

The Effect of Extrinsic Motivational Instruments on Job Satisfaction: A Case of Pakistani Financial Services Companies

*¹Rashid Saeed, ²Rab Nawaz Lodhi, ²Hafiz Muhammad Abdul Hayee,
²Merium Shakeel, ³Zahid Mahmood and ⁴Moeed Ahmad*

¹Head of Management Sciences Department,

COMSATS Institute of Information Technology Sahiwal, Pakistan

²COMSATS Institute of Information Technology Sahiwal, Pakistan

³Bahria University Islamabad, Pakistan

⁴Department of Business Administration, Bahauddin Zakarya University, Sahiwal Campus, Pakistan

Submitted: Oct 11, 2013; **Accepted:** Nov 16, 2013; **Published:** Dec 4, 2013

Abstract: The aim of study is to examine the factors of extrinsic motivation that affect job satisfaction. Data was collected through questionnaire on five point likert scales from 100 respondents by using convenience sampling technique. Correlation and regression analysis were used as statistical tests. Results of regression analysis show that tools of extrinsic motivation have positive relationship with job satisfaction of the employees of financial services companies.

Key words: Extrinsic Motivational • Job Satisfaction • Financial Services Companies

INTRODUCTION

Motivation is a psychological characteristic of human beings that obliges them to act in a specific way. Some researchers define it in as the process of fulfillment of specific need. And there are different theories that explain motivation according to that need. In that theories, Maslow's, Herzberg's are included.

Basically, motivation is alienated into two categories. One is intrinsic (internal) and another one is extrinsic (external) motivation. That paper is concerned about the extrinsic motivation. In the organizational context, extrinsic motivation is about the external factors of employee environment that affect its motivation. It basically includes the factors of reasonable wage, attraction of the job, appreciation for the good job, structure of the organization, relations among the employees, security of the job, working conditions, manager approach to the employee's personal problems and promotion criteria. All these factors effect on the motivation of the employee and have a very great impact on the employee job satisfaction.

Job satisfaction is an emotional state of happiness and which about how the employees are obliged to come to their work and how they are compelled to perform their jobs well as to their expectations from the job. What are the factors that enforce them not to leave their current job and give them pleasure to perform the current job?

The extrinsic motivational factors have a very vast impact on the employee's job satisfaction. As these are the things that can drive the employee job satisfaction through the reasonable wage which is one of the important factor in the drive of the satisfaction because if there is no reasonable wage then the productivity of the employee's work will be low and that productivity show the satisfaction level of the employee towards his work. And same is the case for all the other factors of extrinsic motivation.

Background of the Problem: Things that affect the job satisfaction other than the factors like reasonable wage, attraction of the job, appreciation for the good job, structure of the organization, relations among the employees, security of the job, working conditions,

manager approach to the employee's personal problems and promotion criteria include sharing in the profits, skill of managers to the maximum use of the employee talent and organizational culture.

Research Gap: Research on the effect of work motivation on job satisfaction is done by Saleem [1] in their research study. The aim of the current study is to examine the impact of the extrinsic motivational factors on the job satisfaction. This gap has been provided by the [1].

Research Problem Statement: Research problem is to examine the effect of tools of extrinsic motivation on job satisfaction.

Research Objectives:

- To investigate the impact of extrinsic motivational factors on employee job satisfaction.
- To provide recommendations to financial services companies how extrinsic factors of motivation affect the job satisfaction of the employees.

Significance of Study: This study will provide the insight of how the job satisfaction affects with different factors of extrinsic motivation in Pakistani financial service provider companies. It will provide information to stakeholders and recommendations to financial services companies. And most importantly, it will give knowledge contribution with the help of new model. That new model will show how the factors of extrinsic motivation affect the job satisfaction.

Literature Review: Saleem *et al.* [1] conducted a research named as "Effect of Work Motivation on Job Satisfaction in Mobile Telecommunication Service Organizations of Pakistan". They studied a model comprising an independent variable as employee work motivation and dependent variable as job satisfaction. Data was collected through questionnaire data collection method from a sample of 30 respondents on five likert scale (5 is the representation of strongly agree and 1 is representation of strongly disagree) by implementing convenience sampling technique. It was concluded that there is a positive relationship between the dependent and independent variables but not a strong relationship.

Ololube [2] conducted a research with the title of "Teachers Job Satisfaction and Motivation for School Effectiveness: An Assessment". He studied a model based on different theories of motivation and its relationship with the job satisfaction. Data was collected

through questionnaire data collection method from a sample of 680 respondents on five likert scale. The results revealed that teacher related sources of job satisfaction seem to have a greater impact on teaching performance, as teachers are also dissatisfied with the educational policies and administration, pay and fringe benefits, material rewards and advancement.

Bakan *et al.* [3] carried a research named as "A Research Model on the Effects of Job Satisfaction, Extrinsic Motivation and Knowledge Sharing Intention on Knowledge Sharing". They studied a model based on the relationship among the variables of extrinsic motivation, job satisfaction and knowledge sharing. Data was collected through questionnaire with a sample size of 356 respondents. It was concluded that there is a positive relationship between these variables.

A research conducted with the title "Effects of external rewards on internal motivation and job satisfaction". He studied a model based on the external motivational factors as independent variables and internal motivation and job satisfaction as dependent variables. Data was collected by both techniques as quantitative as well as qualitative technique. It was collected from the three types of organizations as restaurant, hotel and institutional management. It was concluded that different external motivational factors have relatively direct relationship with the internal motivation and with the job satisfaction.

Ahmed *et al.* [4] conducted a research named as "Effects of Motivational Factors on Employees Job Satisfaction a Case Study of University of the Punjab, Pakistan". In this research they developed a model of intrinsic motivation factors and extrinsic motivation factors as independent variables and employee job satisfaction as dependent variable. Data was collected through the questionnaire data collection method with a sample size of 312 respondents. It was concluded that there is a substantial relationship between intrinsic motivation and Satisfaction but on the other side there is no substantial relationship is found between extrinsic motivation instruments and job satisfaction.

Velnampy [5] conducted a study on employee performance and job attitude concluded that job satisfaction has positive effect on the employee's performance as it improves job participation and the higher performance makes employees feel more satisfied and loyal to the organization. The performance and satisfaction of the employee works in a sequence and are mutually dependent. Job satisfaction and employee involvement leads to the have high level of performance.

Shahu and Gole [6] in their study discussed effects of job satisfaction on performance. They sum up their findings on an aspect that organizations should considered work satisfaction as an important plan should be considered by the organization as important plan and it should be extended for the improvement of employee’s performance. The level of performance lowers with the low level of satisfaction. There must be some programs about awareness, related to the stress and satisfaction level in the organizations. That will help organizations to recognize the paybacks of stress knowledge in accordance to the satisfaction and achievement of goals in the organizations.

Shah [7] conducted a study on "job satisfaction and fatigue variables" and found that there is a negative relationship among job satisfaction and fatigue variables. The latter one was found as negative interpreter of job satisfaction.

Theoretical Framework



Indication of Independent Variable and Dependent Variable: Extrinsic motivational factors are being treated as independent variables and job satisfaction as dependent variable.

Development of Hypothesis: Following hypothesis is developed based on the literature review.

Hypothesis: Extrinsic motivational factors have significant and positive relationship with job satisfaction of the employees.

Methodology

Data Collection Method: Quantitative approach was adopted in this study and data was collected through questionnaire by using survey research data collection method.

Questionnaire was adopted instead of newly developed due to validity concern and so there was no question mark on its validity. To ensure whether items were measuring the same dimension, Cronbach Alpha test was employed. Reliability of questionnaire was checked through Cronbach Alpha test.

Population for this study was the Pakistani financial services companies’ employees. 100 employees were taken as a sample due to time constraint. Information from sample was taken from the city of Sahiwal. Convenience sampling technique was used. The sampling frame consisted of all those individuals who were the employees of the financial services companies and 100 employees were selected as sample on convenient basis.

Data Analysis Method: S.P.S.S (Statistical Package for Social Sciences) version 20 was adopted for statistical analysis of data. Descriptive statistics and inferential statistics were calculated for data analysis purpose. Personal information of the employees was depicted through percentage. Mean and standard deviation was calculated of the variables of extrinsic motivational factors and job satisfaction.

Reliability of questionnaire was checked through Cronbach Alpha test. Correlation analysis was used to check how much the independent variable and job satisfaction (dependent variable) is correlated with one another. Regression analysis was used to calculate what percentage change occurs in job satisfaction due to the independent variable.

Findings

Results of Reliability Analysis

Results of Descriptive Statistics: Results of demographic characteristics of respondents are presented in percentage in the form of tables.

Results of Reliability Analysis:

No.	Dimension	Items	Cronbach Alpha
1	Extrinsic motivational factors	12	0.686
2	Job satisfaction	4	0.827

GENDER

	Frequency	Percent	Valid Percent	Cumulative Percent
MALE	59	59.0	59.0	59.0
FEMALE	41	41.0	41.0	100.0
Total	100	100.0	100.0	

AGE

	Frequency	Percent	Valid Percent	Cumulative Percent
18-25 YEARS	4	4.0	4.0	4.0
26-35 YEARS	54	54.0	54.0	58.0
36-45 YEARS	25	25.0	25.0	83.0
45 ABOVE	17	17.0	17.0	100.0
Total	100	100.0	100.0	

INCOME

	Frequency	Percent	Valid Percent	Cumulative Percent
BELOW 15000	44	44.0	44.0	44.0
FROM 15000 TO 25000	14	14.0	14.0	58.0
FROM 25000 TO 35000	16	16.0	16.0	74.0
FROM 35000 TO 45000	17	17.0	17.0	91.0
45000 OR ABOVE	9	9.0	9.0	100.0
Total	100	100.0	100.0	

Results of Correlation Analysis: Results of correlation analysis are shown in the form of table. The following correlation table indicated how much independent variable is correlated with the dependent variable and how much dependent variable (job satisfaction) is correlated with the independent variable.

Correlations

	Extrinsic motivation	Job satisfaction
Extrinsic motivation	1	.381*
Job satisfaction	.381*	1

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

Results of Durbin-Watson Test for Regression Analysis: Before regression analysis, Durbin-Watson test was applied to observe whether there was autocorrelation between the variables or not. Values of Durbin-Watson test were within the limits (between 1.5 and 2.5) for the variables and it proved that there was no autocorrelation between the variables.

Results of Regression Analysis

Interpretation: Results of regression analysis show that extrinsic motivational factors have positive relationship with job. So the hypothesis is proved right.

CONCLUSION

Results of regression analysis show that extrinsic motivational factors have positive relationship with job satisfaction. And there is no negative and insignificant relationship between these two variables. So the hypothesis is accepted.

Limitations of Research: Convenience sampling technique was adopted in this research. Simple sampling technique can be used for generalize results.

Due to time constraints only 100 respondents were approached to get response from them. This research can be made more generalized by getting responses from large sample size.

For healthier research results, data can be collected from more than one city as researcher collected the data only from one city (Sahiwal).

Other data analysis technique can be utilized for better insights into the research results.

Results of Regression Analysis:

Item	Proposed Effect	Beta Co-efficient	Observed t-value	Significance Level
(Adjusted R Square= 0.232)				
H: Extrinsic motivation	+	.207	1.751	.083

REFERENCES

1. Saleem, R., A. Mahmood and A. Mahmood, 2010. Effect of Work Motivation on Job Satisfaction in Mobile Telecommunication Service Organizations of Pakistan. International Journal of Business and Management, pp: 1-10.
2. Khan., 2006. Personal management, pp: 132-134.
3. Bakan, I., B. Erpahan and T. Büyükbebe, 2011. A Research Model on the Effects of Job Satisfaction, Extrinsic Motivation and Knowledge Sharing Intention on Knowledge Sharing. China-USA Business Review, pp: 1047-1060.

4. Ahmed, I., M.M. Nawaz, *et al.*, 2010. Effects of Motivational Factors on Employees Job Satisfaction a Case Study of University of the Punjab, Pakistan. *international journal of business and management*, pp: 1-11.
5. Velnampy., 2008. Job Attitude and Employees Performance of Public Sector Organizations in Jaffna District Sri Lanka. *GITAM Journal of Management*, pp: 66-73.
6. Shahu and Gole, 2008. Duygusal Baęlılık İçsel Motivasyon İlişkisi:. Antalya'daBeş YıldaZili Otellerde Bir İnceleme, Afyon Kocatepe Üniversitesi, I.I.B.F. Dergisi, 10(2): 135-156.
7. Shah, H.S., 2008. Job Satisfaction and Fatigue Study. *SCMS-COCHIN Journal*, pp: 22-36.