CHAPTER TWO
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Reward and job satisfaction are topics of wide interest to both people who work in organizations and people who study them. Both are most frequently studied variables in organizational behaviour research, and are also central variables in both research and theory of organizational phenomena ranging from job design to supervision. The study conducted extensive literature survey on reward practices and job satisfaction related to various industries worldwide. These are presented in the following sections.

2.1: Literature Review: Many researchers have done extensive study on the total reward system of organizations and relate it with job satisfaction and motivational level of employees. Researcher explores various studies in the field of reward system and job satisfaction in order to draw the possible research gaps. Various studies found in literature on reward and job satisfaction were highlighted under different themes as mentioned below.

2.1.1 Reward, Job satisfaction and Motivation:

Jehanzeb et al (272-78) studied the impact of rewards and motivation using perceived amount of rewards on job satisfaction in both public sector and private banks of Saudi Arabia. Through regression analysis they related the perceived amount of reward, motivation and job satisfaction. Results indicated that (a) rewards have a positive significance on job satisfaction, (b) motivation is positively related to job satisfaction, (c) motivation has a positive significant effect on job satisfaction. The study found out that employees of private and public sector in different banks are moderately rewarded, motivated and gratified in their organization. The study concluded that employees in banking sector give more importance to economic or financial rewards.

Pratheepkantha (86-92) studied impact of reward system on employee motivation in commercial banks of Sri Lanka. The study found out positive relationship of extrinsic and intrinsic reward on employee motivation. Secondly, higher performance consistency, cooperation, willingness of responsibility, challenging work, growth in job were found to be the determining factors that influence employees’ performance. He suggested that the non-monetary rewards like holiday package, bonus, pension benefits, and overtime
pay should be improved by the banks. The study mentioned about dissatisfaction of bank staff with financial rewards, responsibility, training and promotion.

Khalid et al. (550-56) explored the impacts of employee’s rewards and employee’s motivation on employee’s job satisfaction between public and private water utility organization in Malaysia. Author took three factors under reward namely pay, autonomy, and co-workers relationship. Motivation was taken from extrinsic and intrinsic needs of the employees and measured job satisfaction from nine dimensions namely, pay promotion, supervision, benefits, contingent rewards, operating procedures, co-workers, nature of work and communication. Study revealed that employee’s reward was positively related to motivation. Both employee’s reward and employee’s motivation were found to have positive influences on employees’ job satisfaction. The study comes out with some interesting findings like, employees in public water utility organization scored significantly higher level of employees’ reward, motivation and job satisfaction; and motivation have more impact on job satisfaction as compared to rewards in both public and private water utility organizations.

Shafiq and Naseem examined the association between rewards and employee motivation in banking sector of Pakistan. The study found positive relationship between reward and motivation. Authors also tried to identify the association of demographic factors like age, gender, educational qualification, experience, and income with the reward variables like good salary, interesting work, job security, promotion, appreciation, opportunity of advancement, loyalty to employees, sympathetic personal help, good working environment and other benefits. The study found out that gender is associated with salary, workload and praise, income is associated with bonus and incentives, and experience is associated with job security. The results also showed that salary is much important factor for employee motivation as compared to other variable factors like promotion, job security, working condition, appreciation and other benefits.

2.1.2 Effectiveness of Reward System:

Armstrong et al. (106-20) explored the reasons of non-evaluation of effectiveness of reward policies and practices by the organizations. Authors observed the approaches used by the organizations to evaluate the effectiveness of their reward policies and practices, and developed evidenced based model to describe how evaluation take place. This case study found that organizations where powerful tradition of human capital measurement, and highly disciplined as well as performance oriented approach to
measurement exists are interested in measuring the effectiveness of reward policies and practices. The study identified the reason on non-evaluation of effectiveness of reward system such as lack of resources and time, lack of information or data, senior management indifference, organization changes and lack of analytical skill. The study concluded that lack of resources or time is the most important reasons for non-evaluation of the effectiveness of reward system. The study found out that there is no set pattern of conducting an evaluation of effectiveness of reward policies and practices.

2.1.3 Role of Reward in Quality Circle:

Kerrein and Oliver (320-37) studied the role of reward system in collective and individual improvement activities. They mentioned that specific problem solving activities occurred within a formal organization setting such as quality circle, improvement scheme, suggestion scheme, as well as within production teams on daily basis. Suggestion scheme under individual improvement activities, where the authors observed that financial gain from suggestion scheme encouraged the employees to put forward their ideas which they perhaps would have hesitated to forward under normal circumstances. The study found out that conflict exists between the team-based improvement schemes where financial rewards were not offered and individual-based suggestions scheme where rewards were offered. The study also observed that quality assurance managers were more frustrated with the conflict between the behaviour encouraged by financial reward of the suggestion scheme and participation in non-financially rewarded quality circles. In the outcome of reward policies it was observed that employees tended to suggest big ideas which bring large monetary rewards and the less significant ideas were ignored, or not submitted at all. The second outcome of reward observed was that employees were holding back ideas in the team-based quality circle and improvement workshops where financial rewards were not offered, and were participating in suggestion scheme where financial rewards were offered.

2.1.4 Reward, Job Satisfaction and Total Quality Management (TQM):

Ooi et al. (62-77) identified five core elements of TQM namely customer focus, teamwork, reward and recognition, organizational culture, and organizational trust in a major Malaysian OSAT organization. The study linked TQM with employees’ job satisfaction through regression analysis and found out that teamwork, organizational
trust, organizational culture and customer focus are positively associated with employees’ job satisfaction. It was also found that, where teamwork was perceived as dominant TQM practice, improvements in job satisfaction levels were significant. Result revealed that reward and recognition was found to be insignificant in contributing to employees’ job satisfaction which indicated that both recognition and rewards required motivating effects on people at work. Different aspects of emphasis on rewards such as fairness, opportunities for professional growth, high pay, and praise for good performance does not appear to influence employees’ job satisfaction which indicate both recognition and rewards required motivating effects on people at work.

Ozutku (29-48) conducted a study on effect of extrinsic and intrinsic reward and compared it with employee results based on Total Quality Management (TQM) in 217 businesses that operate in Turkish manufacturing industry. The finding of this research explained that intrinsic rewards have a direct effect on people results performance indicators. On the other hand, extrinsic rewards have not direct motivational effects on people results. This study highlighted the importance of the intrinsic reward system for implementing TQM. Research also indicated the importance of aligning the reward system to support TQM. The study suggested that the use of appropriate intrinsic reward practices should be seriously considered by the organization to ensure that TQM business practices have an even greater positive effect on people results. Management should implement policies and programs that linked with people results performance indicators to the accomplishment of strategic quality objectives at the organizational, group and individual levels. The outcome of this study stated that intrinsic rewards were found instrumental in shaping people results. Organizations should identify performance related rewards and develop appropriate reward programs to reinforce these people results.

Allen and Kilmann (110-31) examined the impact of reward practices on the relationship between an organizational strategy based on the principles of total quality management (TQM) and perceptions of firm performance. The findings of the study highlighted that higher levels of firm performance were significantly correlated with greater use of TQM practices. The study also revealed that the use of extrinsic reward practices including profit sharing, gain sharing, employment security, and comp-time (compensation of overtime hours worked by the employee in form of additional time off rather than pay) were found to have significantly positive moderating effect on the relationship between TQM and perceived firm performance.
2.1.5 Job satisfaction and Locus of Control (LOC):
Chen and Silverthorne (572-82) studied the impact of locus of control on job stress, job performance and job satisfaction on a certified public accountant firm in Taiwan. They used external as well as internal locus of control (LOC). Job stress was measured through four dimensions viz., ambiguity, conflict, workload and inadequate resources. Study reveals the respondents who had an internal LOC perceived lower levels of job stress accounted higher levels of job satisfaction and job performance. Based on individual responses, the results indicated that high performance firms probably have more internal LOC individuals than low performance firms. The mediator function test also showed that LOC is a mediator, through which job stress influences job performance. In addition, the mediating effects of LOC indicate that job satisfaction affects job performance and job stress. In other words, for an external LOC individual, job stress would have a negative effect on his or her performance while for an internal LOC, individual job stress can enhance his or her performance. Compared with external LOC individuals, an internal LOC individual was more easily satisfied with their job, thus increasing job performance.

2.1.6 Job Satisfaction and Organizational Ethics:
Koh and Boo (309-24) found that the three measures of organizational ethics, i.e., top management support for ethical behaviour, favourable ethical climate and association between ethical behaviour and career success) are found to be positively associated with job satisfaction. The study found that top managers in the organizations can influence management support for ethical behaviour, organizational ethical climate and the association between ethical climate and career success. So, the top management can build organizational commitment by creating and ethical organization. Organizational ethics positively affect job satisfaction which in turn promotes favorable job attitudes/behaviour and organizational outcomes like higher organizational commitment, lower absenteeism and turnover, higher profitability and productivity. The study provides empirical support that employees are more satisfied when the organization recognizes and rewards ethical behaviour, and when they perceive a relationship between ethical behaviour and career success.
2.1.7 Job Satisfaction and Implication of Theories:

Tietjen and Myers (226-231) studied thoroughly the Herzberg theory of job satisfaction, Locke theory of job satisfaction, and the Life-cycle theory. The research study demonstrates that in the manager’s search for knowledge on motivation of employees or the enhancement of job satisfaction, Herzberg’s concept of attitude as a powerful force in determining output has been complemented by Locke’s formulation of value and its importance to work goals and subsequent job satisfaction.

Castillo & Cano (65-74) attempted to investigate the factors explaining job satisfaction among faculty by taking two factors (a) Job hygiene factors which includes interpersonal relationships, company policy, salary, supervision and work conditions; (b) Job motivator factors includes achievements advancements, recognition and responsibility as explained by Herzberg, Mausner, and Snyderman in 1959. They found that the factor work itself was the most motivating aspect for faculty in the study and the least motivating factor was working conditions. Data analysis revealed that recognition, supervision, and relationships explained the variability among faculty member’s overall satisfaction scores. The study also suggests that college administrators must focus on improving recognition, reward systems, supervision, and interpersonal relationship aspects of faculty members.

2.1.8 Job Satisfaction with Employee Turnover and Productivity:

Kass et al. (317-327) investigated the relationship between job outcomes (Satisfaction, absenteeism and tenure) with measures of state and trait boredom. It was found from the study that individuals scoring high on both types of boredom were significantly more dissatisfied with the work itself, pay, promotion, supervisor, and co-workers. Absenteeism was found to be linked to all facets of JDI (Job Descriptive Index) and overall satisfaction. Further, job tenure was significantly related to opportunity for promotion, supervision and job in general subscales of JDI.

Linz (626-52) told that job satisfaction tends to correlate positively with labor productivity and negatively with labor turnover, both of which influence firm performance. He conducted a study on the nature and scope of job satisfaction among Russian workers, to identify the level of job satisfaction. He investigated the satisfaction of workers with the job and satisfaction with the work that is done in the job. He also explored the variation in job satisfaction explained by differences in worker
characteristics by both objective characteristics like age, gender, education, work experience, supervisory responsibilities, unemployment experience, marital status, recent change in workplace, number of jobs held at the time of the interview and subjective characteristics like attitude toward work. He tried to ascertain the link between job satisfaction and select intrinsic and extrinsic job characteristics; and evaluate the extent to which job satisfaction is correlated with alternative measures of organizational commitment. Results of the study suggested that to raise the level of job satisfaction among their employees, managers need to reduce the gap between the importance and likelihood values for job characteristics that involve the acquisition of skills. Job satisfaction was highest among workers who expected to receive additional pay for doing their job well. Job satisfaction among workers was found high in one who expressed a positive attitude about their workplace. This positive attitude towards the workplace was denoted in the study as organizational commitment. The study found out that employee characteristic, job characteristic and attitude towards workplace emerged as significant variables in influencing the job satisfaction level of employees.

2.1.9 Reward System in Rural Banking Industry:
Dapaah et al. conducted a study in 2012 on reward system in rural banking industry of Adansi rural bank. They found that employees have strong perception that reward system in the bank is ineffective, inadequate and inconsistent. The reward system at the bank controlled employees’ behaviour. These conditions negatively affect the motivational level of employees and the goal achievement strategy of bank. They expressed the need to find out what motivates the employees. The study recommended increased wages/salaries, additional bonuses, adequate health and safety measures, reduced work load, involvement in decision making, and educational scholarship schemes for the employees of Adansi rural bank.

2.1.10 Reward System in Civil Services:
Kessler et al. (6-28) tried to evaluate employee perceptions of pay practice in civil service executive agencies. They took the pay structure as independent variable which included concerning pay band progression, performance assessment, objective setting, and feedback involvement in an equity shares scheme and whether pay increases were linked to the performance of teams, section, or the organization. Pay satisfaction was taken as dependent variable and demographic factors like gender, age, education
(graduate), promotion in the last year, annual salary, and lengths of service in the organization were taken as control variable. The study categorized the pay system into four divisions, (a) traditional pay system, (b) modified traditional pay, (c) modified radical pay system, and (d) radical pay system. The study found out that satisfaction with pay level, both the effort-reward link and understanding pay criteria scales are consistent and positively related to higher levels of pay administration/structure satisfaction within each of the four pay systems. With respect to the control variables, only annual salary and market pay referent are consistently significant across each of the pay systems and satisfaction with pay level. The annual salary was only associated with pay admin/structure within the modified and radical pay systems; market pay referent by contrast is only associated with the two traditional type pay systems; promotion in the last year is an important explanatory variable within traditional as well as modified radical; and there is no relationship with level of education in any of the pay systems. The study also found that the traditional pay system had higher levels of pay satisfaction in both level and admin/structure than modified radical and, furthermore, had higher levels of pay level satisfaction than the radical pay system. Pay satisfaction is found to be positively related to two principles: a clear effort-reward link and an understanding of pay criteria. Study concluded that employees were more satisfied with pay when their organizational pay system accords with traditional rather than newer practices. This suggests that embedded norms continue to exert a powerful influence over employee perceptions of pay.

2.1.11 Reward and Job Satisfaction in Banking Industry:
Vallejo et al. (629-35) conducted a study on job satisfaction of bank clerks in Balearic Island of Spain. The study examined the relationships between the characteristics of particular jobs and task; and measured job satisfaction in relation to supervision, age, salary and qualifications. Results of the study revealed that the most important factors in determining the subordinates’ job satisfaction were linked to the branch manager’s assumption of the role, their esteem, mobility, representation and tolerance towards uncertainty. The level of job satisfaction was positively related to psychological well-being, personal satisfaction and geographical setting. The study also revealed that in comparison to men, women employees occupy less important position in company, and are less satisfied with their work accomplishment and perceived salary; and more satisfied with their superior, promotion and career plans. Bank workers were found least
satisfied with their salary, whereas officers were moderately satisfied. Promotion plans were found unsatisfactory for banking workers.

Haque and Raihan (1-12) conducted a research on job satisfaction of top executives and junior executives of private commercial banks in Bangladesh. The study found fourteen determinants of the job satisfaction for employees of both category viz., job contents, job security, promotional opportunities, salary, job-status, benefits, working environment, job autonomy, work schedule, management policies, recognition for good work, participation with decision making, co-worker’s and supervision. The study revealed that all the said determinants are positively correlated with the overall job satisfaction of employees except work schedule which was negatively correlated with overall job satisfaction of employees. A wide variation in the job satisfaction level across top executives and junior executives was found out by the study. Results of the study show that job satisfaction level of junior executives was higher in comparison to top level executives.

Islam et al. (35-46) tried to find out the main factors of job satisfaction and their impact on the job satisfaction of the employees of private companies in Bangladesh. They identified nine factors of job satisfaction – coordination and leave facility, reward and future opportunities, vision of the company, work process, empowerment, peer relationship, health and insurance policy, strategy of the company and fair retirement policy. From thorough review of literature, they found that these factors individually have a positive effect on job satisfaction. The result indicated that five out of nine factors namely coordination and leave facility, reward and future opportunities, vision of the company, work process, and health and insurance policy have significant influence on job satisfaction. They recommended that that the management of private companies should consider formulating a compensation policy, health and insurance policy, retirement policy which is justified according to the job responsibility and designation of the employee, so that the employees will be remain satisfied with their jobs.

Ahmad et al. (41-46) conducted a study on job satisfaction among public bank employees of Bangladesh. Researchers used JDI (Job descriptive Index) to measure the job satisfaction level of employees from five major dimensions viz., pay, promotion, supervision, coworkers and work itself. Results in the study revealed that employees at the banking sector in Bangladesh expressed satisfaction with their co-workers, followed by the nature of the work, and the supervision they received, on the contrary,
opportunities for promotion and pay were emerged as major sources of dissatisfaction among employees. Nature of work emerged as strongest influencing factors for job satisfaction level of employees whereas promotion is the weakest factor in influencing the job satisfaction of employees. Under demographic factors it was found that occupational class, sex and marital status showed inverse relationship with job satisfaction whereas age and educational level were found positively related with job satisfaction.

Sehgal (124-46) took a study on job satisfaction of bank employees of public sector and private banks in Shimla. She did a comparative study of UCO bank and AXIS bank. The study used Minnesota Satisfaction Questionnaires for measuring satisfaction with working conditions, chances for advancement, freedom to use one’s own judgment, praise for doing a good job and feeling of accomplishment, among other aspect of one’s job experience. The study also identified five facets of job satisfaction which were measured by Job Descriptive Index viz., (a) work itself – responsibility, interest and growth; (b) quality of supervision – technical help and social support; (c) relationship with co-workers – social harmony and respect; (d) promotion opportunities – chances for further advancement; (e) pay – adequacy of pay and perceived equity. She found out from this study that there is no significant difference across public sector and private sector bank employees in terms of overall job satisfaction scores, level of information, training and development, position, efforts made by the employees, motivation level of employees, level of supervision, changes and innovation, work satisfaction, freedom in taking decisions, kind of work done, satisfaction with co-workers, supervision, flexibility and freedom in job, conflict resolved and fulfillment of ambition of employees. Whereas significant differences were observed by the study in terms of salary, job security, and benefits offered. Employees of public sector were found more satisfied on the salary package, benefits plans and job security factors in comparison to private sector employees.

Sowmya and Panchanatham (76-79) has studied job satisfaction of employees in new private sector and select public sector banks specifically in the banking sector of the main metropolitan city, Chennai. The study tried to identify the factors influencing job satisfaction of the employees. Factors like pay and promotion, organizational factors, supervisor behaviour, job and working condition, and coworkers’ behaviour were found
to be important factors in influencing the job satisfaction level of employees. In case of job satisfaction, the commercial banks’ perceived pay and promotion is an indispensible factor in deciding their employees’ satisfaction level. The employees have significant inclination towards optimistic supervisory behaviour and pleasant organizational setup. The factor analysis in the study meticulously identified that the job suitability as well as the working condition and other interpersonal relationship among workers are able to ascertain level of satisfaction of employees within the working domain.

Singh and Pestonjee (159-165) conducted a study to explore the effect of job involvement and sense of participation on job satisfaction of bank employees. Authors took two categories of employees (a) officers, and (b) clerical cadre. Job satisfaction of employees were measured by four factors namely, job, management, personal adjustment and social relations. Psychological participation included decision making, autonomy opinion-seeking and involvement. The study found out that occupation level influenced the job satisfaction of employees in management area, personal adjustment area, off-the-job area and overall satisfaction of employees. Significant differences were found across officers and clerical cadre on job satisfaction regarding job area, social relations and on-the-job area. High job involvement and low job involvement significantly influenced the job satisfaction in job area, management area, social relationship area, on-the-job area and overall job satisfaction. The study found out that high participation group shows high job satisfaction and vice versa. Both job involvement and participation enhance the job satisfaction of employees in banks.

2.1.12 Reward and Job satisfaction in Hospitality Industry:

Chuang et al. (323-40) studied extrinsic and intrinsic factors effecting job satisfaction level of casino hotel chefs in Las Vegas. Results of the study indicated that the nature of work as an intrinsic factor was a major contributor to the job satisfaction of casino hotel chefs. Authors said that this provided a feeling of pleasure of working in a challenging and competitive environment where they could use their creativity in performing variety of tasks. Intrinsic factor recognition was found to be a source of low satisfaction among the casino hotel chefs. Casino hotel chefs reported low-satisfaction levels with respect to unrelated duties, paid vacation, salary, and sick leave days. Qualitative findings revealed that increasing salary or compensation may not always successfully contribute to the satisfaction of chef’s work life.
Gu and Siu (561-78) examined the relationship between work performance and job satisfaction in Macao’s casino hotels and determined how job satisfaction may be enhanced to improve work performance. Overall satisfaction was treated as the dependent variable in the study, and salaries, benefits, support, encouragement, guidance and help from supervisors and coworkers, training opportunities, and job-related stress, plus a group of background factors, were used as independent variables. Study found salary and benefits as the strongest variable in predicting job satisfaction level of employees. After salary and benefits, training emerged as the second strongest variable in the study which influence job satisfaction level of employees.

2.1.13 Reward and Job Satisfaction in Health Sector:

Gigantesco et al. (349-355) studied job satisfaction among mental health professionals and found a low level of job satisfaction. The study reported that job satisfaction increased with increasing age. It was also found that the percentage of satisfied staff members was much lower in hospital wards than in community-based services. This was because the ward staff in hospital feels less rewarded by their contact with patients.

Pietersen (19-25) studied job satisfaction of nursing staff of government hospitals in Capricorn District of South Africa. He took promotion and job itself as intrinsic factors and working condition, pay, supervisor behaviour, and organizational policy as extrinsic job satisfaction. Findings show that nursing staff were very much dissatisfied with the extrinsic job satisfaction factors in comparison to intrinsic factors. Routinization in job itself negatively affects their intrinsic job satisfaction. He found that dissatisfaction among the nursing staff resulting in terms of extrinsic and intrinsic factors could negatively impact on the turnover rates of nursing staff in hospitals. He suggested that staff retention is associated with job satisfaction level of nurses in hospital and that management should enhance the organizational commitment of nursing staff through minimizing routinization of job by creating opportunities to be more creative in their job, opportunities for promotion, developing pleasant and caring organizational climate, and the interpersonal skill of supervisor.

Savery (18-27) stated that emphasis on money by the managers as a motivator for workers was there since the work of Taylor in the late 1800s and early 1900s, which
indicated that money was a major factor in motivating people to increase their productivity. He studied the perceived level of job satisfaction of public hospital pharmacists and their view on the importance of such factors in making individuals satisfied with their jobs, and the influence of background on job satisfaction. He found that the feeling of achievement was one of the most important factors influencing their level of satisfaction with the job. It appeared in the study that the intrinsic motivators were found to be most important in influencing a person’s job satisfaction, and dissatisfaction and money was ranked lower in importance concerning its effect on an individual’s job satisfaction than on a person’s job dissatisfaction. The results suggested that, enriching the intrinsic motivators of recognition for good performance, feeling of achievement, and interesting and challenging work will have greater impact than raising the salary levels on both improving the level of job satisfaction and reducing the level of job dissatisfaction of pharmacists.

Aronson et al. (437-52) found that job satisfaction of psychiatric employees are influenced by actions and attitude of management, which captures the extent to which management respects workers, operates on principles of honesty and integrity, promotes efficiency, and have open lines of communication. Moreover, the second most prominent factor that influences job satisfaction contained items regarding supervision, openness, fairness, supervisors knowledge, giving valuable feedback, and praise and support. A significant finding of the study is that compensation is not a major component of employee satisfaction.

Blau (1099-1113) used a longitudinal sample of medical technologists and found that task responsibilities and employees performance appraisal satisfaction significantly affected subsequent overall job satisfaction. Overall job satisfaction positively correlated to age, performance appraisal satisfaction, complex tasks and wage, while routine task was negatively related.

2.1.14 Job Satisfaction of Employees in Academic Institutions:

Oshagbemi (1210-32) conducted an empirical study on personal correlates of job satisfaction in UK universities. The author conducted extensive literature review on single and multiple studied related to the relationships between age, rank and length of service and job satisfaction. He included satisfaction with job, pay, promotion, head of unit’s behaviour, and co-workers’ behaviour as factors of overall job satisfaction.
Teaching, research, administration and management factors were included in job variable. From the large sample from UK universities, the author found out that the rank of an individual and the length of service he/she has worked with in higher education were found significant predictors of the level of the individual’s overall job satisfaction. However, while academic rank is positively and very strongly correlated with the overall job satisfaction, length of service in higher education is negatively related.

Edem and Lawal (39-46) conducted a study on the influence of job satisfaction on the publication output of librarians in Nigerian universities. Job satisfaction in the study was measured in terms of achievement, responsibility, recognition, salary, university policies and supervision. Publication output were categories into two dimension namely (a) academic publication output like journal articles, books accepted or published and conference/ workshop papers, (b) work-related publication output like abstracts, indexes, and bibliographies, together with in-house publications. The results of the empirical analysis indicated that out of the six dimensions of job satisfaction used in the study, only three librarians' levels of satisfaction with their achievement responsibility and recognition had a significant influence on their publication output. Other dimensions including salary, university library policies and administration, and supervision, had no significant influence on their publication output. The study also reveals that the intrinsic job satisfaction dimensions were the greatest influence on the quantity of publications among the sample population. Researchers suggested that the extrinsic job satisfaction dimensions which do not influence publication output should not be neglected, rather they could be improved to enhance job satisfaction and raise publication productivity.

2.1.15 Employee Satisfaction from Performance Appraisal in Banking Sector:
Shrivastava and Purang (632-47) studied the perception of fairness of performance appraisal system and satisfaction regarding appraisal system in public sector and private sector banks of India. Perception of fairness of performance appraisal system was measured through nine factors viz., setting performance expectations, rater confidence, clarifying expectations, providing feedback, accuracy of rating, explaining rating decisions, seeking appeals, concern over rating, and treatment by rater. The two selected banks were found to differ from each other with respect to perception of performance appraisal fairness. Seven out of nine appraisal fairness factors emerged as important differentiators. It was found that private sector bank employees perceive appraisal factors
like setting performance expectations, rater’s confidence, clarifying expectations, accuracy of rating, providing feedback, explaining rating decisions, and seeking appeal to be fairer as compared to public sector bank employees. The private bank employees are more satisfied with their appraisal system as compared to the public sector bank employees. This study provides strong recommendations on redesigning of appraisal system, introduction of 360-degree feedback, Balanced Score Card (BSC), online appraisal, improvement in implementation of appraisal system, setting clear-cut goals, providing accurate rating, clear and constructive feedback to the employees, and transparency in public sector banks.

Chowdary et al. (1-9) conducted a study on performance appraisal system of public sector and private sector banks. The authors tried to find out the strategic factors that influence appraisal system in banking industry. They found that the administration process of performance appraisal, review process of performance appraisal and linkage of appraisal process to reward and career were found similar in public sector and private sector banks, whereas in terms of organizational growth from performance appraisal it was found to be different in both the category of banks.

Poon (322-34) worked on effects of the politics of performance appraisal on job satisfaction and turnover intention. He found that performance ratings are manipulated for political purposes. He examined the effects of employees’ perceptions of political motives in performance appraisal on their job satisfaction and intention to quit. Results of the study indicated that when employees perceived performance ratings to be manipulated because of raters’ personal bias and intent to punish subordinates they expressed reduced job satisfaction. These perceptions also influenced employees’ intention to quit, albeit indirectly, through reduced job satisfaction.

2.2 Research Gap: Literature survey made it possible to come across many studies on reward system and job satisfaction in different types of organizations. Discussions on various studies related to reward system and job satisfaction revealed that most of the studies were focused on the relationship of reward and job satisfaction by considering the whole reward system which included performance related rewards and non-performance related rewards. Also the relationship of reward with motivation was highlighted by many researchers on same perspective. It was found that most of the studies worked on the total reward system of the organization which includes those rewards which were not performance-based. The control variables (demographic factors) were mostly discussed.
by researchers and their effect on job satisfaction of employees was studied (Gigantesco et al., Blau, Oshagbemi etc.). Researchers like Ozutku, Allen and Kilmann strongly recommended performance-based rewards in organizational reward strategy. Most of the studies in banking sector depicted that no efforts were taken so far to study the performance linked reward in banking sector. Apart from reward and control variables, factor like performance management practices adopted by the organization to manage the performance of employees and its effect on the level of job satisfaction were not discussed by any researcher.

Literature review explained the difference in performance appraisal system of private sector and public sector banks in India (Shrivastava and Purang 632-47). It was also observed from literature review that studies on effectiveness of reward system were very few and no efforts have taken so far in studying the effectiveness of reward system in Indian banking sector. Some of the studies were carried out in public sector and private sector banks in India which showed the relationship of total reward system with job satisfaction and motivation. Study on regional rural banks was also not available in literature. Only one study was found on employees’ satisfaction with reward system in regional banks in South Africa (Daapah et al.). No such study has been carried out on the regional banks of Assam till date explaining the issues of reward and job satisfaction level of employees.

With the emergence of private and foreign banks in banking sectors competition is increasing day by day for public sector and regional rural banks in the financial markets. Coming out with stronger strategic plans for their human resource, these banks are outscoring public sector and regional rural banks in terms of technical and economic efficiency parameters. New private sector banks are giving more emphasis on quality-improvement, team-building and commitment-building programs, that are creating a renaissance for financial incentive of performance linked reward plans. In order to reduce costs, restructure and boost performance, new private sector banks are adopting performance-based compensation for their employees. Pay schemes do motivate employees and hence generate higher productivity (Boselie and Van der Wiele 165-72). Employees who are dissatisfied with their jobs are likely to have more occupational stress and be less productive (Savery 18-27). Thus highly committed, high performing and happy employees are valuable resources for an organization. With the growing competition and changing business environment banks are giving more stress on new schemes of performance linked reward in order to make their employees more productive.
and satisfied. But running business with an aim of social economic responsibility, where profitability is secondary issue, the public sector (Shrivastava and Purang 632-47) and regional rural banks are finding it difficult to attract and retain best talent for their organizations. Stiff competition from private banks may force public sector and regional rural banks to put efforts towards generating higher productivity from their human resources by introducing new schemes of reward based on performance.

Hence strong need is felt to study performance linked rewards and employee job satisfaction in banking sector by considering the public sector, private sector and regional rural banks in Assam, India. Discussion so far also highlighted that performance linked reward is a part of performance management system. Also there is strong need on focusing on the issues of performance management system, and working environment in banking industry and their effects on job satisfaction level of employees.

2.3 Conceptual Framework: Now a days reward is considered a crucial part of management strategy used by the organizations to mould the behaviour of employees towards achievement of organizational goals. According to Vroom employees’ effort is increased when rewards are offered. It can be seen from the literature that reward has a considerable effect on employee’s behaviour.

2.3.1 The kind of Relationship between Performance Linked Reward with Job Satisfaction and Motivation based on Literature Review: A truly motivational reward system must be designed with such parameters, which must motivate employees to perform through valued and truly sufficient rewards, provide them with a clear line of sight, give them the power to influence their performance, and deliver on its promise (Lawler 259-286). Barber and Bretz (36-60) mentioned that reward management systems have major impact on organizations capability to catch, retain and motivate high potential employees and thus resulting high levels of performance. Therefore, rewards need to be contingent on achieving desired performance levels. The employees of the organizations must establish a link or contingency between their job performance and the rewards they receive. The reward used by an organization must be valued by the individual members of that organization; otherwise reward programme will not motivate the employees in the long run and will discourage risk-taking behaviour (Rahim and Daud 67-78).
The maximum level of employees’ performance happens when they feel their effort is rewarded and compensated completely. Motivation which is the result of rewarding, affects the behaviour of the employees and their performance directly.

Jehanzeb et al (272-278), Pratheepkantha (86-92), Khalid et al. (550-56), and Safiq and Naseem examined the relationship of reward with motivation and job satisfaction. They visualized that intrinsic and extrinsic rewards positively increase the motivational level and job satisfaction level of the employees. Kessler et al. (6-28) visualized that pay satisfaction is found to be positively related to two principles: a clear effort-reward link and an understanding of pay criteria. It means employees were more attracted towards rewards linked to performance. Vallejo et al. (629-35), Haque and Raihan (1-12), Islam et al. (35-46), Ahmad et al. (41-46), Sehgal (124-46), Sowmya and Panchanatham (76-79), and Singh and Pestonjee (159-165) studied the behaviour of bank employees and concluded that reward is positively linked with employees overall job satisfaction. Gungor (1510–1520) carried out a study on global banks in Istanbul and explained the relationship of reward management system to the performance of bank employees. Paarsch & Shearer (59-92) said that there is a positive relationship between performance linked reward, employees’ motivation and work outcomes, whereas Wright (54-64) implied the positive relationship between the availability of extrinsic rewards and organizational performance. Hafiza et al. (327-334) said that there was a positive relationship between extrinsic rewards and employee motivation. On the contrary, there was insignificant relationship between extrinsic rewards and employee motivation (Tippet & Kluvers 7-14), which was also supported by Deci et al. (627-688) the extrinsic rewards had a significant negative effect on intrinsic motivation.

2.3.2 Theoretical Background of the study: Organizational incentives are the factors for the motivation of the employees and pro-socially motivated employees make a great effort to benefit the organization (Kuvaas and Dysvik 217-236). Fulfillment theory measure satisfaction in terms of rewards a person receive or the extent to which his needs are satisfied. The Equity theory (Adams 267-299) and the discrepancy theory (Porter and Lawler) explained that both financial and psychological rewards are expected to relate to job satisfaction of the employees (Hofmans et al. 1-8). Clark (59-81) explains the dependence between job satisfaction and pay for performance according to the theory of expectations. In expectancy theory, the force to perform is defined as expectancy time instrumentally time valence. In this theory, the employees believe that performance will
results in reward. Employees are motivated when they believe performance will lead to desired rewards (Chepkwony 59-70). The link between effort and reward needs to encompass both the pay packet and a variety of other extrinsic or intrinsic rewards. Reward schemes must therefore create a positive link between the size of the pay packet and the effort expended for employees primarily motivated by money (Cowling and Chloe). Fredrick Herzberg’s two factor theory assumes that one group of factors, motivators, accounts for high level of motivation and another group of factors, hygiene or maintenance factors can cause discontent with work. He explained pay as a hygiene factor for motivation which can cause dissatisfaction but it cannot motivate or satisfy the employees (Hofmans et al. 1-8). Herzberg’s motivators are the factors that motivate employees to the highest level of performance. These motivators are an integral part of the work itself and include factors such as the nature of the work, the person’s sense of achievement, level of responsibility, personal development and growth, recognition for a job well done and feedback (Schultz). Deci and Ryan drawn a similar kind of conclusion from self-determination theory and explained that satisfaction results from intrinsic motivation, and that intrinsic motivation is not or even negatively influenced by extrinsic rewards (Gagne and Forest 225-232).

Based on the literature review and the theoretical background, a conceptual framework can be drawn as shown in Figure 2.1, which can guide the researcher in carrying out this study in determining the existence of different types of performance linked rewards in the banks. Further, efforts will be given in explaining the relationship of performance linked rewards with job satisfaction, motivation and performance of the employees in banking sector.

According to Herzberg two factor theory, the rewards can be classified as extrinsic and intrinsic which affect the satisfaction level of the employees (Hong Lu, et al. 211-227). Porter and Lawler said that extrinsic and intrinsic reward enhances employee’s performance and it will lead to higher job satisfaction. At the organizational levels employees are extrinsically motivated by providing them with higher pay and promotion and benefit plan which extrinsically motivate them towards better performance (Zeb, et al. 278-291).
Extrinsic rewards are physical benefits or we can say that these are the incentives which are tangible in nature provided by the organization such as pay, bonus, promotions, benefits, and career advancement scheme (Jehanzeb et al 272-278, Priya and Ishwar 70-78, Gohari et al. 571-597). Based on various views on classification of extrinsic reward the study focus on the types of pay for performance plans, promotion plans and other benefit plans of the extrinsic performance linked reward in banking sector.

i. Pay for performance: Pay for performance means those rewards which are monetary in nature and linked to performance of the employees. Pay for performance are the contingent pay that consists of payments related to individual performance, competence or skill to team or organization performance which can be awarded in two ways as a consolidated increase to the basic rate of pay, or as cash lump sum (variable pay) (Armstrong 676).

ii. Promotion: Promotion can be described as the chances for advancement to higher hierarchy in an organization. We can see promotion as a change of assignment from a job at a lower level to another at a higher level. It means providing an employee with an increase in pay and improved status (Chepkwony 59-70).
iii. Other benefits: There are benefit plans for the employees apart from the payment which aim to increase the commitment of the employees, to make the remuneration package attractive and competitive (Galanou, et al. 102-123). These are also called indirect financial rewards which include career advancement schemes, awards, gifts, holiday packages etc. provided to the employees on the basis of their performance.

Intrinsic rewards are rewards that are inbuilt from the job itself. The employees enjoy them as the result of finishing the task in a successful manner or approaching his exclusive goals. Intrinsic rewards are the ones that could be named as emotional rewards such as employees' ability, recognition, receiving appreciation, challenging achievement, behaving in an understanding and concerned manner (Gohari, et al. 571-597). Kalleberg (124-143) said that intrinsic rewards refer to the inherent features of work and characteristics associated with the task itself, for instance the capacity to confer to workers a sense of achievement, interest, responsibility or accomplishment (cited in Jessen 1-18). Based on literature, intrinsic rewards are classified into two categories mentioned below.

i. Work itself: Work or job of an employee is the base for him to deliver his performance. Employees are thought to be motivated to work hard to produce quality results when they have pride in their work, they believe their efforts are important to the team, and their jobs are fun, challenging and rewarding (Mahaney and Lederer 42-54). The work of an employee can have significant impact on job satisfaction, stress, motivation, commitment or job performance. The increase in duties, responsibilities, and challenging targets attached to the work a person is involved can act as an intrinsic reward.

ii. Recognition and supervision: Recognition and Appreciation refers to the identification of a job well done, hence it represents a non-financial means of appreciation and recognition of an employee’s contribution towards achievement of organizational goals. Recognition and appreciation by supervisor like felicitation, recognition certificate, appreciation letter, etc., provided to the employees by their superior plays a vital role in motivating and satisfying the employees in their job performance.

The above mentioned variables of performance linked rewards as shown in Figure 2.1 like pay for performance, promotion, benefit plans, work itself and recognition and appreciation will be assumed as independent variables and the study will focus on its
effect or its influence on job satisfaction and motivation. The relation between performance linked reward and the two outcomes namely job satisfaction and motivation will be explored. Here job satisfaction variables are job satisfaction related to pay for performance, promotions, benefits plans, work itself, co-workers’ behaviour and recognition and appreciation.

Social cognitive theory explains that rewards given for success of challenging performance standards may result in high motivation (Demirci, Gungor 1510-1520). The study will visualize the motivation aspect basically on reward perspective, which includes employees’ perception on motivation from performance linked reward, matching of rewards and employees efforts and employees expectations. Further, the researcher will also try to see if job satisfaction and motivation has any impact/influence on performance of the employees.

2.4 Statement of the problem: The principle of performance linked reward is that rewards should be given to employees when they actually earn them. The emphasis on quality-improvement teams and commitment-building programs is creating a renaissance for financial incentive of pay-for-performance plans. Organizations adopt alternative reward strategies to increase domestic and international competition in order to make their employees more productive. With the emergence of new private sector banks, which are adopting newer reward strategy day by day to attract and retain new talent in the industry, public sector and regional rural banks are facing new challenges in the industry to sustain the job satisfaction of their employees. Performance Linked reward are available for the employees in banking sector under the following category, viz., extrinsic and intrinsic. Some authors have said that extrinsic rewards are not the best option for enhancing performance and bringing job satisfaction among employees (Hezberg 1966, Anderson, Manoogian, and Rezinik, 1976, Kruglanski, Friedman and Zeevi, 1971 cited in Deci 113-120). Whereas some authors have said that extrinsic reward are much more important than intrinsic reward to motivate the employees and in determining employees’ job satisfaction (Simons and Enz, Smith et al, Lam et al 35-42). Different studies have stated that employees of banking sector give more importance to financial and economic rewards (Jehanzeb and Rasheed 271-78, Karl and Suton 515-17, Houston 713-17). Though from time to time bank announce different performance linked rewards with an objective of increasing employee performance and job satisfaction, but
they do not have any fix mechanism to assess to what extent they are successful in achieving these objectives.

The research is carried out to study the attitude and behaviour of employees towards performance linked rewards and its impact on their job satisfaction level in banking sector namely the public, private and regional rural banks. Besides, need was felt to study the role of other factors that influence job satisfaction, like working environment, and the performance management practices followed by banks to enhance and manage the job performance and motivation of employees.

**Chapter summary:** Literature survey highlighted that performance linked reward is an important component of reward system and still it is unexplored in banking sector specially in regional banks of Assam, India. The research gap explained that there is a need to study performance linked reward and its effects on job satisfaction level of employees. The statement of problem urge upon an attempt to explore the relationship of performance linked reward with the job satisfaction level of employees in public sector, private sector and regional rural banks in Assam, India. Also, the study will explore the effect of working environment and performance management practices on job satisfaction and motivational level of employees. In the next chapter we will discussed on the methodology adopted by the researcher to conduct the study is discussed.