

# **SATISFACTION OF EMPLOYEES ON NON-FINANCIAL COMPENSATION IN NEPALESE ORGANIZATIONS**

A dissertation submitted to the Office of the Dean, Faculty of Management in partial fulfillment  
of the requirements for the Master's Degree

By

Anju Sapkota

Campus Roll No.: 3555/075

T. U. Reg. No.: 7-2-699-20-2014

Exam Roll No.: 13104/19

Shanker Dev Campus

Group: Finance

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Kathmandu, Nepal

## **CERTIFICATION OF AUTHORSHIP**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **“Satisfaction of Employees on Non-Financial Compensation in Nepalese Organizations”**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor. It has been proposed and presented as part of requirements for any of this academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Anju Sapkota

## REPORT OF RESEARCH COMMITTEE

Miss Anju Sapkota has defended research proposal entitled “**Satisfaction of Employees on Non-Financial Compensation in Nepalese Organizations**”, successfully. The research committee has registered the dissertation for furthis progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Asso. Prof. Dr. Kapil Khanal and submit the thesis for evaluation and viva voce examination.

.....  
Asso. Prof. Dr. Kapil Khanal  
Dissertation Supervisor

Dissertation Proposal Defended Date: .....
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Dissertation Submitted Date: .....
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.....  
Asso. Prof. Dr. Sajeeb Kumar Shrestha  
Head of Research Department

Dissertation Viva Voce Date: .....
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## **APPROVAL SHEET**

We, the undersigned, have examined the thesis entitled “**Satisfaction of Employees on Non-Financial Compensation in Nepalese Organizations**” presented by Anju Sapkota a candidate for the degree of master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

.....  
Asso. Prof. Dr. Kapil Khanal  
Dissertation Supervisor

.....  
Internal Examiner

.....  
Internal Expert

.....  
External Expert

.....  
Asso. Prof. Dr. Sajeeb Kumar Shrestha  
Chairman, Research Committee

.....  
Joginder Goet  
Acting Campus Chief

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## **Abbreviations**

A	:	Agree
AD	:	Anno Domini
ANOVA	:	Analysis of Variance
AP	:	Appraisal
COM	:	Commitment
CRM	:	Customer Relationship Management
D	:	Disagree
Etc.	:	Et cetera
Fair	:	Fairness
Fig.	:	Figure
H <sub>0</sub>	:	Null Hypothesis
IT	:	Information Technology
Ltd.	:	Limited
Max.	:	Maximum
Min.	:	Minimum
MSQ	:	Minnesota Satisfaction Questionnaire
N	:	Neutral
No.	:	Total number of observations
RE	:	Reward
S.D	:	Standard Deviation
SA	:	Strongly Agree
SD	:	Strongly Disagree
SERVQUAL	:	Service Quality
SPSS	:	Statistical Package for Social Science
SWE	:	Satisfaction with Empowerment

## Abstract

Employee compensation plays a crucial role in the dynamic between employees and employers, significantly influencing performance on both sides. Compensation impacts not only the motivation and satisfaction of employees but also the overall productivity and success of an organization. The primary aim of this study is to explore the relationship between monetary compensation and various aspects of job satisfaction—namely, general, extrinsic, and intrinsic satisfaction. To achieve this, the study employed a Convenience sampling method and utilized both descriptive and causal research designs. Analytical tools such as ANOVA, T-test, correlation, and regression were used to assess the data.

The research was conducted among employees of commercial banks in the Kathmandu Valley, using questionnaires to measure the impact of compensation on employee satisfaction. In this study, employee compensation was treated as the dependent variable, while independent variables included commitment, reward, appreciation, and fairness. The findings revealed a strong positive correlation between appreciation and commitment, as well as between reward and appreciation. Additionally, the regression analysis demonstrated that all independent variables—commitment, reward, appreciation, and fairness—had a positive and significant effect on employee compensation. These results highlight the importance of a holistic approach to compensation, where monetary rewards are complemented by recognition, fairness, and a sense of commitment to ensure higher levels of employee satisfaction.

*Key word: Performance appraisal, Employee motivation, Nepalese commercial bank*

# CHAPTER – I

## INTRODUCTION

### 1.1 Background of the study

The aim of this study is to determine whether and to what extent general, extrinsic, and intrinsic job satisfaction and employee monetary compensation are associated in Nepali manufacturing enterprises. The goal of this study is to determine whether and to what extent employees' financial compensation and their level of intrinsic, extrinsic, and general job satisfaction are related. The literature makes it abundantly evident that the lack of an employee as the study's subject has been a significant flaw in contemporary research on employee motivation and satisfaction. Over the past three decades, research has shown that intrinsic motivational factors are more effective at driving and satisfying employees than extrinsic rewards like monetary compensation (Bennett et al., 2024).

However, rather than focusing on employees who work to earn a living, much research on monetary compensation and rewards has been conducted in lab experiments with university students. The brief history of worker satisfaction research began with the Work Adjustment Program (Weiss et al., 1967). Employee happiness and motivation were studied by the Work Adjustment Program. Therefore, one of the first formal debates to recognize that employees experience both intrinsic and extrinsic happiness in addition to general contentment was the Work Adjustment Program. The Work Adjustment Program led to the creation of the Minnesota Satisfaction Questionnaire in the 1960s, which is used to measure employee satisfaction (Alfatihah et al., 2021).

According to Weiss et al. (1967), the Work Adjustment Program recognized that an employee needed to feel valued by their employer and that there needed to be a reciprocal relationship between the two parties, whereby the employee completed a task that benefited the workplace and the employer received a minimal amount of satisfaction for a job well done. For a considerable amount of recent history, several employers and researchers held the view that external incentives, such as financial compensation, were the primary sources of motivation for workers to carry out their duties (Olafsen et al, 2020).

In the middle to late 1900s, Skinner's early research—which advocated rewarding positive behavior—became widely accepted (Black & Allen, 2018). This concept of rewarding good behavior has been implemented in the workplace by providing rewards to staff members who fulfill goals, deadlines, and other requirements. The monetary incentive standard was employed by goal-focused companies for a significant period of time and is still widely used today (Carter, Hotchkiss & Mohseni, 2020). Employees that have intrinsic motivational factors are more driven for longer stretches of time and have lesser expectations for rewards. Benefits from outside sources have the potential to erode intrinsic motivation. Ryan admitted that external rewards might not diminish intrinsic drive when employed appropriately, but he also pointed out that the negative effects cannot be avoided no matter how hard one tries (Shan et al., 2022).

Further research is necessary to completely understand employee financial remuneration and employee happiness when examining autonomous versus managed motivation, according to the main publication highlighting the gap in the literature. Examining the factors that affect employee happiness and motivation while considering management requires psychological help. Yen and Huang (2017), who concentrated on employee performance and remuneration, made a similar statement indicating the need for more research on employee monetary pay and employee satisfaction. Employee compensation had a direct effect on job satisfaction and performance (Yen & Huang, 2017).

Thus, the relationship between reward, commitment, appreciation, fairness, remuneration, and satisfaction is examined in this study. Examine how rewards, dedication, gratitude, and equity affect employee pay as well.

## **1.2 Problem statement**

Analyzing financial performance is a basic procedure that provides information on many facets of a business's activities. These include of its overall standing, financial achievements, operational efficiency, creditworthiness, profitability, liquidity, earning potential, and capital sources and utilization. These kinds of insights help determine how well a business uses its financial resources to turn a profit.

In the near term, manufacturing enterprises operating in Nepal's financial landscape have performed satisfactorily, especially those that have managed to win sizable market shares.

Government measures that support economic liberalization have made it easier for foreign investors to invest, which has resulted in a quick rise of joint venture banks and other financial institutions. Nonetheless, the growing manufacturing industry has made competition between businesses more fierce.

There are disparities among manufacturing firms in Nepal with regard to profitability, operating costs, and dividend distribution to shareholders. Therefore, the study's stated research problem seeks to identify the fundamental causes of these variances (Mishra, 2018).

A bank's financial performance is influenced by both internal and external variables. Internally, it is impacted by elements unique to the bank, like the operations documented in its financial reports. The overall state of the economy has an external impact on it (Shrestha, 2020).

In addition to aiding economic development, which is a major objective in nations like Nepal, financial institutions (FIs) seek to optimize returns for their stakeholders. Inadequate capital formation and its efficient use are prevalent problems in developing countries like Nepal. By mobilizing deposits and providing a range of loan products, manufacturing enterprises have been instrumental in addressing this issue and bolstering the national economy.

Nepal's banking industry has had a number of crises, most notably from the 1990s to the early 2000s. High percentages of non-performing loans and insufficient provisioning were among the causes of these crises, which led to declining asset quality, liquidity issues, and profit erosion. Consolidation steps have been implemented in order to directly address these problems (Budathoki, 2013).

Manufacturing companies have been found to only offer short-term loans secured by movable assets and to be reluctant to make long-term investments because they are concerned about perceived safety rather than prospective profit (Athanasoglou & Matthaios, 2005). Commercial banks have come under fire for primarily catering to wealthy populations while ignoring the underprivileged, which has a negative impact on the country's economic development (Athanasoglou & Matthaios, 2005).

In order to determine the variables impacting changes in capital, earnings, liquidity, and investment, the study also examines the financial performance and capital use of manufacturing companies in Nepal. It also compares the financial and management characteristics of a few chosen banks and looks at how closely banks adhere to the rules established by the Nepal Rastra Bank (NRB). The study specifically tackles the following problems: continue with the concerns listed.

- i. What is the current status of reward and monetary compensation and employee's satisfaction?
- ii. Is there any relationship between reward and monetary compensation with employee satisfaction?
- iii. How does monetary compensation effect the employee satisfaction in Nepalese organizations?

### **1.3 Objectives of the study**

The study's objective is to determine whether and to what extent employee monetary compensation and general, extrinsic, and intrinsic job satisfaction are related in Nepal. Employee compensation and their degrees of intrinsic, extrinsic, and general job satisfaction are among the variables in the study.

- i. To analyze about the current status of reward and monetary compensation and employee's satisfaction.
- ii. To examine the relationship between reward and monetary compensation with employee satisfaction.
- iii. To investigate the impact of monetary compensation on the employee satisfaction in Nepalese organizations.

### **1.4 Research hypothesis**

H1<sub>a</sub>: There is a significant correlation between employee monetary compensation and employee satisfaction ( $\rho \neq 0$ ).

H2<sub>a</sub>: There is a significant impact between employee monetary compensation and employee satisfaction ( $\rho \neq 0$ ).

## **1.5 Rationale of the study**

This study examined the basic needs of workers and the potential relationship between job satisfaction and compensation. Numerous HR departments in major American corporations have cited studies from the self-determination theory to support their claims that employee satisfaction and motivation are more strongly correlated with the company's culture, employee programs, and employees' commitment to the business than with compensation. Therefore, further research is needed to ascertain whether and to what extent employee happiness and monetary compensation are related. This study may confirm that Olafsen et al. (2018)'s self-determination theory has been misapplied by many, or it may show that the notion that pay has no effect on employee satisfaction is not unfounded. This study will fill the knowledge gap by adding to the substantial body of research that aims to understand worker motivation, satisfaction, production, and basic necessities. It is impossible for an employee to be happy at work if their basic needs are not being satisfied (Olafsen et al., 2018).

The study's useful implications may help businesses understand what advantages are necessary to offer employees in order to maximize their performance and satisfaction. Businesses now know more about how much to pay employees if they want to motivate, inspire, and retain them thanks to the study's findings. More information regarding what motivates and fulfills workers should be used by organizations for both their own and the workers' benefit.

## **1.6 Limitations of the study**

- i. The sample size of in this study is 400, questionnaire responses from employees of commercial banks.
- ii. The major limitation of the study is: The study was predominantly based on primary source of data regarding the determinants of employee's satisfaction. Therefore, the reliability of conclusions of the study depends upon the accuracy of the information provided by the respondents.
- iii. It may also be noted that only primary data are considered for the study purpose. Data analysis conducting secondary is not taken into consideration. Hence the

result of the study is not broad and flexible. It is limited to the perception of employees.

- iv. This research will be concern with commercial banks employee's compensation so the finding of this study will may not be generalized.
- v. This study is for the academic purpose and researcher have limited time frame so the all area of employee's satisfaction may not be incorporated.

## **CHAPTER – II**

### **LITERATURE REVIEW**

Gaining some expertise in one's field, thinking about potential new contributions, and getting ideas for a study plan are the objectives of reading the literature. Their relevant findings, justifications, and suggestions will offer clues and direction for the study's further development. In other words, research must continue. Research continuity is produced by relating the current study to previous research inquiries.

#### **2.1 Theoretical review**

##### **2.1.1 Affective event theory**

To explain how an employee's internal influences—such as thoughts, feelings, and emotions—are connected to stimuli and reactions to different incidents that occur at work and have a big impact on an employee's performance and job satisfaction, Thompson and Phua (2012) developed the affective event theory. According to a study of such expectations, the level of autonomy, the outcome of labor, or some other element of employment may have represented the expectations that the employees held of the company. Employee satisfaction is impacted by workplace environment and expectations.

##### **2.1.2 Equity theory**

Berscheid and Walster's (1973) equity theory described how an individual assessed justice in respect to interpersonal interactions. According to the study, the effort put forth by the other party is analyzed, and the quantity of input derived from a relationship is contrasted with the output during a social transaction. Due to disparities in the intake and output of effort, employees are more likely to feel stressed or dissatisfied when there is social disparity between two social groups or individuals, according to Adams' (1965) hypothesis. Equity theory study has shown that pay inequities are a reason for concern in the majority of firms. Adams (1963) found that workplace disparity increases stress and tension and might lead to employees reacting differently than the company expects.

##### **2.1.3 Job characteristics theory**

Jackson (2009), Dugguh (2008), and Hackman and Oldham (1976) all proposed a research paradigm to investigate the connection between job outcomes and satisfaction and employment qualities. Task significance (the extent to which a job has a significant

impact on people's lives or work in other departments of an organization or in the external environment), task identity (the extent to which a job requires completion of a whole and identifiable piece of work which involves doing a job from start to finish with a visible outcome), and skill variety (the extent to which a job requires a variety of different activities in carrying out the work and involves the use of different individual skills and talents) are all aspects of a job that can significantly impact job outcomes. The degree of flexibility, independence, and discretion that employee has when it comes to planning their work and selecting the best ways to do it is referred to as job autonomy. On the other hand, job feedback is the degree to which employees can obtain precise and succinct feedback on their performance after fulfilling the duties assigned to them by their employers.

Key job qualities influence three important psychological states: experiencing meaningfulness, feeling responsible for work outcomes, and recognizing the true consequences. Performance, motivation, job satisfaction, absenteeism, and other work-related outcomes are all significantly impacted by critical psychological states. Although not everyone has the same effect, the idea states that people who strongly want to feel both professionally and psychologically accomplished are greatly affected.

Armstrong (2010) asserts that one of the primary factors affecting the trade relationship between an employer and an employee is motivation. An employer can utilize a reward system as a tool to attract and retain the best employees by guiding their behavior and performance (Bellenger, Wilcox, & Ingram, 1984). Employees may receive rewards depending on their behavior, output, and dedication, which would keep them content and inspired. The importance of rewards and their impact on employees' attitudes and behaviors were underlined in the study. Henderson (2003) defines incentives as desired physical, financial, or psychological rewards that a company offers an employee in appreciation of their performance, commitment, and diligence. In addition to financial incentives, a company should use another kind of reward system.

According to Aktar, Sachu, and Ali (2012), method, policy, and strategy setting are all necessary for effective incentive management. By increasing each worker's output and performance, an organizational objective was achieved. Employees should get fair pay and benefits, but non-monetary incentives like training, recognition, and increased job

responsibility are also necessary to achieve strategic objectives. Rewards may encourage employees to put in more effort to generate creative ideas, which will benefit businesses as a whole because rewarded employees will perform better.

Nnaji and Egbunike (2015) looked into how company objectives affect the attitudes and actions of employees. The development of the incentives program is aided by a well-defined corporate goal. There should be a balance between what an employee contributes to the company and what the firm gives to the individual. Employers need to motivate staff members on an individual and group level (Pratheepkanth, 2011). Maintaining balance between the individual and the group may be facilitated by an internal rewards system.

A strategic aim can be accomplished by supporting people who possess the qualities, skills, and knowledge that the business requires (Allen & Kilmann, 2001). To ensure that employees are driven to meet organizational objectives and align with the business's strategy, a compensation system ought to be established. Awards encourage commitment, adaptability, productivity, and personal development and directly affect each person's attention span (Howard, Larry, & Dougherty, 2004). Reward systems should be linked to employees' behaviors, attitudes, dedication, and achievements in order to match them with the organization's strategic direction. Both extrinsic and intrinsic rewards improve the performance of an organization's human resources (Kerrin & Oliver, 2002). A company offered both cash and non-cash rewards to employees who contributed excellent work.

The hiring, training, and retention of competent, skilled, and informed employees were facilitated by organizational reward management systems (Galbraith, 1973). An organization's incentive management system is determined by its policies and consequences. The company's strategic aim and the degree to which it is met through employee engagement, performance, commitment, conduct, and competency influence rewards. Sustaining and motivating a skilled staff helped achieve corporate objectives and fostered a pleasant workplace culture. Extrinsic incentives—like chances for future advancement and promotions, flexible work arrangements, chances for decision-making, training, and equitable evaluations—motivate employees more than intrinsic ones

(Goodale, Koerner, & Rooney, 1997). Financial transactions should not be the exclusive focus of organizations.

#### **2.1.4 Herzberg's two-factor theory**

In the 1950s, psychologist Frederick Herzberg developed the two-factor theory of motivation, also known as the dual-factor theory or the motivation hygiene theory, after looking at 200 engineers' and accountants' responses on their positive and negative views about their employment. Some features of a profession lead to contentment, while other factors protect against sadness, according to Herzberg. Herzberg found that the opposite of both contentment and discontent is neither (Juneja, 2020).

#### **2.1.5 Expectancy theory**

In 1964, Yale School of Management professor Victor Vroom introduced expectancy theory as a theory of motivation (Vroom, 1995). It explains the processes a person goes through in their mind when making choices or decisions. Expectation theory states that people base their behavior decisions on the outcomes they hope to achieve. In other words, we base our decisions on our expectations of the future. With the expectation of a pay increase, we might work longer hours. However, expectation theory also suggests that how we perceive the likelihood of such rewards influences how we make decisions. If workers in this situation had been assured of a pay raise instead of only presuming one, they might have worked harder. Expectation theory is based on three elements.

#### **2.1.6 Three-dimensional theory of attribution**

How we interpret our own and other people's behaviors is made clearer by the principle of attribution. There are a number of theories on attribution. Bernard Weiner's Three Dimensional theory of attribution states that individuals try to figure out why we do things. This theory primarily relies on cause and effect, motivation, and human behavior. According to Weiner, the justifications we offer for our behavior can influence how we behave in the future. For example, a student may give multiple explanations for why they failed an exam, and this will affect their motivation moving ahead. According to Weiner, an attribution's characteristics—such as bad luck or a lack of care in one's studies—were more important than its specifics. According to Weiner, there are three main attributional characteristics that could affect motivation later on (Mark, 2019).

### **2.1.7 Job satisfaction**

Brief and Weiss (2002) assert that a worker's degree of job satisfaction is determined by how they view and anticipate their workplace. In addition to certain responsibilities, employees have expectations and demands from their jobs. When their needs are satisfied, employees are content. According to Davis and Nestrom (1985), a person's degree of job satisfaction is directly correlated with their behavior and performance at work. Job satisfaction is essential for reaching goals that lead to a feeling of fulfillment as well as for obtaining recognition, funds, and promotions (Kaliski, 2007). Job satisfaction is a feeling that results from the conviction that one's employment fulfills both psychological and materialistic needs. According to Furham, Eracleous, and Chamorro (2009), monetary compensation—such as pay, bonuses, incentives, and promotions—is equally important for job satisfaction as non-monetary compensation. Smith (1997) posits that an individual's level of job satisfaction is based on how positively they feel about their work, whether it be in general or in relation to a specific component. staff satisfaction led to high rates of staff retention (Spector, 1997).

When workers are content at work, they will be more loyal and committed to the company, claim Sarwar and Abugre (2013). Job dissatisfaction is caused by low incentives and reduced remuneration. Managers in the public sector were more focused on job security than profit, according to studies by Pare and Trembley (2007) and Chew (2005). Bjorkman and Budhwar (2007) examined the intrinsic motivation of employees in the public and private sectors, finding that the former were more motivated by extrinsic rewards. Vandenberghe and Trembley (2008) found a significant correlation between job satisfaction and reward, independent of occupational status group. Employees in the commercial sector are motivated by extrinsic rewards, whereas those in the public sector are motivated by intrinsic ones, according to the hypothesis of Zaini, Nilufar, and Syed (2009). Managers in the private sector are more focused on financial advantages than their public sector counterparts, who are more concerned about job security, claims Ramlall (2004). However, in both industries, monetary compensation and benefits, along with non-monetary incentives, play a big role in determining job happiness.

Job happiness is significantly influenced by many aspects. According to Okpara (2002), factors that impact job satisfaction include pay, benefits, connections with coworkers, supervision, and opportunities for promotion. Job satisfaction is determined through an

evaluation of the work's attributes. Robbins (2003) identifies four fundamental factors that affect job satisfaction: incentives, a supportive work environment, challenges at work, and supportive teammates.

Kleemann and Matuschek (2002) demonstrated that employees award on basis of contribution generated great job satisfaction. Factors like as fringe benefits and employee recognition have an impact on job happiness. According to Amabile, Hill, Hennessey, and Tighe (1994), rewards improved employee job satisfaction and work engagement. Businesses have managed to balance employees' performance and commitment to their work. According to Ali and Ahmed (2009), incentives and motivation are the two main factors that determine job satisfaction.

Employees' attitudes improve and their level of job satisfaction rises when incentives and recognition are changed. Rewards have a favorable correlation with high levels of self-motivation and job satisfaction. Elangovan (2001) discovered that job satisfaction was a significant determinant of professional conduct and a powerful predictor of absenteeism, turnover, and exits.

Both intrinsic and extrinsic compensation are critical for job satisfaction, employee motivation, and the achievement of organizational objectives. A nice work environment, job recognition, and a culture that shuns repetitive and boring duties are other factors that influence employee satisfaction in addition to monetary remuneration (Shanks, 2007). Finding a balance between internal and external motivators is essential for job satisfaction. Because it symbolizes abstract values like achievement, stability, position, authority, and a sense of accomplishment, money is a major incentive for employee satisfaction, according to Akintoye (2000). Workers are more likely to be loyal and satisfied with their jobs if they are acknowledged for their achievements by peers and superiors and if their ideas are valued, claims Dartey (2010). By encouraging a connection between employee self-motivation and individual achievement, pay and recognition programs raise morale and preserve a healthy work environment, claims Flynn (1998). The main objective of programs is to create a framework for rewarding and connecting employee success to compensation, as this ultimately increases job satisfaction. Employee motivation will eventually increase in response to an unanticipated increase in pay, recognition, and praise (Motta, 1995).

## 2.2 Empirical review

Salah (2016) examined the influence of reward types (extrinsic, intrinsic, social and rewards mix) on employee performance in mining company of Jordan. The objective of the study aligned with the statistical instruments. For this purpose, frequency tables, percentages, means, and standard deviations were computed and meaningfully interpreted. Inferential statistics like the Pearson product moment correlation coefficient ( $r$ ) were used to determine whether the independent variables (rewards types: extrinsic, intrinsic, social, and rewards mix) and the dependent variable (employee performance) are significantly correlated. Both descriptive and inferential statistics were used to analyze the data. A significance threshold of 0.05 was used for analysis and interpretation. The findings demonstrated a statistically significant relationship between employee productivity and the various reward types. The results of the study indicate that management must have a strong commitment to employee rewards if they hope to enhance staff performance.

Burton (2018) conducted a research on a study of motivation: how to get your employees moving. The study intends to explore different theories of motivation, their relevance in the workplace, and how managers might apply the ideas to ensure motivated and happy employees. There are two types of motivation: financial and non-financial. This study focuses on how businesses motivate their employees through the use of both monetary and non-monetary benefits. When it comes to employee motivation, money is not always plentiful these days, therefore it is important to understand how managers may make their employees feel valued without going over budget. Both types require careful implementation for optimal results.

Yamin (2020) conducted a study seeking to understand factors effecting employee motivation and environmental factors' relationship with employee retention and organizational performance. The study found that intrinsic motivational factors and the organizational environment had a positive effect on employee retention. Additionally, the study found that organizational competitiveness and staff retention affected organizational effectiveness. proving the significance of staff retention for an organization's ability to operate by drawing the conclusion that there is a relationship between employee retention and performance.

Bellmann and Hubler (2021) researched on working from home, job satisfaction and work–life balance - robust or heterogeneous links? It is investigated whether and under what conditions working from home improves or impairs job satisfaction and work-life balance. The blocks of variables that are computed separately and in combination to influence work-life balance and job satisfaction include personal traits, job attributes, skills, and employment properties. The variables are selected using regression with the least angle. To determine causal effects, the entropy balancing method is used. The study investigates whether imbalances are caused by private or work-related issues, if firm-specific restrictions and the choice of the control group affect the results, and whether imbalances only happen during free time. There are generally negative implications of remote work on work-life balance, but there are not any clear effects on job satisfaction. There is no proof that the imbalance is conditioned by private interests, in contrast to job-conditioned aspects. There is no poorer work-life balance under a strict contractual arrangement than under a nonbinding commitment, and working from home is linked to higher job satisfaction, happiness, and job satisfaction than wishing to work from home. Determinants include a variety of skills, vocational characteristics, personality traits, and job-related factors. The causality problem is the main focus of the inquiry. It is investigated whether employing distinct control and treatment groups results in varied outcomes. Recently published three-wave German data served as the basis for the empirical investigation.

Gross, Ingerfurth, and Willems (2021) researched on employees as reputation advocates: looking at aspects of job satisfaction that explain employees' intention to recommend. The purpose of the study is to provide assessments of patients' and/or workers' job satisfaction levels. Given this, we use a quantitative-exploratory approach to investigate how eleven dimensions of job satisfaction for 1,022 employees in two German hospitals explain their intention to advocate for improvements on behalf of their employer. We look at this for other types of employees as well. Our results show that different aspects of employee work satisfaction explain the intention to refer for a number of employee groups, such as nurses, doctors, and administrative personnel. By contextualizing our findings within the vast yet scattered management literature that is relevant to work satisfaction and organizational reputation, we analyze the implications for practice and future research.

Bhardwaj, Mishra and Jain (2021) investigated on an analysis to understanding the job satisfaction of employees in banking industry. This study is to explore the impact of various variable factors on employee satisfaction as well as the relationship between position and employee satisfaction in various commercial banks, including public and private banks in Rajasthan. This study describes the factors that lead to a higher level of job satisfaction. These factors include management, compensation, advancement, reorganization, workplace safety, and interpersonal interactions. The study's conclusions show that benefits including pay, benefits, employment stability, opportunities for promotion, and good working relationships are positively correlated with job satisfaction. The results of the poll also show that although the majority of bank employees are happy with their work environment, schedules and compensation remain the main issues.

Ali and Anwar (2021) conducted a research on an empirical study of employees' motivation and its influence job satisfaction. Since people and their expertise are the primary determinants of an organization's output, human resource management is becoming increasingly important in business. One important aspect of human resource management is the evaluation of employee satisfaction. Since increased worker happiness is a requirement for increased worker productivity, responsiveness, quality, and recognition, employers must make sure that employee satisfaction is high. This thesis investigates the level of employee satisfaction and motivation at work. It also discusses how culture affects employee satisfaction. The theoretical framework of this thesis includes concepts such as job satisfaction, motivation, and reward discrepancies. One of the organization's most valuable resources is the relationship and communication between management and employees.

Fakai (2022) conducted a research on performance appraisal on employees' motivation in commercial banks of Sokoto state, Nigeria. The purpose of the study was to determine how employee motivation in commercial banks was impacted by performance management and objective production. With national approval, 172 managers and employees from ten commercial banks in the state of Sokoto were randomly selected to supply data. The survey design utilized in the study was descriptive. An online survey with three sections was distributed to the participants. A statistical table with an intelligible explanation was used to display the demographic data. The two hypotheses were investigated using chi-square and regression analysis, respectively. It was clear that

each variable was significant because the null hypotheses were rejected in each test at the significant level of 0.000. The findings demonstrated that objective production had a considerable impact on employees' motivation, with a 0.000 p-value.

Aryal, Hamal and Bhatta (2022) Performance Appraisal, Job Satisfaction and Organizational Commitment in Nepalese Commercial Banks. This study examines the relationship between employee organizational loyalty and job satisfaction and performance assessments in Nepalese commercial banks. Based on the source data, the opinions of the respondents have been assessed through the use of structured surveys containing Likert-type items. With 172 replies, the survey's response rate represents 78% of the sample size that was gathered from 16 commercial banks in Nepal. Both descriptive and causal research designs were applied in this study. The Pearson correlation coefficient has been used to examine the relationship between work happiness and performance reviews and employee organizational commitment in Nepal's commercial banks, even though a number of linear regression models have been used to do this. The results show that work satisfaction and performance reviews have a positive correlation with employee organizational commitment. Therefore, the study concludes that job happiness and performance reviews are the main factors determining employees' organizational loyalty. Future research may consider additional banking organizations, employee demographics, and human resource management factors, as this study is restricted to commercial banks.

Shrestha and Bhattarai (2022) conducted a research on contribution of job satisfaction to organizational citizenship behavior: a survey of the school teachers of Nepal. This study used a cross-sectional survey approach and a post-positivist mentality to examine the relationship between them. The data, which were randomly picked among 345 respondents, were analyzed using regression and correlation analysis. The findings were then interpreted using the social capital and social exchange theory. The results further supported educators' outstanding job performances and high levels of productivity by validating the positive relationship between job satisfaction and organizational citizenship behavior. These two elements increase teachers' organizational effectiveness and commitment to promoting greater academic achievement in the classroom, just like work satisfaction and organizational citizenship conduct do.

Yukongdi and Shrestha (2023) examined the effect of affective commitment, job satisfaction and job stress on intention to leave among bank employees in Nepal. Data was collected using a questionnaire-based survey of 282 employees of a bank in Kathmandu. The data was analyzed using multiple regression analysis. The results showed that whereas emotional commitment and job satisfaction had a negative effect on turnover intention, job stress had a positive effect. Job satisfaction was found to have less of an effect on turnover intention than emotional commitment and job stress. The practical implications of the study are discussed.

Table 1

*Summary of Empirical Review*

S.N	Date	Methodology	Findings
1	Ortiz-Bonnin (2023)	The data of this time-lagged study were gathered through an online survey with three-waves between March and May 2020 in Spain (N 5 167). Hierarchical multiple regression and PROCESS were used to test the hypotheses.	Neither performance nor subjective well-being were found to be significantly correlated with SOCV19R. Instead, SOCV19R increased workers' satisfaction with WLB (full mediation), which enhanced their performance and well-being.
2	Yukongdi and Shrestha (2023)	Data were analyzed using multiple regression analysis.	The results showed that whereas emotional commitment and job satisfaction had a negative effect on turnover intention, job stress had a positive effect. Job satisfaction was found to have less of an effect on turnover intention than emotional commitment and job stress.
3	Ali and Anwar (2022)	A quantitative technique applied and a total of 140 questionnaires were	The results show that money as a motivation has a strong beneficial impact on job satisfaction. The results

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		distributed, however 128 participants properly filled out the questionnaires	show that money as a motivation has a strong beneficial impact on job satisfaction.
4	Shan and Liu (2022)	Based on the job demand-resources model and resource conservation theory, eight hypotheses were proposed in this study	In addition to helping managers understand the risks related to occupational health issues, this study encouraged employees to actively engage in safety construction and to be aware of their own health.
5	Mulang (2022)	This study uses a quantitative approach, with the type and source of data in this study being primary data in the form of a questionnaire given to the entire sample of 70 employees	Employee engagement acts as a mediating variable to assist each employee in achieving a work-life balance, while the application of organizational justice to the firm impacts turnover intention.
6	Aryal, Hamal and Bhatta (2022)	Pearson correlation coefficient and multiple linear regression models have been used	The results show that work satisfaction and performance reviews have a positive correlation with employee organizational commitment. Therefore, the study concludes that job happiness and performance reviews are the main factors determining employees' organizational loyalty.
7	Pokharel and Goyal (2022)	Different analytical tools like correlation analysis, hierarchical regression, and one way analysis of variance (ANOVA) tests are executed to test the proposed hypotheses.	The results show that a psychologically supportive workplace has a positive impact on workers' overall well-being, and the relationships between the independent and dependent variables make it evident that emotional intelligence plays a moderating role.

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8	Watkins and Fusch (2022)	The sample consisted of N = 129 employees of Fortune 500 companies	The amount of money paid to employees and their degree of intrinsic, extrinsic, and general job satisfaction were found to be statistically significantly positively correlated.
9	Shrestha and Bhattarai (2022)	The data collected randomly from 345 respondents were analyzed using correlation and regression analysis	The results further supported educators' outstanding job performances and high levels of productivity by validating the positive relationship between job satisfaction and organizational citizenship behavior.
10	Fakai (2022)	The study adopted a descriptive survey design. The study adopted a descriptive survey design.	The research showed that both performance management and objective output had a major effect on employees' motivation.
11	Bhardwaj (2021)	The sample technique is convenient sampling. A structured closed-end Questionnaire is used and the type of questions are dichotomous and likert scale.	The results of the poll also show that although the majority of bank employees are happy with their work environment, their main grievances remain their compensation and schedules.
12	Gross (2021)	Uses quantitative-exploratory approach, for 1,022 employees in two German hospitals	The results show that different employee work satisfaction criteria explain the desire to recommend diverse employee groups, including nurses, doctors, and administrative personnel.
13	Bellmann (2021)	To select the variables, the least angle regression is applied. The entropy balancing approach is	While there have been no discernible effects on job satisfaction, remote employment generally has a negative impact on work-life balance. There is

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		used to determine causal effects	no proof that the imbalance is conditioned by private interests, in contrast to job-conditioned aspects. Work-life balance is not worse, job satisfaction is higher, and workers who work from home are happier than those who prefer to do so under a firm contractual arrangement as compared to a nonbinding commitment.
14	Haralayya (2021)	Data for the study is collected both from primary and secondary data. The survey method used also instruments used for the research are questionnaires.	The company's board due to the high profit margin. Use of modern technologies. Its centralized control system makes it inappropriate for making impulsive decisions. Dealers are vying for the company's board because to its high profit margin. They have excellent infrastructure and ultra-structured amenities. The employer and employees have a great relationship.
15	Novianti (2021)	This study uses a quantitative approach with online questionnaire data collection. Data was collected by distributing questionnaires (online and offline) using a Likert scale ranging from 1-5.	The results showed that work autonomy significantly influenced job satisfaction, work-life balance, and intention to leave. While job satisfaction had no discernible effect on this measure, work-life balance also had a substantial effect on turnover intention.
16	Alfatihah (2021)	The approach to this research is quantitative, and the number of job respondents involved in this study was 212 people	This study has shown that work-life balance, which is influenced by work motivation, in turn affects job satisfaction. Work-life balance can also operate as a mediator between job

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		who filled out the survey through an online survey.	satisfaction and other factors.
17	Kumar (2021)	The study is based on the Six-stage methodological framework for scoping reviews.	According to research on the subject, job satisfaction and motivation are favorably and significantly impacted by one another, which enhances organizational performance.
18	Burton (2021)	The study uses primary data distributing 400 questionnaire to the respondents	Although it is impossible to directly inspire someone else, it is possible to provide them the tools they need to inspire themselves. It is the duty of managers to create a welcoming and upbeat work atmosphere since they are the employees' main resource. This will boost the productivity and well-being of their personnel.
19	Harry (2020)	Seven hundred and sixty-four (764) randomly selected employees from 8 multinational organizations and two private universities in Nigeria participated in the study. Structural equation modelling was employed	The results show that role alignment with capabilities and workload comparison to peers have a significant impact on employees' views of workload balance.
20	Kasbuntoro (2020)	This research is a quantitative descriptive. According to Sugiyono (2009: 147), descriptive research is used for describing the data that	We learn from the study. Work-life balance factors and job satisfaction have a positive and significant correlation (50.7%). In the Jakartan banking sector, work-life balance significantly and favorably affects job

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		has been collected. The method used in this study is a survey	satisfaction ( $F = 6,499$ , $sig = 0.000$ ). Job satisfaction will rise in tandem with an increase in this variable.
21	Setiawan (2020)	Questionnaire responses were collected from 300 randomly enrolled passengers at Halim Perdana Kusuma Airport Indonesia. This research took a verification approach by the Structural Equation Modeling (SEM) technique.	The results demonstrate that customer satisfaction, pricing justice, and service excellence all have a substantial impact on building consumer confidence.
22	Jaharuddin (2019)	Data was gathered using a quantitative study by distributing a questionnaire survey to 213 executive employees in Klang Valley, Malaysia	It is intriguing to note that work-life difficulties were strongly linked to job engagement and intention to leave. Additionally, there is a high correlation between employees' degree of job engagement and their plans to leave. However, there is no proof that WLB and turnover intention are mediated by job engagement.
23	Arunashantha (2019)	This study was done using 360 employees as a sample and self-administered questionnaire was distributed randomly to a sample of 360 full time employees	The results indicate that most employees appear dissatisfied with their jobs, which hinders their ability to maintain a healthy work-life balance. Most workers are engaged in highly competitive projects with strict deadlines. Furthermore, after finishing one difficult task, these employees must immediately move on to another. Employees that operate in such an

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			atmosphere are under a lot of stress, which impairs their effectiveness and productivity at work and leads to a poor work-life balance.
24	Deepika and Kanagaraj (2018)	The data has been collected through secondary source.	Since motivated individuals demonstrate high levels of initiative and innovation, motivation is essential for upholding high performance standards in settings where monitoring is difficult.

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### 2.3 Research gap

A measure of psychological comfort among employees is job satisfaction. Employee morale is raised and productivity rises when appreciation and acknowledgment are given. Using rewards to assess employee performance is crucial. Despite the field's growing prominence, not many scholars have examined employee work satisfaction in Nepal. It is challenging for Nepalese organizations to achieve their aims because of the increased turnover they face. Job unhappiness is the primary cause of employee turnover. The business needs to address the root causes of employees' job satisfaction. Employees gave both monetary and non-monetary awards equal weight.

Factors such as work autonomy, task relevance, task participation, social incentives, and organizational rewards all affect how satisfied employees are with their jobs. Numerous research on rewards and job satisfaction have been conducted from various angles. Most research is conducted in Asian and European countries. In Nepal, hardly much study was conducted. One important indicator of job happiness in a company is awards.

The primary goal of this study is to comprehend how compensation and rewards impact job satisfaction and enjoyment. Task autonomy, task relevance, and task engagement are the three intrinsic incentives that Rehman and Lashari (2010) found. Additionally, the impact of extrinsic rewards—such as compensation, bonuses, promotions, and perks—on employee happiness in comparison to intrinsic rewards. The study focuses on the

connection between intrinsic and extrinsic rewards and job happiness and provides data for future studies on the topic. Since no Nepalese study comparing the effects of extrinsic and intrinsic rewards on HR satisfaction at Nepalese commercial banks could be found during the investigation for this dissertation, there is a research gap.

# **CHAPTER – III**

## **RESEARCH METHODOLOGY**

### **3.1 Research design**

Descriptive and causal comparative research designs are used in this study. To achieve the unique objective of the study, the impact of monetary compensation on satisfaction has been examined using a descriptive research methodology. The impact of independent variables on dependent variables are examined using a causal comparative study design.

### **3.2 Population and sampling procedure**

The setting for this study is an online survey. In Nepal, the working population is the target demographic. Commercial bank employees are the target audience. 400 employees' complete questionnaire responses make up the sample size, according to G\*Power calculations.

### **3.3 Nature and source of data collection**

Respondents' completed questionnaires were the primary source of data used in this investigation. An structured poll was disseminated by Facebook Messenger, Viber, and email using Google Docs. Respondents to the questionnaire were allowed to answer the questions as they saw fit and were not under any pressure to please the researcher. Information gathered from these surveys served as the study's main source of data.

### **3.4 Method of analysis**

In addition to demographic questions sent online through Survey Monkey, LinkedIn, and email, the Minnesota happiness questionnaire—which was developed to measure worker job satisfaction (Dawis et al., 1968)—will be used in this study. SPSS will be used to do the statistical analysis of the collected data.

#### **3.4.1 Descriptive statistics**

In order to compare the Figures and arrive at a single, noteworthy conclusion, this work has used a number of statistical methodologies. The statistical tools are briefly explained here.

**Mean**

The most popular and often used measure for combining all of the data into a single variable is the arithmetic mean. It is calculated as the sum of all the items divided by the total number of items. The means of the different variables show the average value over the study period.

**Minimum**

The Minimum displays each variable's lowest recorded value. It is thought that the function's minimum value is its lowest value.

**Maximum**

The greatest value recorded for every variable is indicated by the Maximum. A function is said to have its maximum value at its highest value.

**Standard deviation**

Dispersion is the extent to which individual items deviate from a core value. The standard deviation quantifies the absolute dispersion. As the degree of dispersion grows, so does the standard deviation. Minimal standard deviations suggest a high degree of series homogeneity and observational regularity, and vice versa. This study computed the standard deviation for earnings per share, market value per share, dividend payout ratio, retained earnings, dividend yield ratio, and price earnings ratio.

**3.4.2 Correlation analysis**

Correlation analysis is a statistical technique used to describe the degree of relationship between two variables. Simple correlation has been used in this experiment. The following financial variables' correlation coefficient has been calculated, examined, and presented in a matrix manner.

**Coefficient of determination ( $r^2$ )**

The coefficient of determination is a metric that quantifies the degree of linear relationship or correlation between two variables, one of which is independent and the other dependent. In other words,  $r$  is the dependent variables' overall percentage variance. The coefficient of determination has values ranging from zero to one. A value of one can

only appear when the unexpected variation is zero or when all of the scatterplot's data points fall exactly on the regression line.

### 3.4.3 Regression analysis

The direction of movement is indicated by regression analysis, but the relative movement of the variables under investigation is not. We can determine the relative movement of the variables with the aid of regression analysis. analysis of regression for the subsequent variable.-, having undergone computation and interpretation.

Multiple regression analysis can be used to quantify and estimate econometrically the elements that influence satisfaction estimations. A statistical technique called multiple regression analysis makes it easier to estimate or forecast the value of the dependent variable based on the value of the independent variable. The dependent variable in this study is employee happiness, while the independent factors are commitment, reward and satisfaction, appreciation, fairness, and compensation. In multiple regression analysis, the standard error of estimate, multiple coefficient of determination, and least squares approaches are typically calculated for this purpose. The equation for multiple regression is

Model 1

$$SAT = a + b_1COM + b_2C + b_3A + b_4FE + b_4R + e_i$$

Where

a= Regression intercept

b's = Multiple regression coefficient.

SAT = Satisfaction

COM = Compensation

C= Commitment

A = Appreciation

F = Fairness

R = Reward

### 3.5 Research framework and definition of variables

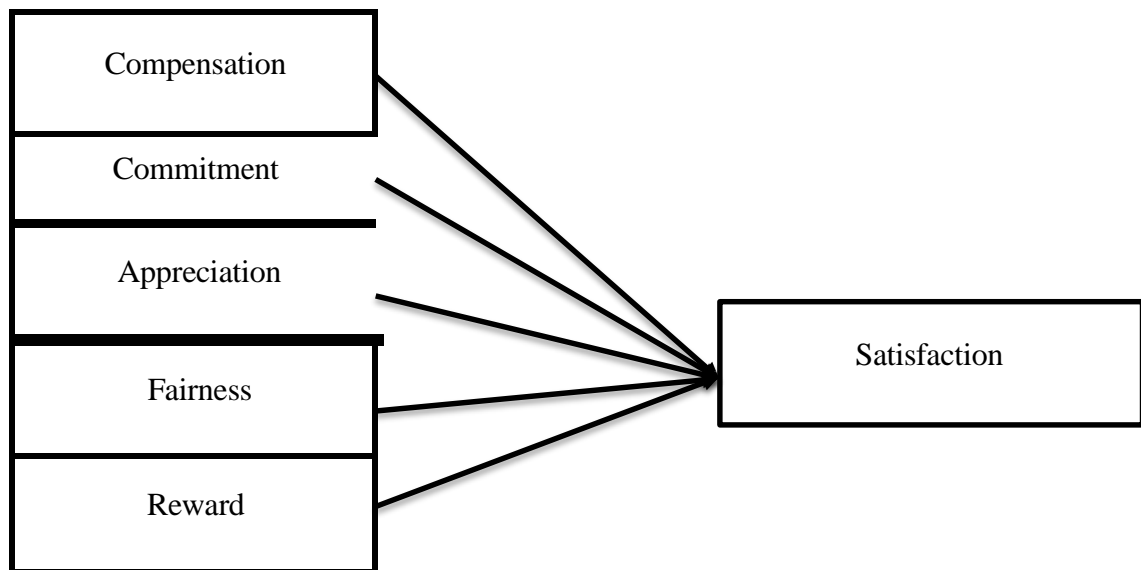


Figure1

*Research Framework*

*Source: Kalogiannidis (2021)*

#### **Definition of variables**

##### **Compensation**

Wages, commissions, bonuses, and salaries are all considered forms of compensation. The majority of quality workers are aware of their value and will not accept anything less, particularly when rivals are prepared to take advantage of their potential. Paying someone money in return for their services is sometimes referred to as compensation. Compensation in the workplace refers to what workers earn. Along with commission and any benefits or incentives associated with the employee's role, it also includes compensation or wages (Ali & Anwar, 2021).

##### **Commitment**

An emotional bond and contentment with empowerment within an organization are the hallmarks of employee loyalty. According to Carter, Hotchkiss, and Mohseni (2020), employee commitment is a connection that makes an employee desire to stay with the company and support it in achieving its goals.

**Appreciation**

Recognizing and praising an employee's contributions to the workplace, whether formally or informally, is known as employee appreciation. Employees are prone to lose motivation and enthusiasm in their work if they do not feel valued. Because of this, recognizing employees throughout the year is essential. Expressing gratitude at work can be as easy as expressing "thank you" for a job well done, finishing a project on time, or arriving at a meeting prepared and early (Walker & Kono, 2018).

**Fairness**

The attribute of treating others fairly or in a morally or rationally acceptable manner: He detested injustice and had a strong sense of justice. According to Adams' equity theory of motivation, people must believe that the compensation they receive for their efforts is just and comparable to that of their peers in order to be motivated (Yamin, 2020).

**Reward**

A reward is anything that you receive, for instance, for good behavior, hard effort, or community service delivery. The advantages that come from doing or possessing that thing are what it is (Yukongdi & Shrestha, 2023).

## CHAPTER – IV

### RESULTS AND DISCUSSION

The stages of observation and analysis are crucial to the research process. The process of tabulating and arranging the available data in a logical manner is called observation. In order to offer a corrective action, analysis is done to portray the financial facts in tabular or graphical form. In order to provide recommendations for corrective action, the current chapter will address the different facets of employee happiness and how it affects work-life balance.

#### 4.1 Demographic study of respondents

Table 2

*Demographics Characteristics of Respondents*

Respondent Character	No. of Responses	Percentage
Gender		
Male	136	34
Female	264	66
Total	400	100
Age		
Under 25	8	2
26-35	336	84
36-45	40	10
46-55	12	3
Over 55	4	1
Total	400	100
Present Position		
Manager	4	1
Officer	80	20
Worker	188	47
Other	128	32
Total	400	100
Earning Per Month		
Up to Rs.25000	12	3
Rs.25001- Rs.50000	64	16
Rs.50001- Rs.75000	280	70
Above Rs.75000	40	10
Above Rs.75000	4	1
Total	400	100

*Source:* Self Survey, 2024

Of the 400 responders, 34 percent were men and the remaining 66 percent were women. In total, there were 264 female responders and 136 male respondents. Eighty-four percent of the respondents were between the ages of 26 and 35, followed by those between the

ages of 36 and 45 (10.00 percent), 46 and 55 (3.00 percent), those under 25, (2.00 percent), and those over 55 (1 percent).

Regarding job title or designation, the majority of respondents (70.00 percent) were workers, followed by officers (16 percent), those with a different designation from the one listed (10.00 percent), and managers (3.00 percent). Most of the respondents make less than Rs. 50001-75000 a month (47.00 percent), followed by those who make more than Rs. 75000 (32.00 percent), Rs. 25001-50000 (20 percent), and less than Rs. 25,000 (1.00 percent).

## 4.2 Descriptive statistics

Brief informative coefficients known as descriptive statistics provide an overview of a specific data collection, which may be a sample of the population or a representation of the complete population. There are two types of descriptive statistics: measurements of variability (spread) and measures of central tendency. The mean, median, and mode are indicators of central tendency, whereas the standard deviation, variance, minimum and maximum variables, kurtosis, and skewness are indicators of variability.

Table 3

*Descriptive Statistics for Commitment (N=400)*

Particular	Min	Max	Mean	SD
Organization provides training by proper need assessment.	1.00	5.00	3.153	1.363
A training session is arranged to know my opinion on the basis of employee need.	1.00	5.00	3.347	1.323
Training has helped me in improving my overall required skills for work.	1.00	5.00	3.281	1.336
My trainer asks me to play a role providing me a problem situation during a training program.	1.00	5.00	3.152	1.279
My career goal is more in save due to my participation in the training program.	1.00	5.00	3.355	1.326

*Source:* SPSS Output

Descriptive statistics for each item and the commitment sub-factor as a whole are displayed in Table 3. The variables are measured using five statements. Every respondent

filled out a five-point Likert scale with their answers. With a standard deviation of 1.156, the total commitment mean is 2.724, which is less than 3. This demonstrates how successful commitment can lead to a work-life balance and contentment.

Table 4

*Descriptive Statistics of Reward (N=400)*

Particular	Min	Max	Mean	SD
Suggestion system acts as incentive for the employees in search of something useful to the organization.	1.00	5.00	2.963	1.238
Employees are given appraisal in order to motivate them to attend the training.	1.00	5.00	2.957	1.324
The incentive plans offer reduced turnover, reduced absenteeism, and reduced lost time.	1.00	5.00	2.612	1.009
The employees' performance is positive outcomes of reward benefits.	1.00	5.00	2.856	1.186
Incentive plans motivate employees for higher efficiency and productivity.	1.00	5.00	2.718	1.142

*Source:* SPSS Output

Descriptive data for each item and the reward income sub-factor as a whole are displayed in Table 4. The variables are measured using five statements. Every respondent filled out a five-point Likert scale with their answers. With a standard deviation of 1.180, the aggregate mean of training and incentive income is 2.821, which is not higher than 3 but nearly so. This demonstrates that effective reward income could be used to obtain compensation.

Table 5

*Descriptive Statistics of Satisfaction (N=400)*

Items	Min	Max	Mean	SD
I have a good deal of freedom in the performance of my daily task	1.00	5.00	3.22	1.327
I feel a sense of accomplishment in the type of work I do.	1.00	5.00	3.60	1.341
I have opportunity to use my real abilities and skills in the type of work I do	1.00	5.00	3.47	1.416
My work provides me with a sense of personal fulfillment.	1.00	5.00	3.17	1.223
My work is a significant contribution to the successful operation of the organization	1.00	5.00	3.17	1.541

*Source:* Survey, 2023

Descriptive statistics for each item and overall satisfaction are displayed in Table 5. The variables are measured using five statements. Every respondent filled out a five-point Likert scale with their answers. With a standard deviation of 1.369, the total mean of empowerment satisfaction is 3.326, which is higher than 3. This suggests that employee remuneration might be appropriate. Restitution via empowering satisfaction.

Table 6

*Descriptive Statistics of Appreciation (N=400)*

Items	Min	Max	Mean	SD
The rate of increase that occur on my salary tied to the results of the appraisal	1.00	5.00	3.18	1.349
I get praise and appreciation by my direct supervisor when I got my high evaluation result.	1.00	5.00	3.35	1.321
Evaluation process provides objective grounds to upgrade Employee	1.00	5.00	3.28	1.352
Reward offered by the bank help to improve the performance of staff	1.00	5.00	3.17	1.286
Appreciation and mutual respect create bonding between superiors and subordinates at work.	1.00	5.00	3.32	1.359

*Source:* Survey, 2023

Descriptive data for specific objects of appreciation are displayed in Table 6. The variables are measured using five statements. Every respondent filled out a five-point

Likert scale with their answers. With a standard deviation of 1.334, the total mean of appreciation is 3.26, which is higher than 3. This demonstrates how appreciation can lead to appropriate employee compensation.

Table 7

*Descriptive Statistics of Fairness (N=400)*

Particular	Min	Max	Mean	SD
Current performance appraisal is characterized by justice and can assess the employee to identify the strengths and weakness s/he has.	1.00	5.00	3.153	1.363
The current performance appraisal model measures the actual employees' capabilities.	1.00	5.00	3.347	1.323
Employees and their direct boss are informed about performance standards focusing on the appraisal outcomes and its objectives.	1.00	5.00	3.281	1.336
Various models are used to collect private information on employee performance appraisal.	1.00	5.00	3.152	1.279
Each level of administrative has specific and well known performance criteria for effective performance measurement.	1.00	5.00	3.355	1.326

*Source:* SPSS Output

Descriptive statistics for each component and the fairness sub-factor as a whole are displayed in Table 7. The variables are measured using five statements. Every respondent filled out a five-point Likert scale with their answers. With a standard deviation of 1.325, the overall fairness mean is 3.257, which is higher than 3. This demonstrates that effective fairness could be used to accomplish performance reviews.

Table 8

*Descriptive Statistics of Employee Compensation (N=400)*

Items	Min	Max	Mean	SD
Employees feel the importance of reward and rewards provided by the bank as a result of performance appraisal.	1.00	5.00	3.24	1.323
From my point of view salaries system and additional benefits are fair and it is pushing me to improve my performance appraisal	1.00	5.00	3.61	1.336
I see the 'end of service benefits' in the reward law is appropriate for all job categories securing their future thus motivating their performance.	1.00	5.00	3.49	1.407
Motivation to work depends on comparison of justified compensation between you and others.	1.00	5.00	3.17	1.215
Indirect compensation (health insurance, end of service benefits, etc.) increases the efficiency and improves their performance.	1.00	5.00	3.17	1.544

*Source:* Survey, 2023

Descriptive information regarding employee compensation are displayed in Table 8. The variables are measured using five statements. Every respondent filled out a five-point Likert scale with their answers. With a standard deviation of 1.365, the compensation factor's overall mean is 3.36, which is higher than 3. This indicates a solid return on investment.

#### 4.2.1 Descriptive statistics of variables

Table 9

*Descriptive Statistics of factors of Satisfaction (N=400)*

Variables	Min	Max	Mean	SD
Commitment	1.00	5.00	3.257	1.365
Reward	1.00	5.00	3.227	1.325
Compensation	1.00	5.00	3.326	1.337
Appreciation	1.00	5.00	3.260	1.369
Fairness	1.00	5.00	3.360	1.334

*Source:* SPSS Output

Descriptive data of investor satisfaction are displayed in Table 9. The variables are measured using the five compensating factors. Every factor provided an overall score on a five-point Likert scale. In terms of employee rewards and compensation, this demonstrates a satisfactory outcome.

#### 4.2.2 Correlation analysis

This part aims to accomplish research objective two, which is to investigate the connection between employee compensation, appreciation, empowerment satisfaction, commitment, and reward. There has been use of correlation.

Table 10

*Correlation between Dependent and Independent Variables*

Variables	Compensation	Commitment	Appreciation	Fair	Reward	Satisfaction
Compensation	1					
Commitment	.402**	1				
Appreciation	.250**	.446**	1			
Fairness	.272**	.345**	.505**	1		
Reward	.421**	.497**	.453**	.560**	1	
Satisfaction	.375**	.658**	.373**	.371**	.535**	1

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

\* . Correlation is significant at 0.05 level (2-Tailed).

Source: SPSS Output

There is a strong correlation between employee compensation and the effective elements. These variables have demonstrated a strong relationship with pleasure and reward. It was discovered that there was a high positive correlation between reward and appreciation ( $r = 0.453$ ) and between appreciation and commitment ( $r = 0.446$ ,  $0.000 < 0.05$ ).

### 4.2.3 Regression analysis

Table 11

#### *Model Summary of Satisfaction*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.765a	.585	.581	.42371

a. Predictors: (Constant), COM, RE, COMP, APP, Fair

Table 12

#### *ANOVA Table*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	99.843	4	24.961	139.035	.000b
	Residual	70.914	395	.180		
	Total	170.758	399			

a. Dependent Variable: Satisfaction

b. Predictors: (Constant), COM, RE, COMP, APP, Fair

Table 13

#### *Regression Coefficients*

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.082	.109		.754	.451
	Commitment	.095	.044	.080	2.154	.032
	Reward	.375	.048	.342	7.811	.000
	Compensation	.110	.039	.122	2.791	.006
	Appreciation	.376	.042	.393	9.028	.000
	Fairness	.437	0.018	.311	7.324	.000

a. Dependent Variable: Satisfaction

\*. The variable is statistically significantly at 0.05 level

Source: SPSS Output

The tested model is appropriate for additional investigation, according to Table 13 (F = 139.035; p-value <0.05). Furthermore, R-square shows that 58.50 percent of satisfaction

is explained by differences in the independent variables (fairness, empowerment, reward and compensation with commitment, and appreciation).

In a similar vein, Table 13 shows that commitment significantly and favorably affects satisfaction ( $\beta = 0.080$ ,  $P < 0.05$ ). This indicates that a one-unit increase in commitment results in a 0.095-unit rise in satisfaction. In a similar vein, satisfaction is positively and significantly impacted by reward, compensation, appreciation, and fairness. This means that for every unit increase in reward, compensation, appreciation, and fairness, satisfaction increases by 0.375, 0.110, and 0.376, respectively.

### **4.3 Discussion**

According to the overview above, the study's primary goal demonstrates how employee satisfaction determinants affect satisfaction. All of the statements that were grouped under different parts, such as "Commitment, Reward and satisfaction, Appreciation, Fairness and recompense," were accepted by the respondents. To put it another way, they feel that fair assessments of their abilities and work, along with associated incentives or both direct and indirect gratification, motivate them to increase their productivity. This indicates high satisfaction.

In a similar vein, the second goal illustrates how employee satisfaction and satisfaction-related elements (commitment, reward, remuneration, and appreciation) are related. There is a considerable correlation between employee satisfaction and successful biases. These biases have demonstrated a strong relationship between empowerment and rewards and pay. Empowerment and empowerment were found to have a highly positive correlation with employee satisfaction and pay, followed by reward and appreciation. According to the multiple correlation coefficient, five factors—commitment, compensation with empowerment, reward, appreciation, and fairness—account for a percentage of the variation in employee satisfaction. In contrast to the findings of Weeraratne (2018), the ANOVA for the regression model indicates that the association between the explanatory factors and employee satisfaction is statistically insignificant. This is in line with the findings of Fakai (2022) and Kellie (2018).

The impact of behavioral bias components (commitment, reward, remuneration, and appreciation) on employee satisfaction is finally shown by the third goal. Regression analysis of dependent and independent factors is displayed, and the R-square indicates that change in the independent variables (commitment, reward, compensation, and appreciation) accounts for 58.50 percent of employee satisfaction. Employee satisfaction is positively and significantly impacted by commitment. It implies that satisfaction rises when commitment rises by one unit. Similarly, contentment is positively and significantly impacted by reward, remuneration, recognition, and fairness; this means that if any of these factors increase by one unit, satisfaction will likewise rise. Although this study contradicts the findings of Dangol and Manandhar (2020) and Adil, Singh, and Ansari (2022), it is in line with the findings of Chhapra et al. (2018).

# **CHAPTER – V**

## **SUMMARY AND CONCLUSION**

### **5.1 Summary**

Assessing an employee's conduct toward certain tasks or assignments inside an organization is known as organizational performance. The purpose of performance evaluation is to determine how well or poorly a person carried out a certain activity or job. One of the several elements that affects an employee's performance on the job and, in turn, affects the performance of the business is motivation.

Analyzing the effects of dedication, incentive, equity, and appreciation on employee compensation is the goal of the study. For the investigation, a descriptive and informal research design was chosen. The population of the study consisted of all commercial banks. With just 400 respondents, the study employs primary data. Convenience sampling was used to select the study's sample. Quantitative data was collected from employees. Respondents' completed questionnaires were the primary source of data used in this investigation. A structured poll was disseminated by Facebook Messenger, Viber, and email using Google Docs.

Similarly, the study's independent variables were reward, commitment, recognition, fairness, and pay, while satisfaction was regarded as a dependent variable. Descriptive statistics, particularly regression analysis and correlation, are used in the study. To ascertain the link and influence of independent factors on dependent variables, regression and correlation studies are conducted using SPSS version 23.

### **5.2 Conclusion**

In conclusion, the purpose of this study was to ascertain whether there is a relationship between compensation and the percentage of monetary payment that they receive. Using the Minnesota Compensation Questionnaire to compare the rate of monetary satisfaction among general, extrinsic, and intrinsic employee job compensation, and this study discovered a statistically significant positive correlation between the two.

The findings of the study demonstrate a fundamental difference between the information about a worker and the information about an employee. The findings of this study

demonstrate that employee remuneration has no negative effect on an employee's motivation and satisfaction, but extrinsic factors such as monetary rewards may. Rather, this study demonstrates a positive correlation between employees' job satisfaction and their financial compensation. These findings suggest that higher levels of job compensation were linked to higher rates of monetary remuneration. Therefore, higher financial compensation might lead to better performance from employees.

There is a strong association between effective biases and employee satisfaction. Empowerment compensation and reward have shown a high correlation with these prejudices. The association between reward and appreciation was closely followed by the strong positive correlation between empowerment and compensation and satisfaction. Five factors—commitment, pay, incentive, recognition, and fairness—account for a percentage of the variation in employee satisfaction, according to the multiple correlation coefficient.

### **5.3 Implications**

The results of the study indicate that information about one employee or worker should not always be applied to the other since minor differences could lead a variable to apply differently to each group. The study's conclusions suggest that companies should consider an employee's rate of financial compensation when creating and maintaining a highly engaged and productive staff.

Despite banks' increased emphasis on financial rewards, non-financial perks should be considered equally important. It is advised that performance be the foundation for promotions and that creative, cutting-edge methods be employed to evaluate employees' work. Promotions ought to be perceived by staff members as equitable and fair. Furthermore, all appointments should be made on the basis of merit, there should be no more waiting for promotions, and there should be clear avenues for promotions. To provide clear career paths, banks should provide adequate training and educational possibilities. Both monetary and non-monetary rewards must to be offered in order to maintain employee satisfaction.

Banks should identify and capitalize on the actual skills of their employees. They should believe that the amount of labor expected of them is reasonable. If bank employees were allowed to choose how they want to complete their responsibilities and set their own hours, it would immensely gratify them.

Future research may examine other variables such as the employee's age, job title, length of service, and/or the inclusion of a qualitative component. Financial incentives are the only topic of this study. Future research can look at these two types of rewards and contrast them to see which is more important.

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# Questionnaire

Dear respondent,

I am conducting this questionnaire survey for an academic research as required by the MBS program. The title of my research is “**Satisfaction of Employees on Non-Financial Compensation in Nepalese Organizations**” I would like to state that this research is purely for an academic purpose and I am simply interested in your candid and honest opinion. I assure you that strict confidentiality will be maintained and the information furnished by you will be used only for the academic purpose.

Thanking for your Cooperation

Anju Sapkota

MBS student

Shanker Dev Campus, Kathmandu

Name (Optional).....

## Section A: Demography of respondents

1. Please select your gender

Male                       Female

2. Please select your age (in years)

Under 25       26-35       36-45       46-55       Over 55

4. Please select your job position

Manager                       Officer                       Worker                       Other

5. Earning Per Months

Up to Rs.25000       Rs250001 to 50000       Rs.50001 to 75000       above Rs.75001

**Ranking Likert Scale**

Strongly Agree – 5, Agree – 4, Neutral – 3, Disagree – 2 and Strongly Disagree - 1

**Commitment**

Statement	1	2	3	4	5
Organization provides training by proper need assessment.					
A training session is arranged to know my opinion on the basis of employee need.					
Training has helped me in improving my overall required skills for work.					
My trainer asks me to play a role providing me a problem situation during a training program.					
My career goal is more in save due to my participation in the training program.					

**Reward**

Particular	1	2	3	4	5
Monetary incentives have a favorable effect on worker motivation and output					
Employees are given appraisal in order to motivate them to attend the training.					
The reward plans offer reduced turnover, reduced absenteeism, and reduced lost time.					
The employees’ performance is positive outcomes of reward benefits.					
Incentive plans motivate employees for higher efficiency and productivity.					

## Appreciation

Particular	1	2	3	4	5
The rate of increase that occur on my salary tied to the results of the appraisal					
I get praise and appreciation by my direct supervisor when I got my high evaluation result.					
Evaluation process provides objective grounds to upgrade Employee					
Incentives offered by the bank help to improve the performance of staff					
Appreciation and mutual respect create bonding between superiors and subordinates at work.					

## Fairness

Particular	1	2	3	4	
Current performance appraisal is characterized by justice and can assess the employee to identify the strengths and weakness s/he has.					
The current performance appraisal model measures the actual employees' capabilities.					
Employees and their direct boss are informed about performance standards focusing on the appraisal outcomes and its objectives.					
Various models are used to collect private information on employee performance appraisal.					
Each level of administrative has specific and well known performance criteria for effective performance measurement.					

## Employees Compensation

Particular	1	2	3	4	5
Employees feel the importance of incentives and rewards provided by the bank as a result of performance appraisal.					
From my point of view salaries system and additional benefits are fair and it is pushing me to improve my performance appraisal					
I see the 'end of service benefits' in the incentives law is appropriate for all job categories securing their future thus motivating their performance.					
Motivation to work depends on comparison of justified compensation between you and others.					
Indirect compensation (health insurance, end of service benefits, etc.) increases the efficiency and improves their performance.					

**Employee Satisfaction**

Particular	1	2	3	4	5
I have a good deal of freedom in the performance of my daily task					
I feel a sense of accomplishment in the type of work I do.					
I have opportunity to use my real abilities and skills in the type of work I do					
My work provides me with a sense of personal fulfillment.					
My work is a significant contribution to the successful operation of the organization					

**Thank You**

# SATISFACTION OF EMPLOYEES ON NON-FINANCIAL COMP...

By: Anju Sapkota

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## paper text:

Abstract Employee compensation plays a crucial role in the dynamic between employees and employers, significantly influencing performance on both sides. Compensation impacts not only the motivation and satisfaction of employees but also the overall productivity and success of an organization. The primary aim of this study is to explore the relationship between monetary compensation and various aspects of job satisfaction— namely, general, extrinsic, and intrinsic satisfaction. To achieve this, the study employed a Convenience sampling method and utilized both descriptive and causal research designs. Analytical tools such as ANOVA, T-test, correlation, and regression were used to assess the data. The research was conducted among employees of commercial banks in the Kathmandu Valley, using questionnaires to measure the impact of compensation on employee satisfaction. In this study, employee compensation was treated as the dependent variable, while independent variables included commitment, reward, appreciation, and fairness. The findings revealed a