Skewness = -0.14, Kurtosis = -0.23). When the skewness is greater than 2 in absolute value, the variable is considered to be asymmetrical about its mean. When the kurtosis is greater than or equal to 3, then the variable's distribution is markedly different than a normal distribution in its tendency to produce outliers (Westfall and Henning, 2013). The summary statistics can be found in Table 2.

Table 2: Summary Statistics Table for Interval and Ratio Variables

Variable	M	SD	*n*	SEM	Min	Max	Skewness	Kurtosis
Financial Rewards	40.09	5.49	134	0.47	25.00	50.00	-0.63	0.16
Job Satisfaction	34.79	7.12	134	0.62	17.00	45.00	-0.48	-0.31
Non-financial Rewards	24.63	5.28	134	0.46	9.00	35.00	-0.14	-0.23
Note: - indicates the statistic is undefined due to constant data or an insufficient sample size								

Reliability Analysis

A Cronbach alpha coefficient was calculated for the Financial Rewards scale, Non-Financial Rewards scale & Job Satisfaction scale. The Cronbach's alpha coefficient was evaluated using the guidelines suggested by George and Mallery (2018) where > .9 excellent, > .8 good, > .7 acceptable, > .6 questionable, > .5 poor, and ≤ .5 unacceptable.

Table 3

Scale	**No. of Items**	**α**	**Lower Bound**	**Upper Bound**
Job Satisfaction	9	0.91	0.89	0.93
Financial Rewards	10	0.75	0.70	0.81
Non-Financial Rewards	7	0.71	0.65	0.76
Note: The lower and upper bounds of Cronbach's α were calculated using a 95% confidence interval				

Null Hypothesis

There is no statistically significant relationship between the Financial rewards and Job Satisfaction.

Results: The result of the correlation was examined based on an alpha value of 0.05. A significant positive correlation was observed between Financial Rewards and Job Satisfaction ($r = 0.59$, $p < .001$, 95% CI = [0.46, 0.69]). The correlation coefficient between Financial Rewards and Job Satisfaction was 0.59, indicating a large effect size. This correlation indicates that as Financial Rewards increases, Job Satisfaction tends to increase. Table 4 presents the results of the correlation.

Table 4: Pearson Correlation Results between Financial Rewards and Job Satisfaction

Combination	r	95% CI	n	p
Financial Rewards-Job Satisfaction	0.59	[0.46, 0.69]	134	< .001

Null Hypothesis

There is no statistically significant relationship between the Non- Financial rewards and Job Satisfaction.

Results: The result of the correlation was examined based on an alpha value of 0.05. A significant positive correlation was observed between Non-financial Rewards and Job Satisfaction ($r = 0.33$, $p < .001$, 95% CI = [0.17, 0.48]). The correlation coefficient between Non-financial Rewards and Job Satisfaction was 0.33, indicating a moderate effect size. This correlation indicates that as Non- financial Rewards increases, Job Satisfaction tends to increase. Table 5 presents the results of the correlation.

Table 5: Pearson Correlation Results between Non-financial Rewards and Job Satisfaction

Combination	r	95% CI	n	p
Non-financial Rewards -Job Satisfaction	0.33	[0.17, 0.48]	134	< .001

Null Hypothesis:
The Financial rewards and Non-Financial rewards do not significantly predict the Job Satisfaction.

Results: The results of the linear regression model were significant, $F(2,131) = 35.84$, $p < .001$, $R2 = 0.35$, indicating that approximately 35% of the variance in Job Satisfaction is explainable by Non-financial Rewards and Financial Rewards. Non-financial Rewards did not significantly predict Job Satisfaction, $B = 0.13$, $t(131) = 1.27$, $p = .207$. Based on this sample, a one-unit increase in Non-financial Rewards does not have a significant effect on Job Satisfaction. Financial Rewards significantly predicted Job Satisfaction, $B = 0.71$, $t(131) = 7.01$, $p < .001$. This indicates that on average, a one-unit increase of Financial Rewards will increase the value of Job Satisfaction by 0.71 units. Table 7 summarizes the results of the regression model.

Table 7: Results for Linear Regression with Non-financial Rewards and Financial Rewards predicting Job Satisfaction

Variable	B	SE	95% CI	β	t	p
(Intercept)	3.12	3.78	[-4.37, 10.60]	0.00	0.82	.412
Non-financial Rewards	0.13	0.11	[-0.07, 0.34]	0.10	1.27	.207
Financial Rewards	0.71	0.10	[0.51, 0.91]	0.55	7.01	< .001
Variable	B	SE	95% CI	β	t	p
Note: Results: F(2,131) = 35.84, p < .001, R = 0.35 Unstandardized Regression Equation: Job Satisfaction = 3.12 + 0.13*Non-financial Rewards + 0.71*Financial Rewards						

RESULTS AND DISCUSSION

A significant positive correlation was observed between Financial Rewards and Job Satisfaction ($r = 0.59$, $p < .001$, 95% CI = [0.46, 0.69]). This result is consistent with the empirical study of Mason (2001). A significant positive correlation was observed between Non-financial Rewards and Job Satisfaction ($r = 0.33$, $p < .001$, 95% CI = [0.17, 0.48]). The results of the linear regression model were significant, $F(2,131) = 35.84$, $p < .001$, $R2 = 0.35$, indicating that approximately 35% of the variance in Job Satisfaction is explainable by Non-financial Rewards and Financial Rewards. Non-financial Rewards did not significantly predict Job Satisfaction, $B = 0.13$, $t(131) = 1.27$, $p = .207$. Based on this sample, a one-unit increase in Non-financial Rewards does not have a significant effect on Job Satisfaction. Stovall (2003) conducted research on non-financial rewards and their impact on employee's job satisfaction and concluded that an effective reward package could have a significant impact on the employee's performance, which is inconsistent from the research finding. Financial Rewards significantly predicted Job Satisfaction, $B = 0.71$, $t(131) = 7.01$, $p < .001$.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, Mohanth, 2009; Hayati & Caniago, 2012; Chatzopolou, Viachvei & Monovasilis, 2015.

CONCLUSION

Employee job satisfaction is influenced by a number of factors. The results of numerous scholars' empirical studies reveal that job satisfaction is affected by contradicting results. Two independent factors are employed in this study to determine their impact on employee job satisfaction. Data was collected from 134 respondents using a Likert scale ranging from 1 to 5, with 1 indicating Strongly Disagree and 5 indicating Strong Agree. The link between the dependent and independent variables is investigated using ordinary least squares regression models in this study. The independent variables such as Financial rewards and Non-Financial rewards all have a positive link with job satisfaction, according to this model, and they are all statistically significant. The sample size and population are the additional limitations. We need to incorporate more organisations and participants in order to get a better generalisation outcome. However, because some target businesses refuse to cooperate, the sample size is limited, making measuring the hypothesis using the existing scale items more challenging.

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