

The Impact of Rewards and Motivation on Job Satisfaction in Water Utility Industry

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Abstract. This study aimed to examine the impacts of rewards and motivation on job satisfaction between public and private water utility organization in Malaysia using Perceived Amount of Rewards, WPI and JSS models. A total of 689 employees from both sectors participated in this study. Regression analysis was conducted to test the relationship between rewards, motivation and job satisfaction, while gap analysis was utilized to determine the significant differences on the level of rewards, motivation and job satisfaction between both sectors. The findings indicated that (1) rewards have a positive significant influenced on motivation; (2) motivation significantly positively influenced employees' job satisfaction and (3) rewards have a positive significantly influenced on job satisfaction. The t-test result revealed that public water utility organization showed significantly higher on the levels of rewards, motivation and job satisfaction.

Keywords: Rewards, motivation, job satisfaction, water utility industry

1. Introduction

Devanna et al. [1] noted that business strategy linked to rewards and motivation towards job satisfaction and has a stronger direct effect on profitability [2]. Schuler and Jackson [3] supported that the relationships between rewards, motivation and job satisfaction of employees are strategically important to public and private organizations success [4] as organizations accepted internal firm resources as sources of competitive advantage [5]; [6]. Chew [7] and Pare and Trembley [8] revealed that public sector managers are more job security oriented (motivation) rather economic rewards (rewards). Bjorkman and Budhwar [9] explained that public sector employees are intrinsically motivated by intrinsic rewards in comparison to private sector employees who values more on extrinsic rewards motivation to be extrinsically motivated. Vandenberghe and Trembley [10] and Den Hartog and Verburg [11] found that reward is significantly related to job satisfaction across occupational status group. Thus, public and private sector perceived rewards as the one of important determinacy of job satisfaction [12]. The distinctive employees' rewards, motivation and job satisfaction helps to create unique [13] and dynamic competencies level to drive competitiveness for public and private organizations [14].

2. Literature Review

2.1. Rewards

Luthans and Sommers [15] and Edwards et al. [16] explained that rewards were received as an exchange of services between employee and employer. Traditionally employees' job description and job specification determined rewards to maintain equity among employees within an organization and competitive in the marketplace [6]; [17]. Rewards grouped into intrinsic rewards (feelings of passion, energy, enthusiasm and autonomy) [18] and extrinsic rewards (pay, co workers relationship, security) [19]. Abang et al. [20] cited that intrinsic rewards resided in intrinsic motivation and extrinsic rewards signified extrinsic rewards. According to Bjorkman and Budhwar [9], private sector employees are motivated extrinsically by economic rewards. Srivastava [12] and Zaini et al. [17] noted that public sectors employees have greater needs for intrinsic rewards and intrinsic motivation. Rafikul and Ahmad [5] and Milne [21] implied that rewards offers

by employers significantly improves an employee's motivation towards their work and subsequently builds job satisfaction [22]. Furham et al. [6] entailed that organizations and managers recognized rewards as an important element in motivating employees to act willingly to exert considerable effort on behalf of the organization and strong desire to maintain membership in both sectors [17]. Milne [21] suggested that rewards received by employees have a positive influence on motivation and higher level or rewards are associated with higher levels of motivation [18]; [10] for public and private sectors employees.

2.2. Motivation

Amabile et al. [23] mentioned that motivation is the central elements in the learning process as Bhatnagar [24] supported that motivation is an internalized drive of human and can be differentiated into intrinsic and extrinsic [25]. Luthans and Sommers [15] suggested that motivation is the process that energizes, alter attitudes and sustain good behavior and performance. However, job satisfaction is an important motivator to employee's performance [21] and a combination of psychological and environment circumstances [26]. Kiviniemi et al. [22] claimed that job satisfaction is build if employees were motivated due to rewards [5]; [21]. Having pay and promotion reliant on performance provides strong motivation for employees to work harder in order to be promoted [27]. This is in line with Chiu et al. [28] who highlighted that organization implements merit pay system to reward employees for meeting specific goals, which can affect employee motivation levels. Srivastava [12] and Zaini et al. [17] revealed that public sector managers and middle managers have greater needs for achievement than their counterparts in the private sector. Fey et al. [29] cited that public organizations or nonprofit organizations rely less on status differentiation as a motivating mechanism and rely more heavily on intrinsic motivation [30]. Amabile et al. [23] cited that worker motivation is related to wage equity. Leete [18] added that worker morale, productivity and group cohesiveness linked to wage equity.

2.3. Job Satisfaction

Spector [24] suggested that employees can be satisfied with some elements of the job and simultaneously dissatisfied with others. Different types of satisfaction will lead to different intentions and behaviors that arise from different types of motivation in getting different types of rewards [15]. Amabile et al. [23] implied that employee who exhibits high job satisfaction is motivated by rewards [10] and rewards supported work engagement [24]. Lin [31] and Milne [21] recommended that rewards with outcome relationships were expected to vary based on employee satisfaction with their organization. Zaini et al. [17] proposed that public sector employees who have greater needs for achievements, private sector employees are motivated by extrinsic rewards. Aligned with Zaini's proposal, rewards satisfaction is seen to be positively related to job satisfaction in public and private sector employees [10]. Zaini et al. [17], Chew [7], Kiviniemi et al. [22] and Ramlall [32] argued that private sector managers place greater value on economic rewards than public sector manager who are more job security oriented. Previous studies found that job satisfaction facet – satisfaction with the monetary compensation (pay) and benefits (nonmonetary) compensation are one of the most important explanatory variables in both sectors [6].

3. Research Model

Edwards et al. [16] reported a correlation between rewards and motivation; and rewards and job satisfaction. Amabile et al. [23] claimed that motivation influenced by rewards and motivation correlated to job satisfaction. Spector [26] mentioned that job satisfaction is influenced by rewards and motivation of employees. Milkovich and Gerhart [33] claimed that theories of motivation involve individual needs, reciprocation and behavior of employees. These elements influenced by rewards to motivate job satisfaction [34]. As shown in Fig. 1, the level of job satisfaction in both organizations is dependent on the linking of employees' level of motivation and the rewards offered by the organizations. Therefore:

H_1 : *There is a relationship between employees' rewards and motivation*

H_2 : *There is a relationship between employees' motivation and job satisfaction*

H_3 : *There is a relationship between employees' rewards and job satisfaction*

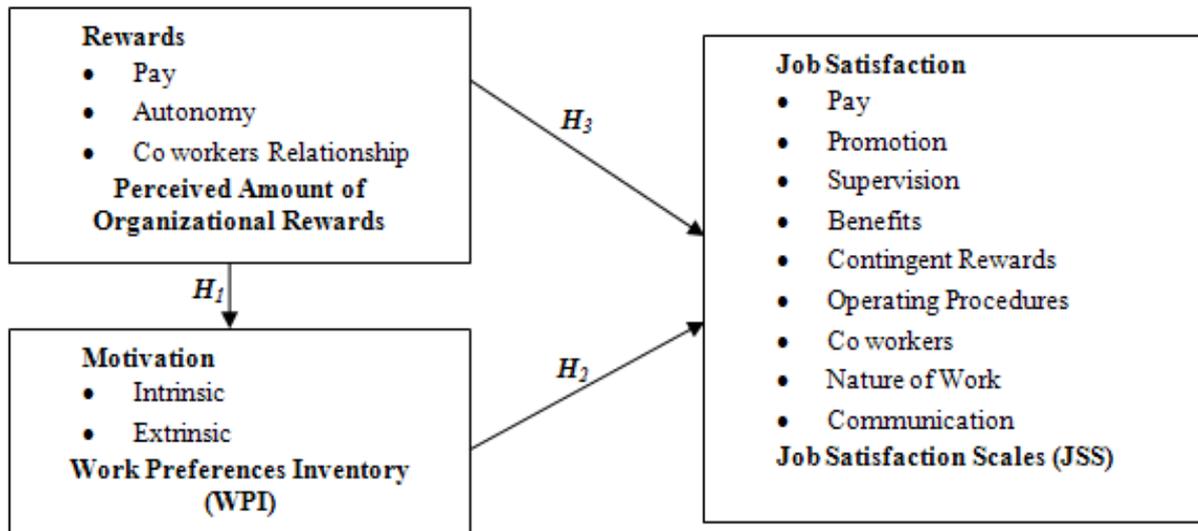


Fig. 1: Research Framework

This study focuses on the Malaysia states water utility organizations since its consisted of public and private entities. A simple random population of 689 water utility employees was taken public and private water utility organizations in Malaysia. A list wise deletion was performed by SPSS to yield 351 completed and useable surveys. These respondents came from regional offices operated by organization across the states. Demographically, the sample included 53 percent male, 47 percent female, 37 percent were aged between 25 to 34, 40 percent had upper secondary school certificate and 26 percent has been working for 3 to 4 years.

4. Data Analysis and Results

Out of a maximum score of five, rewards, motivation and job satisfaction had a mean value of 3.45, 3.45 and 3.24 respectively. This suggested that public and private sectors employees are moderately rewarded, motivated and satisfy in their jobs. Table 1 presents the means and standard deviations of the study variables.

Table 1: Means scores and standard deviations of study variables

Variables	Mean	Standard Deviation
Rewards	3.45	0.58
Motivation	3.45	0.50
Job Satisfaction	3.24	0.45

Table 2 suggests that three facets of rewards had a significant correlations ($p < 0.05$) with motivation. All facets of rewards and motivation also had a significant correlations ($p < 0.05$) with all facets of job satisfaction.

Table 2: The Pearson's correlation coefficients for the variables in this study

Variables	1	2	3	4	5	6	7	8	9	10	11	12
1 JS_Pay												
2 JS_Promotion	0.60*											
3 JS_Supervision	0.56*	0.42*										
4 JS_Benefits	0.67*	0.64*	0.46*									
5 JS_Rewards	0.68*	0.37*	0.60*	0.48*								
6 JS_Coworkers	0.47*	0.31*	0.59*	0.47*	0.46*							
7 JS_Nature	0.62*	0.53*	0.66*	0.52*	0.45*	0.50*						
8 JS_Communication	0.37*	0.43*	0.41*	0.37*	0.27*	0.33*	0.48*					
9 Rew_Pay	0.47*	0.52*	0.28*	0.48*	0.27*	0.22*	0.43*	0.56*				
10 Rew_Autonomy	0.50*	0.58*	0.39*	0.45*	0.30*	0.33*	0.52*	0.59*	0.75*			
11 Rew_Coworkers	0.37*	0.43*	0.41*	0.37*	0.27*	0.33*	0.48*	1.00*	0.56*	0.59*		
12 Mot_Intrinsic	0.44*	0.42*	0.46*	0.45*	0.34*	0.36*	0.47*	0.58*	0.50*	0.52*	0.58*	
13 Mot_Extrinsic	0.44*	0.42*	0.46*	0.45*	0.34*	0.36*	0.47*	0.58*	0.50*	0.52*	0.58*	1.00*

Notes: N=351, * Correlation is significant at the 0.05 level (2 tailed).

Hypothesis 1 is accepted since rewards was found to have a significant positive relationship with motivation ($\beta=0.70, p<0.05$) in water utility industry. The predicted relationship between employees' rewards and motivation was found in this study. $H_{1Public}$ ($\beta=0.71, p<0.05$) and $H_{1Private}$ ($\beta=0.62, p<0.05$) were supported. Hypothesis 2 of this study proposed that there is a positive relationship between employees' motivation towards job satisfaction in both public and private water utility organizations ($\beta=0.63, p<0.05$). The predicted relationship between employees' motivation and job satisfaction was found in this study. $H_{2Public}$ ($\beta=0.62, p<0.05$) and $H_{2Private}$ ($\beta=0.59, p<0.05$) supported H_2 in this analysis. There is a positive significant relationship between employees' rewards and job satisfaction in both public and private water utility organizations ($\beta=0.57, p<0.05$), thus Hypothesis 3 is accepted. The predicted relationship between employees' motivation and job satisfaction was found in this study. $H_{3Public}$ ($\beta=0.54, p<0.05$) and $H_{3Private}$ ($\beta=0.53, p < 0.05$) were supported.

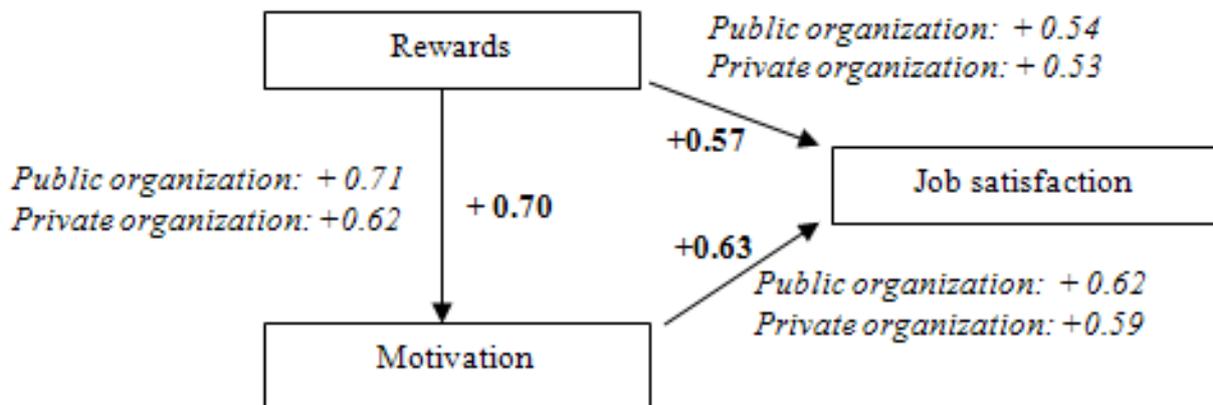


Figure 2: Final Model

Table 3 provided the means, standard deviation and t value for the analysis. There were significant differences for public and private water utility organizations in the level of employees' rewards, motivation and job satisfaction. Employees from public water utility organization perceived that their organization emphasized more on rewards and motivation towards employees' job satisfaction in comparison to private water utility organization.

Table 3: Comparison between public and private water utility organizations

Variables	Water Utility Organization	Means	Standard Deviations	t
Rew_Pay	Public	3.44	0.65	3.56*
	Private	3.20	0.62	
Rew_Autonomy	Public	3.65	0.62	5.55*
	Private	3.29	0.57	
Rew_Coworkers	Public	3.70	0.72	3.90*
	Private	3.40	0.75	
Mot_Intrinsic	Public	3.51	0.54	3.51*
	Private	3.31	0.52	
Mot_Extrinsic	Public	3.51	0.54	3.51*
	Private	3.31	0.52	
JS_Pay	Public	3.45	0.60	8.43*
	Private	2.93	0.54	
JS_Promotion	Public	3.21	0.64	4.03*
	Private	2.96	0.51	
JS_Supervision	Public	3.63	0.57	9.04*
	Private	3.13	0.46	
JS_Benefits	Public	3.25	0.66	5.93*
	Private	2.88	0.48	
JS_Rewards	Public	3.30	0.65	6.64*
	Private	2.89	0.51	
JS_Coworkers	Public	3.61	0.52	9.46*
	Private	3.11	0.46	

JS_Nature	Public	3.68	0.54	7.81*
	Private	3.26	0.45	
JS_Communication	Public	3.70	0.72	3.90*
	Private	3.40	0.75	

Note: *Significant at $p < 0.05$

5. Discussion and Conclusion

Aligned with the literature, the degree of rewards, motivation and job satisfaction of private water utility employees was found significantly lower than in public sector. Ramlall [32] and Chiu [28] implied that rewards improves employees motivation. According to Srivastava [12], public employees were offered with pension, security and other welfare policies compared to private employees. This resulted 48 percent of variance in motivation was explained by rewards in water utility industry. If motivation is increased, the incremental variance in employees' rewards for public and private water utility organizations were 51 percent and 38 percent respectively.

Spector [26] suggested that job satisfaction is an important motivator for employee's performance. Zaini et al. [17] implied job satisfaction will lead to different behaviors that arise from different types of motivation. 39 percent and 35 percent of variance in job satisfaction for public and private employees was explained by motivation. It shows that motivation influenced public employees more than to private employees. This result consistent with study by Luthans and Sommers [15] that indicated, high motivation was influenced by high rewards offered to the employees by public sector organizations.

Spector [26] proposed job satisfaction is not linked to the absolute amount of pay. Den Hartog and Verburg [11] mentioned that experience satisfaction derived from fair and just manner rewards decision making by the organizations. The result showed that 28 percent and 33 percent of variance in job satisfaction was explained by rewards for public and private water utility organizations respectively. This result supported argument by Zaini et al. [17], Chew [7], Kiviniemi et al. [22] and Ramlall [32] that claimed private sector managers place greater value on economic rewards.

According to Lin [31], organizations that emphasized on autonomy and co workers relationship will experience high employees job satisfaction. Autonomy received must equal to extrinsic rewards offered to employees [22]. Schuler and Jackson [3] added that competitive advantage among private water utility organization can be increased if employees are motivated extrinsically via providing extrinsic rewards to increase their job satisfaction. Srivastava [12] noted that public organizations made an effort to offer more extrinsic rewards to increase extrinsic motivation of public employees. This is important as public water utility employees are served with different objectives to meet public demands. Thus, rewards must be realigned to strategically fit the organization objectives to boost employees motivation to perform well and satisfy with the jobs. Fey et al. [29] indicated that linking employee participation results in greater productivity, satisfaction and reduction in turnover.

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7. References

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