

Reward Management Strategies and Employee Satisfaction in the Colleges of Kathmandu Valley

Jitendra Prasad Upadhyay, Pitri Raj Adhikari



Abstract:Background: Educational institutions set up a reward management system with the hope that it makes the employees perform their activities to the satisfaction of all concerned stakeholders. However, there are many contradictions and complaints about the performance of employees in colleges, compelling the undertaking the studies. Objectives: This study aims to examine the impact of reward management strategies on employee satisfaction in colleges of Kathmandu valley. Methods: This paper uses a questionnaire survey method of 300 respondents of different 30 colleges/campuses of Kathmandu valley and descriptive statistics and multiple regression models are used to analyze the data. Results: The beta coefficients are positive and significant for promotion, compensation, recognition, learning opportunities, and career development opportunity with employee satisfaction which indicates these variables have a positive impact on employee satisfaction. Conclusion: It is found that reward management is positively related to employee satisfaction and it is a powerful motivational factor that leads to job satisfaction. Implications: College management including universities may focus on identifying better reward management strategies to motivate the employees to enhance better productivity.

Keywords: Promotion, Compensation, Recognition, Learning Opportunities, Career Development Opportunities

I. INTRODUCTION

Employee satisfaction, a major asset, is an important factor to achieve strategic goals by increasing productivity and performance level of employees in the modern competitive business world for an organization, therefore, it is a researchable issue for practitioners and academicians for the last few decades. Various research shows that there are different dimensions of employee satisfaction. Among them, reward management strategy is an important factor that affects employee satisfaction. Jiang, Xiao, and Xiao (2009) focused that rewards management strategies that are used to manage transformation in organizations. Management needs to receive the reward policies to enhance employee performance because inadequate reward policies have significant relation with employee performance (Danish et al., 2019). Effective reward management is not only concerned with pay and employee benefits but it is also equally concerned with non-financial rewards such as promotion, compensation, recognition, learning opportunity and training, job responsibility, and career development opportunity.

There is a positive relationship between promotion and employee performance and satisfaction (Schuler & Jackson, 2005). Similarly, Tessema and Soeters (2006) argued that when employees are provided fair promotion in their organization for their better performance, the level of satisfaction eventually rises. Besides financial rewards, the employees also expect non-financial rewards i. e. job recognition, decision making, and appreciation from the organization which instrumental in improving the morale of employees and enhance their satisfaction level (Haider, Aamir, Abdulhamid, & Hashim, 2015)

Compensation is one of the most influencing factors affecting employees' satisfaction that drives organizational productivity (Okpara, 2004). It includes both direct financial payments and indirect payments. Pay is direct financial payment and Tella and Ibinaiye (2020) observed that employees are highly motivated with regular pay. Recognition is an important component of employees' satisfaction so that they consider recognition as their feelings of value and appreciation. There is a statistically significant relationship between employee satisfaction and recognition (Ali & Ahemed, 2009) and recognition with job quality (Freedman, 1978). It is among the function of managers to motivate the employees successfully and influence their behaviour to achieve greater organizational efficiency (Galletta, 2011). Rewards and recognition play an imperative role in motivating employees and improving performance (Chepkwony & Oloko, 2014). Similarly, Arokiasamy, Tat, and Abdullah (2013) argued that the commitment of all employees is based on rewards and recognition; there is a significant association exists between pay, promotion, and fringe benefits on job satisfaction among academic staff. Skilled manpower is essential to increase productivity and to reduce wastage and for this training and development (learning opportunity) helps to expand and polish the abilities and skills of employees which helps them to cope with problems in an organization. Khan, Nawaz, Alleem, and Hamed (2012) stated that training helps employees to be more specific with their job and organization which increases employee job satisfaction and make them work better. There is a positive relationship between employee job satisfaction and training and development (Gilbert & Ivancevich, 2000).

Career development opportunity also plays a significant role to satisfy the employees. Mee-Edooyee (2015) stated organizations that empower management of career are more likely to enlarge employee's job satisfaction. There are a strong and positive relationship and influence of total reward on retention (Akhtar, Aamir, Khurshid, Abro, & Hussain 2015).

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Likewise, Baniya (2004) concluded that the positive consequences of providing development opportunities to employees are improved performance, increased productivity, enhanced loyalty towards the organization, and increased motivation among employees. However, the negative consequences are demand for increment in salary, additional incentives and facilities, promotion, and demonstration of overconfidence in work, and the tendency to leave the job. Emuron (2020) concluded a positive and significant relationship between reward management system (RMS) and cost of living (COL), a significant relationship between the cost of living and performance of academic staffs, and a moderate and significant relationship between RMS and performance.

According to Torlak and Kuzey (2019), contingent rewards had no significant relation with employee job satisfaction and weak positive significant association with employee job performance. Rewards dimensions have a significant and positive impact on employee motivation (Muhammed, 2016; Rashmi & Umesh, 2017; Aktar & Muhammed, 2013; Gyawali, 2016; Thapa, 2016). Similarly, failure in designing an appropriate reward system has continued to hurt employees' job satisfaction and the overall effectiveness of many organizations (Neo, Gerhar, & Wright 2006). Therefore, the above discussions show that studies dealing with reward management strategies and employee satisfaction are of greater significance. Moreover, research has been done concerning these issues in the western context; however, there are very little research has been done in the Nepalese context. Hence, this paper attempts to examine the impact of reward management strategies on employee satisfaction in colleges of Kathmandu valley. The remainder part of this paper is organized as follows: research hypotheses, methods, results and discussions, conclusion and references respectively.

II. OBJECTIVES OF THE STUDY

The main objective of the study is to analyze the impact of reward management strategies on employee satisfaction in colleges of Kathmandu valley.

The other specific objectives are:

- To examine the relation between promotion with employee satisfaction
- To examine the relation between compensation with employee satisfaction
- To examine the relation between recognition with employee satisfaction
- To examine the relation between learning opportunities with employee satisfaction

III. RESEARCH HYPOTHESES

This paper has set the following alternative hypotheses:

H₁: There is a positive relationship between promotion and employee satisfaction.

H₂: There is a positive relationship between compensation and employee satisfaction.

H₃: There is a positive relationship between recognition and employee satisfaction.

H₄: There is a positive relationship between learning opportunities and employee satisfaction.

H₅: There is a positive relationship between career development opportunities and employee satisfaction.

IV. LIMITATIONS OF THE STUDY

The following are the limitations of the study.

1. This research has examine the relationship between reward management and the employee satisfaction only.

2. This research has examine the four components of reward management only i.e. promotion, compensation, recognition and learning opportunity.

3. Only selected statistical tools & techniques have been used as demanded by the objectives of the study, e.g. averages, correlation and regression for the purpose of the research.

4. Only 300 respondents from 30 colleges from Kathmandu Valley have been selected for the studies.

5. Only employee satisfaction has been analyzed through reward management

V. METHODOLOGY USED

Descriptive research design has been used to search for adequate information to analyze the relationship between reward management strategies towards employee satisfaction. Similarly, causal-comparative research design has also adapted to establish the cause and effect relationship of promotion, recognition, compensation, learning opportunities, and career development opportunities with employee satisfaction. Out of total employees from total colleges of Kathmandu Valley only 300 employees from 30 colleges have taken as sample. Sampling was done using convenience and judgemental sampling techniques.

Data are collected through the structured questionnaire which contains the respondent related information, and five-point Likert scale i.e. 1 represent strongly agree to 5 represent strongly disagree has been used for the analysis. The relationship between the dependent and independent variables are analyzed in multi-step regression analysis. The model is:

$$EP = \alpha + \beta_1 P + \beta_2 C + \beta_3 R + \beta_4 LO + \beta_5 CDO + \epsilon$$

Where, P=Promotion, C=Compensation, R=Recognition, LO=Learning opportunities, CDO = Career development opportunities, ϵ = error term, α = constant term $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ are the beta coefficient of the explanatory variables to be estimated.

VI. RESULTS AND DISCUSSIONS

Descriptive analysis

The mean value of promotion ranges from a minimum value of 2.22 to a maximum value of 2.51 and the weighted average is 2.39 that states promotion is better to reward management strategies for employee satisfaction in colleges.



Similarly, the mean value of compensation ranges from a minimum value of 1.73 to a maximum value of 2.49 and, the weighted average is 2.14 that indicates compensation is a better reward management strategy for employee satisfaction. Likewise, the mean value of recognition ranges from a minimum value of 2.21 to a maximum value of 2.51 and the weighted average is 2.31 which reveals recognition is better to reward management strategy for employee satisfaction. Additionally, the mean value of learning opportunities ranges from a minimum value of 1.79 to a maximum value of 2.42 and the weighted average is 2.20 which means learning opportunities are better reward management strategies for employee satisfaction.

Similarly, the mean value of career development opportunities ranges from a minimum value of 1.72 to a maximum value of 2.52 and the weighted average is 2.19 that exhibits career development opportunities are better reward management strategies for employee

satisfaction. Moreover, the mean value of employee satisfaction ranges from a minimum value of 1.87 to a maximum value of 2.65 and the weighted average is 2.38 that indicates employees are satisfied.

Correlation analysis

Table 1

Correlation Matrix

This table presents Kendal's tau correlation coefficient between the dependent variable (employee satisfaction) with the independent variables (promotion, compensation, recognition, learning opportunities, career development opportunities). The correlation coefficients are based on 300 observations.

Variables	Mean	SD	P	C	R	LO	CDO	ES
P	2.31	0.698	1					
C	2.14	0.671	0.501**	1				
R	2.31	0.587	0.512**	0.516**	1			
LO	2.20	0.599	0.556**	0.472**	0.521**	1		
CDO	2.19	0.698	0.497**	0.511**	0.502**	0.527**	1	
ES	2.38	0.662	0.531**	0.487**	0.587**	0.528**	0.538**	1

Notes: **sign indicates that correlation is significant at 1 percent level.
*sign indicates that correlation is significant at 5 percent levels.

The results reveal that all independent variables are positively correlated with employee satisfaction which means a higher level of promotion, higher would be the employee satisfaction; a higher level of compensation, higher would be employee satisfaction; more the employees are recognized for better performance, the higher would be employee satisfaction; increase in learning opportunities leads to increase in employee satisfaction; and more the employees are provided the career development opportunities, higher would be employee satisfaction.

Regression Results

The table presents regression results based on the model: $EP = \alpha + \beta_1P + \beta_2C + \beta_3R + \beta_4LO + \beta_5CDO + \epsilon$ where, P = Promotion, C = Compensation, R = Recognition, LO = Learning opportunities, CDO = Career development opportunities, ϵ = error term, α = constant term $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ are the beta coefficient of the explanatory variables.

Regression analysis

Table 2

Model	Intercept	Regression coefficient					Adj. R ²	SEE	F- value
		P	C	R	LO	CDO			
1	0.897 (5.395)**	0.843 (9.213)**					0.762	0.476	83.346
2	0.789 (4.298)**		0.765 (0.8643)**				0.654	0.522	92.784

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	0.565		0.865		0.708	0.487	123.639
3	(2.873)*		(11.276)**				
	0.98			0.785	0.602	0.871	66.983
4	(4.517)**			(8.234)**			
	1.003				0.876	0.653	0.671
5	(5.915)**				(9.498)**		89.936
	0.539	0.564	0.614		0.543	0.521	67.129
6	(2.713)*	(4.567)**	(5.116)**				
	0.245	0.218	0.345	0.521		0.632	0.543
7	1.136	(2.685)*	(2.781)*	(4.330)**			
	0.198	0.212	0.332	0.385	0.088	0.675	0.511
8	1.156	(2.211)*	(2.618)*	(4.132)**	0.985		
	0.316		0.299	0.563	0.084	0.412	0.765
9	1.312		(2.343)*	(3.867)**	0.936	(2.534)*	
	0.23	0.205	0.432	0.512	0.022	0.216	0.672
							0.652
10	1.214	1.776	1.876	(3.597)**	0.311	(0.199)*	35.092

Notes:

- i. Figures in parentheses are t-values.
- ii. The asterisk signs (**) and (*) indicate that the results are significant at 1 percent and 5 percent level respectively.

Table 2 shows that the beta coefficients are positive and significant for promotion with employee satisfaction which indicates promotion has a positive impact on employee satisfaction and the result is similar to the result of Tessema and Soeters (2006). Similarly, the positive beta for compensation reveals that it has a positive impact on employee satisfaction and it is consistent with the findings of Kelly and Hoffman (1997). Likewise, a positive beta for recognition states that it has a positive impact on employee satisfaction and this finding consistent with the finding of Andrew (2004). Furthermore, the beta coefficients for learning opportunities are positive with employee satisfaction that means learning opportunities have a positive impact on employee satisfaction and this result is same as the findings of Gilbert and Ivancevich (2000). Additionally, the beta coefficients for career development opportunities are positive with employee satisfaction which indicates CDO has a positive impact on employee satisfaction and it is similar to the findings of Appelbaum, Ayre, and Shapiro (2002).

VII. CONCLUSION

Employee satisfaction is an important factor to achieve strategic goals by increasing productivity and performance level of employees in every organization and reward management strategy is an important tool for influencing employee satisfaction.

It is observed that reward management is strongly related to employee satisfaction and it is a powerful motivational factor that leads to job satisfaction. It is found that promotion, compensation, recognition, learning opportunities, and career development opportunities have a positive impact on employee satisfaction in colleges of Kathmandu valley.

IMPLICATIONS

The following are the implications of the study:

- i. The future researcher should extend the other appropriate approaches for satisfying the employee.
- ii. Large number of samples of employees should be taken so that the findings would be more authentic and reliable.
- iii. They are advised to include other stakeholders like faculties, students, employers and entrepreneurs' too.
- iv. More sophisticated statistical & mathematical models can be used to analyze and interpret data further.

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