

**IMPACT OF REWARDS ON EMPLOYEE JOB SATISFACTION
IN NEPALESE COMMERCIAL BANKS: A COMPARATIVE
STUDY OF NIBL AND HBL**

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

by

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “Impact of Rewards on Employee Job Satisfaction in Nepalese Commercial Banks: A Comparative Study of NIBL and HBL.” The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purpose.

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.

Aastha Silwal

23-06-2021

REPORT OF RESEARCH COMMITTEE

Report of Research Committee

Ms. Aastha Silwal has defended research proposal entitled Impact of Rewards on Employee Job Satisfaction in Nepalese Commercial Banks: A Comparative Study of NIBL and HBL successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Prof.Dr. Arhan Sthapit and submit the thesis for evaluation and viva voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled “Impact of Rewards on Employee Job Satisfaction in Nepalese Commercial Banks: A Comparative Study of NIBL and HBL” presented by Ms. Aastha Silwal for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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LIST OF ABBREVIATIONS

ET	Equity Theory
FAQ	Frequently Asked Questions
GRP	Graduate Research Project
HBL	Himalayan Bank Limited
HR	Human Resource
JC	Job characteristics
MS	Microsoft
NIBL	Nepal Investment Bank Limited
SD	Standard Deviation
SPSS	Statistical Package for the Social Sciences
Std.	Standard Deviation

EXECUTIVE SUMMARY

The study focuses on to examine the impact of rewards on job satisfaction of employees of the Nepalese Banking sector. The study analyzes two rewards, i.e. intrinsic and extrinsic among banking employees that affects on their job satisfaction. Besides that, this study also aims to make the comparative study between Investment Bank and Himalayan Bank.

The study comprises descriptive, causal design and convenience sampling method. Closed-ended structured questionnaire with 43 statements in 5 point likert scale was used for the study. Questionnaire used were validated through cronbach's alpha and t-test. Sample population was employees working in middle and lower level; primary data has been collected by visiting different branches of two banks as well as through internet survey. The data collected from the survey has been analyzed using descriptive statistics as well as inferential statistics (mean, standard deviation, correlation and regression).

Two types of rewards, i.e., intrinsic and extrinsic have positive correlation with employee job satisfaction. Similarly, rewards enhance job satisfaction of employees. Besides that there is significant relationship between intrinsic rewards and job satisfaction in case of Investment Bank. There is no significant relationship between extrinsic rewards and job satisfaction. Likewise, in case of Himalayan Bank both the rewards, extrinsic and intrinsic have significant relationship with job satisfaction. In addition with that, study also concluded that intrinsic rewards influenced employees' job satisfaction than that of extrinsic rewards. Extrinsic rewards importance differs due to organizational payment policies but intrinsic rewards are important on every working environment.

The study could contribute to future research works conducted on rewards and job satisfaction. Understanding of rewards and job satisfaction can make strategic plan to retain competent employees. The study is helpful for organization to attract, retain and motivate efficient employees through taking into account these variables as important. This study will help organization to create policies formulation and employees rewards package for employees job satisfaction.

CHAPTER I

INTRODUCTION

1.1 Background

Rewards system helps to motivate employees, increase productivity and performance to achieve for strategic goals (Salah, 2016). Employee retention has become an important concern for business organizations. Rewards used to encourage employees, for generation of creative ideas, improvement of organizational financial and non-financial performance. Job satisfaction is one of the most important characteristics to be investigated. An organization will not run smoothly without the contribution of the employees, as the employees could lead the organization to a successful position in a highly competitive market. So, it is essential for all organizations how the satisfaction of the employees can affect work performance, which has a direct link to the overall organization performance.

Allen and Kilmann (2001) stated that alignment of the reward system with organizational strategy helps to determine organizational effectiveness. Organization which follow old model of compensation(with pay structures) is no longer effective in todays' business environment. Modern organization should align their reward system practices with organizational strategy in order to achieve higher level of performance at both the individual and organizational level. Prevailing performance of the employees can be improved by well- developed performance appraisal, reward and the bonus system. Rewarding program should influence the employees' performance in a positive way as expected by the employer.

Henderson (2003) pointed out that reward is a vital instrument in ensuring employee performance. A well rewarded employee feels valued by the person or people to whom is working for. Rewarded employees are encouraged to work harder and better. Organizations gained overall performance benefits from rewarded employees. Retention of competent employees in an organization is essential for creating organization value and competencies in market. Aktar, Sachu and Ali (2012) defined rewards as extrinsic and intrinsic rewards. Extrinsic rewards are provided by the

management as salary, promotion to motivate workers. Similarly, intrinsic rewards are satisfaction gained through work.

Armstrong (2010) identified that effective reward management with good reward packages helps to attract and retain employees. Organization should understand the needs, expectations and desires of employees and offer those rewards which leads to satisfaction of the employees. Rewards come as job involvement, participation in decision making, job autonomy, task significance and recognition.

Nnaji and Egbunike (2015) defined job satisfaction as the integrated set of psychological, physiological and environmental conditions that encourage employees to admit satisfaction towards job. Further, the role of employees at workplace is emphasized as there is an influence of various elements on an employee within the organization. Organization cannot afford dissatisfied employees as performance would not be up to the standards or the expectations of supervisor, will be fired, resulting firms to bear additional costs for recruiting new staff. So, it is beneficial for firms to provide a flexible working environment to employees where employee opinions are valued. Kleemann and Matuschek (2002) concluded that specific features of work, such as autonomy, would impact on job satisfaction. Job characteristics and rewards system affects on employee attitudes on frequency of absenteeism and intention to leave the organization.

1.2 Statement of the problem

Job satisfaction is affected by various contextual factors like working environment, relationship with supervisor and peers, corporate culture, job involvement, salary, fringe benefits. Employee job satisfaction has become a concern for many organization. Likewise, issues of employee retention and turnover is increasing in banking industry. Banking sector has to cope up with new technology, increasing customer demand, for this valuable skilled workforce is needed. Similarly, every organization has responsibility for satisfying workforce in to sustain the market share. (Salah, 2016) stated that financial (extrinsic) and non-financial (intrinsic) rewards can be used positively to enhance employee job satisfaction. Every organization has a responsibility for keeping workforce satisfied while sustaining the market share. Employee expects to get satisfaction from workplace. Satisfaction in the life of an

individual employee depends upon the comfort of the job. The desire to connect to the job can have several reasons, such as the choice of the work, co-workers, salaries, job security, or superiors.

Kleemann and Matuschek (2002) depicted that employees' reward on the basis of contribution gave high job satisfaction. Factors like fringe benefits and employees recognition are important for job satisfaction. Some employees give importance to specific rewards and other attach to different rewards. Organization need to understand the needs, expectations and desires of employees and offer those rewards which leads to satisfaction of the employees. A reward is a mechanism to create value towards organization. Employee compare effort and contribution in return organization gave.

Literature depicts that more of such studies related to money attitudes have been carried out in Asian countries. Nepal, being one of the developing countries, organization have to face problems of absenteeism, gap between expected performance and actual performance, higher employee turnover and difficult to keep competent employees. Different institutions have to face different issues related to job satisfaction. In Nepal most of the public and private enterprises are failed because of the inefficient management. There is a high turnover ratio in banking sector in comparison to the other sectors. Corporate movement can be the better opportunities for employees but at the same time, this is a great threat to the organization. There are no much investigations are made till about the inefficiency and poor productivity of employees in this sector. Though the problems for poor job satisfaction are identified and analyzed but devices to prevent the employee's dissatisfaction are not adopted. Rewards as a major determinant of job satisfaction, so it is important to know the impact of rewards on job satisfaction. In addition, banking sector has to face problems regarding job satisfaction.

In Nepalese context few researchers have incorporated about rewards and job satisfaction. Hence, the study mainly deals with following issues:

- Does intrinsic rewards affect employees' job satisfaction?
- Does extrinsic rewards affect employees' job satisfaction?
- Is employee make differences between intrinsic and extrinsic rewards?

- Does different working environment affect in prioritizing intrinsic and extrinsic rewards?

1.3 Objectives of the study

The main objective of the study is to examine impact of the rewards on employee job satisfaction in Nepal Investment Bank Ltd. and Himalayan Bank Ltd with the inter-bank comparison. To achieve the main objective, the following specific objectives have been formulated:

- To examine the impact of intrinsic and extrinsic rewards on employee job satisfaction in Nepal Investment Bank Ltd. and Himalayan Bank Ltd, and
- To compare the impact of rewards on employee job satisfaction in Nepal Investment Bank Ltd. and Himalayan Bank Ltd

1.4 Research hypothesis

The hypothesis of the study is based on the objectives of the study and the research questions. The following hypothesis has been formulated by reviewing different past literature on impact of rewards on job satisfaction conducted in different countries.

Researchers have conducted a survey to study the relationship between intrinsic rewards and job satisfaction. Adeoti and Isiaka (2006) found that intrinsic rewards such as responsibility, personal growth, recognition, achievement and autonomy leads to better performance and proper feedback and encouragements make jobs more meaningful. Igbaria, Parasuraman, and Badawy (1994) provided evidence that job involvement was highly related to career growth, job satisfaction, and personal commitment towards performing task. Task significance, autonomy and feedback motivated for positive attitude towards work and higher job satisfaction (Katz, 1978).

H1: There is a positive and significant relationship between intrinsic rewards and job satisfaction

Similarly, Riasat, Aslam and Nisar (2016) revealed that there is a significant relationship between extrinsic rewards and work satisfaction. Organization should focus on extrinsic rewards, which a most important factors for job satisfaction and better performance. Salary should be sufficient and reasonable. Medical allowances and promotion packages should also be provided along with salary as extrinsic rewards show big impaction on employee satisfaction. Henderson (2006) concluded

that the extrinsic rewards are highly influential to an employee as it a prime factor for advancement and recognition. Extrinsic rewards are straightforward and are based on employees target or projects or performance reviews. An extrinsic reward is important to motivate employee to meet a specific goal for the short term.

H2: There is a positive and significant relationship between extrinsic rewards and job satisfaction

1.5 Significance of the study

The study examines the impact of rewards on job satisfaction in the context of the Nepalese banking sector. The study is based on two rewards, i.e. extrinsic and intrinsic rewards. In Nepalese Subedi and Chaudhary (2014) conducted a survey of 300 government employees. The study identified that civil servants have low level of job satisfaction in matter of salary and facilities but have average level of satisfaction in intrinsic rewards like promotion, work opportunities, supervisor relationship. For government officials, satisfactions with job have strong implication for upgrading the quality of government services and have a direct impact on the quality of services given to the citizen. Job satisfaction is an internal factor that is considered as an emotional adaptation with jobs and employment conditions. Organization should keep the balance between extrinsic and intrinsic rewards for better employee performance. Job dissatisfaction has become emerging issue in Nepalese job market. Both financial and non-financial rewards should be identified to analyze the effect on job satisfaction.

Rehman and Lashari (2010) revealed that job rewards are a strong determinant of job satisfaction. Job satisfaction is related to extrinsic rewards for employees than intrinsic rewards. The study was conducted among the staff of public sector. The government organization provides attractive fringe benefits, pension plans for retired workers. Government organization has competencies of retirement plan than that of private organization. Employee belong with government organization are more satisfied than that of private organization. The issues of employee absenteeism and turnover is higher in private organization than that of government organization. Similarly, age differences have a moderating effect on job satisfaction as it increases with age.

The findings of the study identified the level of employee satisfaction and impact of rewards on employees. This helps to find out policies of reward management and improve on rewards currently given to employees. Banking sector can identify the gap between management and employee problems. The findings of the study helps banking sector about the key challenges about employee reward process and analyze the perception of employees on reward system of management. The study of job satisfaction has been conducted in various sectors. But there is lack of research conducted in banking sector. Organization working environment, salaries paid and incentives offered are different at different level and level of job satisfaction is also different. This study intends to fulfill the gap in the literature and contributes for futher study. It also helps the researcher to improve academic competence.

1.6 Limitations of the study

- The survey was based on only a limited sample size, i.e. only employees of bank.
- There can be other socio-demographic factors affecting relationship between rewards and job satisfaction.
- Respondents may have been biased in providing the information.

1.7 Outline of report

There is preliminary section of consists of title page, certification, and declaration of authenticity, acknowledgement and table of contents, list of tables, list of figures, abbreviations used and executive summary.

This study is organized into five main parts and they are as follows:

Introduction

The first chapter deals with the general background of the study. It includes introduction of the topic, statement of problem, objectives of the study, significance of the study, research hypothesis and limitations of the study and outline of the report. It provides insight into the entire study.

Literature review

The second chapter deals with the review of past literature that applies to the research objective and problem of the study. It includes study of various Nepalese and

international literatures related to the current study. It includes the summary of findings of the study and after the literature review, research gap is found out and conceptual framework for the study is constructed.

Research methods

The third chapter deals with the methodological aspects applied in this study. It includes the research design, population size, sampling size, sampling method, nature and source of data, instrumentation, methods of data collection to the data analysis and its presentation in a following chapter.

Analysis and results

The fourth chapter presents the analysis of data analyzed using various statistical tools and techniques. It tries to explain the relationship between factors and presents the result in the form of tables. The last part of this chapter presents the major findings from the analysis of data. The variables are measured in order to identify the relationship and similarly the hypotheses are tested. The analysis and result part was later on interpreted to solve the research objective and problems.

Discussion, conclusion and implications

The fifth chapter includes the discussion, conclusion, and implications of the study. It summarizes the research findings of the study and appropriate implications are presented based on the conclusions of the study. The last part of this chapter presents the limitations and recommendation for the future research. This chapter provides the overall insight into the results.

CHAPTER II

RELATED LITERATURE AND THEORETICAL FRAMEWORK

In this chapter, past literature of different authors in different countries are reviewed to develop theoretical framework consisting of independent, dependent and moderating variables. The conceptual framework of money attitude scales is explained in first section. Then, former studies are presented and elaborated with respect to the topic of this research.

2.1 Reward

Reward is positive outcomes that are earned as a result of employees' performance and are aligned with organizational goals (Salah, 2016). Rewards and their influence on organization have become an important concern. Adams (1965) explained that both financial and psychological rewards were related with job satisfaction. Individual compared their input-output ratio that reflects rewards received in return from the work and compare those rewards for identification of satisfaction from that job. In any organization, an employee wanted to feel that their contributions and work performance are being rewarded. Employees felt de-motivated when unpaid. De-motivated employees influence their co-workers which lead to higher turnover. Researchers have identified theories on individual behavior towards rewards and factors affecting job satisfaction.

2.1.1 Affective event theory

Thompson and Phua (2012) developed affective event theory to explain how employee's internal influences such as cognitions, mental states and emotions are related to the stimuli and the reactions to several incidents that occur in work significantly affect the performance and job satisfaction of an employee.

The employee's expectations towards organization were analyzed and the expectation could be degree of autonomy, the outcome of labor or other facet of work. Employee's level of satisfaction is determined through expectation and working environment.

2.1.2 Equity theory

Berscheid and Walster (1973) equity theory explained how an individual perceived fairness in regard to social relationships. The study identified that the amount of input gained from a relationship is compared to the output during a social exchange, as well as effort of other party is analyzed.

Adams (1965) theory suggested that an employee is more likely to be stressed or dissatisfied if there is a social inequity between two social group or individual because of difference in input and output of effort. Equity theory analyzed difference in payment is the cause of concern in most of organizations. Adams (1963) studied that inequality in organization causes stress or tension and to reduce employees might react in different way than expected organizational outcomes.

2.1.3 Job characteristics theory

Hackman and Oldham (1976), Jackson (2009) and Dugguh (2008) proposed a framework to study how job outcomes and satisfaction is affected by job characteristics. Job characteristics that can highly influence job outcomes are skill variety (the degree 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), task identity (the degree to which the job requires completion of a whole and identifiable piece of work which involves doing a job from start to end with a visible outcome), task significance (the degree to which the job has substantial impact on the lives or work of people in other departments of an organization or in the external environment), job autonomy (the degree to which the job gives the employee substantial freedom, independence and discretion in scheduling the work and in determining the procedures to be used in carrying it out) and job feedback (the degree to which carrying out the work activities required by the job results in the individual obtaining direct and clear information on the results of performance).

The core job characteristics impact three critical psychological states – experienced meaningfulness, experienced responsibility for outcomes of the work and knowledge of actual result. The critical psychological states deeply influence work outcomes such as absenteeism, work motivation, job satisfaction and performance. The theory also suggests that every individual does not impact in same way but an individual

which show strong desire to achieve a sense of professional and psychological achievement is highly affected.

Armstrong (2010) defined reward as major factors to influence the exchange relationship between employer and employee. An employer could implement reward system as a tool to attract and retain the best qualified employees by guiding their performance and behavior (Bellenger, Wilcox, & Ingram, 1984). An employee could take rewards as an outcome of their dedication, performance and behavior, keeping them motivated and satisfied. The study highlighted the importance of rewards on its impact on employees' attitude and behavior. Henderson (2003) defined rewards as a valued financial, materialistic or psychological outcomes received from an employer in exchange for an employee's hard work, performance and contribution. An alternative reward system should an organization introduced along with financial rewards.

Aktar, Sachu and Ali (2012) stated that effective reward management deals with setting process, policies and strategies. An organizational goal was achieved by enhancing productivity and performance of every individual employee. Financial rewards as well as non-financial rewards like training, recognition, increased job responsibility to achieve strategic goals besides employee benefits and proper pay. Rewards could encourage employee to put best efforts to generate newer ideas and hence, organizations can gain better from overall increased performance of rewarded employees.

Nnaji and Egbunike (2015) examined that organizational goal helps to employees' shape attitude and behavior. A specific organizational goal helps in designing rewards system. Organization should create balance between the employee's contribution to the organization and the organization's contribution to the employee. Organization need to motivate employee on individual and group level (Pratheepkanth, 2011). Balance between individual and group level could be maintained through reward system within organization.

An organizational strategic goal can be achieved through motivating people with knowledge, skill and abilities as per requirement of the organization (Allen & Kilmann, 2001). Reward system should be developed to ensure the employee align

with the firm's strategy and motivated to meet organizational targets. Rewards directly affect individual attention and helped to promote productivity, flexibility, commitment and development of an individual (Howard, Larry, & Dougherty, 2004) Reward systems should be linked to activities, attitudes, dedications and achievements of employee to support organization's strategic direction. Intrinsic and extrinsic rewards help to improve human resource performance within organization (Kerrin & Oliver, 2002). Monetary and non-monetary rewards were organized by an organization for contribution of quality effort by an employee.

Organizational strategies for reward management helped to attract encourage and retain competent, qualified and skilled employee (Galbraith, 1973). The reward management system depends on an organization's policies and implications. The firm's strategic goal and its achievement through participation, performance, commitment, behavior and skills of an employee determine rewards. Retention and motivation of skilled manpower helped in achieving organizational goal and developed good working environment and culture. Extrinsic rewards such as promotions and future growth opportunities, flexible working environment, participation in decision making, trainings and proper valuations motivate employee's more than intrinsic rewards (Goodale, Koerner, & Rooney, 1997). Organizations should not confine only to monetary forms.

2.2 Intrinsic rewards

Herzberg, Frederick and Wernimont (1966) stated that intrinsic rewards were associated with doing the job. An intrinsic reward was derivations of challenges and opportunities of the task, rendering a platform to use individual skills and creativities depicting responsibility of the task bearer. Intrinsic rewards were analyzed from content of the task itself and were self-directed.

Intrinsic rewards are intangible psychological rewards that include appreciation, positive attitude, and sense of achievement, individual recognition and personal growth. Intrinsic rewards encompass motivational virtues of the job such as training, job rotation, clarity in autonomy role and are basically derived from the content of the job itself (Gomez & DB, 1992).

Intrinsic rewards in an organization are achievement, variety, challenge, autonomy, responsibility, personal and professional growth, job recognition, appraisal from superiors and co-workers, status and feelings of self-esteem (Mahaney & Lederer, 2006). An organizational strategic goal can be achieved when the employees are self-motivated. Honig and Martin (1993) identified that intrinsic rewards increased self-esteem and accomplishment. Quality results are expected when employees felt pride on works and are directed in achieving goals. The success of the team depends on individual efforts through collaborative approach, rewards and challenges of the job should motivate to achieve the goal.

Skinner (1953) proposed reinforcement theory which explained that behavior and attitude of individual is driven by specific circumstances. Intrinsically motivated employee's work outcomes do not depend on external stimulus, pressure or temptation but rather performed for some sort of contest entailed. The study analyzed three intrinsic rewards task autonomy, task significance and task involvement which showed positive significant correlation with job satisfaction (Clifford, 1985). Task autonomy is the degree of freedom to perform task whereas task significance is defined as the degree of significance of the task as a contribution to work process. Task involvement refers the challenges and interests of task.

Rehman and Lashari (2010) studied various forms intrinsic and extrinsic rewards and their association with employee job satisfaction in electric supply company. The study concluded that task autonomy, task significance and task involvement had highly significant positive relationship with employee job satisfaction. In organization various rewards such as monetary, non-monetary and psychological rewards are provided for employee satisfaction and for higher retention.

Sara, Rein, Ronald, Ralf, Cindy and Marc (2006) found that recognition had affirmative relationship with job satisfaction. If employee's efforts were well recognized and encouraged, the tendency of an employee to be satisfied from the job increases. More autonomy, identity, responsibility, variety and involvement increased the degree of job satisfaction (Decarlo & Agarwal, 1999). Nguyen, Taylor, and Bradley (2003) provided the evidences of correlation of job autonomy and employee satisfaction. The degree of job satisfaction was high in more autonomous job environment. Rebecca (2006) studied relationship between recognition and job

satisfaction in teachers. The employee would be more satisfied if recognition was offered timely from higher management levels. There is positive relationship between recognition or praise and job satisfaction.

Rewards are important for better job performance and satisfaction. If an organization checks the balance between intrinsic and extrinsic rewards, it leads to higher performance and satisfaction. Adeoti and Isiaka (2006) found that intrinsic rewards such as responsibility, personal growth, recognition, achievement and autonomy leads to better performance and proper feedback and encouragements make jobs more meaningful. Igbaria, Parasuraman, and Badawy (1994) provided evidence that job involvement was highly related to career growth, job satisfaction and personal commitment towards performing task. Task significance, autonomy and feedback motivated for positive attitude towards work and higher job satisfaction (Katz, 1978).

Chelladurai (2006) defined autonomy as the degree of substantial freedom and the degree to which the job has substantial impact on the lives of people. Workineh and Shimels (2010) conducted study at educational sector on different job rewards like recognition, involvement in decision making, autonomy at work, opportunities to learn new things through education, salary and incentive and job security. The study found that if reward system is not effectively designed, it can lead to high dissatisfaction of the employees.

Task autonomy

Task autonomy is the extent to which employees have authority in scheduling work and deciding on procedures to be followed (Decarlo & Agarwal, 1999). The work outcome under control of employees and job provides substantial freedom. Baard, Deci and Ryan (2004) suggested that the employees of managerial level prefer autonomous environment for job satisfaction. Jenaibi (2010) suggested that autonomy and empowerment at a work place increased the satisfaction level. Karim and Garrett (2005) suggested that more autonomy increase the satisfaction of employee. Lather and Jain (2005) explained that autonomy in the work is positively related to job satisfaction. Sims, Szilagy, and Mckemey (1976) defined job autonomy as the extent to which workers are allowed freedom in the work place, independence when performing their job task and duties. If work has greater autonomy, the chances of satisfied employee increase.

Task significance

Task significance is an employee's contribution to the organization. Task significance is the degree to which the job has an impact on the lives or work of other people within or outside. Task significance significantly contributes the purpose and value of work (Mottaz, 1985). Chelladurai (2006) defined task significance as the degree to which the job has substantial impact on the lives of other people. Rehman and Lashari (2010) concluded that there is positive relationship between task significance and job satisfaction. Feeling of significant contribution in work increases positive attitude, self-motivation and job satisfaction.

Task involvement

Task involvement is a process of employee participation in managerial decision making and other activities appropriate to their levels in the organization (Davis & Cherns, 1975). Job involvement of an employee in work place, attitude and commitment towards performing task are outcomes of internal career. Job involvement enhances employee's personal development and career growth. Barker, Gadzirayi and Chimanikire (2007) suggested high involvement and feedback culture increases satisfaction levels of employee in any organization. Hackett, Lapierre and Hausdorf (2001) argued that task involvement had significant role to satisfy employee. Kraig (2003) examined positive relationship with job performance which enhanced productivity and improved performance of an organization.

2.3 Extrinsic rewards

Extrinsic rewards could either be in monetary form or form of promotions received by employee (Munir, 2016). Extrinsic rewards are an outcome of work recognition of an employee (Nzelum, 2019). Salary, bonus, incentive and promotions are most common forms of extrinsic rewards. Rewards increase the level of efficiency and performance of employees to increase the success of an organization. Kilimo (2016) stated that extrinsic rewards are result from the work, mainly consisting of elements like salary, job security, additional monetary benefits, promotions, private office or space. Extrinsic rewards are tangible form of rewards given by the management to their employee on regular basis (Ndungu, 2017).

Extrinsic rewards affected employee job performance and satisfaction. Ozutku (2012) found that extrinsic rewards exhibit affirmative impact on employee performance.

Riasat, Aslam and Nisar (2016) revealed that there is significant relationship between extrinsic rewards and work performance. Both intrinsic and extrinsic rewards are important for high job performance, job satisfaction and strategic success of an organization. Organization should focus on extrinsic rewards which a most important factors for job satisfaction and better performance. Salary should be sufficient and reasonable. Medical allowances and promotion packages should also be provided along with salary as extrinsic rewards show big impact on employee satisfaction.

Pay and salaries

Nick (2010) studied the relationship between pay factors and employee satisfaction. The study was focused on relationship between employee motivation and satisfaction with that of pay system. The result of the study concluded that the reward system and job satisfaction are directly proportional. The study also found that characters like self-efficacy, locus of control and risk aversion didn't affect preference regarding tangible or non-tangible rewards, skill based pay or job based pay and rigid benefits or flexible benefits. Cotterell (2013) studied relationship between extrinsic rewards and employee turnover reduction. The main objective of this study was to develop a strategy to distribute rewards and compensation to retain skilled workforce. The findings of study showed that lack of extrinsic motivation like pay inequality created high employee turnover rate. Improvement in extrinsic reward system, compensation and motivation also increased job satisfaction. Pay is an imperative factor for job satisfaction. Different organizations adopt different system of payment. The employee with different pay wages exhibits different job satisfaction and thus enlightens various determinants of job satisfaction amongst workers that exist in low and high wages across the world (Daniel & Hamermesh, 2004). Employee with low pay has low level of satisfaction whereas employee with high pay has high level of satisfaction.

Promotion

Promotion is defined as the internal mobility within the company by changing position vertically. Edward and Lazear (1986) defined promotion as the movement of an employee upward in the hierarchy of the organization that leads to enhancement of responsibility and rank. There is a positive and direct linkage between job satisfaction and promotional opportunities (Pouliakas, McCausland, & Theodossiou, 2005). The vital mobility of workers and experience of works has positive reliance on promotional opportunities. Organization estimate impact of promotion on employee

satisfaction by concentrating on promotional opportunities. Employees who have been promoted feel more satisfied and work in higher expectations for future promotions (Paarsch, Harry, & Shearer, 2000). Employees felt tedious and monotonous by holding same position and performing same task.

Promotions bring higher payment and better status, as well as the feeling of motivation for hard work and loyalty (Prasad, 2010). Armstrong and Taylor (2014) explained that the objective of organization to retain skilled workforce for longer time period and to create stability in an organization can be achieved through a policy of internal promotion. Various organization use promotion on merit to motivate workers.

Fringe benefits

Fringe benefits impact job satisfaction and are an important component of worker compensation. Fringe benefits are valuable substitute for wages. In an organization employees have strong preference for fringe benefits. Organization used fringe benefits to decrease turnover like that of wages (Dale, 2006). Employees considered fringe benefit important for job satisfaction. Fringe benefits are more important to determine job satisfaction of particular group.

Crane (1979) defined fringe benefits as forms of supplementary compensation that provide mutual advantages to both the employers and employees in terms of increased productivity, job satisfaction and improved standard of living. Fringe benefits stand as important aspect of worker compensation packages but are ignored in organization. The researchers have not highlighted importance of fringe benefits in organization in various studies.

Bonus and pensions

Pensions act as predominant factor for fringe benefit provision for job satisfaction. Temporary employees' don't have fixed wages, nor retirement pension or payments at the end of working contract. Work satisfaction is very low in temporary workers than permanent workers. Fixed salaries, pension, allowances, paid leave and end of contract payment creates significant differences in satisfaction in those who received compared to ones who don't receive.

2.4 Job satisfaction

Brief and Weiss (2002) defined job satisfaction as a sensation that employees have about their work environment and their expectations towards work. Employees have certain expectations, needs from the job along with certain responsibilities. Employees are satisfied after fulfillment of desires. Davis and Nestrom(1985) explained that job satisfaction have close linkage with an individual's behavior and performance in the work place. Job satisfaction is a key component leading to recognition, income, and promotion and achieving goals that lead to feeling of fulfillment (Kaliski, 2007). Job satisfaction represents a feeling that appears as a result of the perception that the job fulfills psychological and materialistic needs.

Monetary compensation such as pay, promotion, incentive and bonus are equivalently important as non-monetary compensation for job satisfaction (Furham, Eracleous, & Chamorro, 2009). Smith (1997) defined the job satisfaction as the level to which an individual has a positive attitude towards job, either in general or towards a specific dimension. An employee satisfaction resulted high retention in organization (Spector, 1997).

Sarwar and Abugre (2013) claimed that an employee is more loyal and dedicated towards an organization if the employee has more job satisfaction. Job dissatisfaction occurs as a result of less pay and low incentives. Chew (2005) and Pare and Trembley (2007) revealed that public sector managers were more job security oriented rather economic rewards. Bjorkman and Budhwar (2007) examined that public sector employees were intrinsically motivated by intrinsic rewards in comparison to private sector employees who gave more importance on extrinsic rewards motivation to be extrinsically motivated. Vandenberghe and Trembley (2008) found that reward is significantly related to job satisfaction across occupational status group. Zaini, Nilufar and Syed (2009) proposed that private sector employees are motivated by extrinsic rewards whereas public sector employees are motivated by intrinsic rewards. Ramlall (2004) argued that private sector managers place greater value on economic rewards than public sector managers who are more job security oriented. However, both monetary compensation and benefits alongside non-monetary rewards are important variables for job satisfaction in both sectors.

Job satisfaction is significantly determined by number of factors. Okpara(2002) stated factors such as pay, work environment, supervision, relationship with co-workers and opportunities for promotion determine job satisfaction. Job satisfaction is a result of an evaluation of the job's characteristics.

Robbins (2003) identified four main primary factors that determine job satisfaction, such as rewards, supportive work environment, work challenges and supportive colleagues. Kleemann and Matuschek (2002) depicted that employees reward on basis of contribution gave high job satisfaction. Factors like fringe benefits and employees recognition are important for job satisfaction.

Amabile, Hill, Hennessey and Tighe (1994) concluded that employee job satisfaction guided through rewards and rewards increased work engagement. Organizations have created a balance between the performance of the employees and job commitment. Rewards and motivation are two main factors for job satisfaction (Ali & Ahmed, 2009). Variations in rewards and recognition bring positive changes in attitude of an employee and satisfaction from work. Rewards are directly correlated to self-motivation and high job satisfaction. Job satisfaction was significant determiner of professional behavior and predictor of turnover, absenteeism and leaves (Elangovan, 2001).

Both intrinsic and extrinsic rewards are crucial for job satisfaction, employee motivation and attainment of goals of an organization. The other factors beside monetary payment are healthy environment to work, work recognition, non-repetitive and tedious work culture (Shanks, 2007). The balance between extrinsic and intrinsic motivators is of utmost importance for job satisfaction.

Akintoye (2000) stated money as a significant motivating factor for employee satisfaction as much as it also symbolizes intangible goals like power, prestige, security, success and a feeling of accomplishment. Dartey (2010) contended that if an employee gets accredited by supervisors and colleagues for work and opinions are valued, such employees are satisfied with jobs and are more committed. Flynn (1998) stated that rewards and recognition programs develop a relationship between individual performance and self-motivation of employees, increase morale and keep high spirits. The fundamental objective of programs is to define a system to associate performance with rewards and compensate employee's performance which ultimately

leads to job satisfaction. An unexpected increase in recognition, pay and praise will ultimately lead to the increase in the level of motivation of an employee (Motta, 1995).

2.5 Review of related previous studies

Rehman and Lashari (2010) examined the impact of intrinsic rewards and extrinsic rewards on employee job satisfaction and performance. Data were collected from 84 full time employees. Intrinsic motivators such as task autonomy, task significance and task involvement, and extrinsic rewards such as social rewards, organizational rewards have a significant relationship with job satisfaction. The study identified that Public organizations had attractive pension plans, fringe benefits for retired workers. Public organization workers were more satisfied with intrinsic rewards than extrinsic rewards. Similarly, private organization workers were more satisfied with extrinsic rewards than intrinsic rewards. The study concluded that category of organization and beneficiary plans defined employees' level of satisfaction.

Farzana, Sobia and Qasim (2016) studied the relationship between intrinsic and extrinsic rewards on employee job satisfaction and performance. Data was collected from employees of private and civil hospitals in Malaysia by simple random sampling and different methods like structural equation modeling and correlation were used to analyze the results. Extrinsic and intrinsic rewards have positive and significant relationship with employees' performance, motivation and satisfaction. The study found out that both monetary and non-monetary rewards have significant and positive relationship with employee's job performance. An organization was able to retain and exercise more skilled manpower through reward system because satisfied employees are more attached and devoted to organization as compared to other employees.

Subedi and Chaudhary (2014) explored the role of extrinsic factors, intrinsic factors and social factors on job satisfaction. The study was carried out among 300 government employees of Nepal. Extrinsic factors such as salary, performance bonuses, opportunities and fringe benefits provided to government employee but more satisfied with intrinsic factors like recognition, achievement, responsibilities and growth. Social factors such as stable jobs and security also has significant role in job satisfaction. The study concluded that intrinsic rewards have significant affect on job satisfaction than that of extrinsic rewards among the government employees.

Clifford (1985) studied the impact of different independent intrinsic task rewards, extrinsic social rewards and extrinsic organizational rewards on work satisfaction. Data was collected from 1385 workers by simple random or stratified random sampling methods. Various methods like mean, standard deviations, multiple regression and correlation were used to study and analyze the results. The study found that work satisfaction has strong correlation with intrinsic rewards than extrinsic rewards. In lower level occupations, extrinsic organizational rewards were important determinant of satisfaction. The result of the study showed that intrinsic rewards such as recognition, responsibilities and recreational working environment increased work satisfaction among employees.

Khawaja and Anwar (2012) investigated the relationship between rewards, motivation and job satisfaction. Data from a sample of total of 568 employees from different public and private banks of Saudi Arabia was collected and analyzed by correlation and regression method. The study found that both intrinsic and extrinsic rewards have positive effect on job satisfaction but employees of banking sector in Saudi Arabia gave more importance to monetary rewards rather than non-monetary one. The degree of relationship between rewards, motivation and satisfaction was strong. However, good pay, bonus, better incentive programs, financial security were more preferences compared to intrinsic factors like responsibilities, achievements and creative working environment. The employees in economic field preferred more tangible rewards compared to better working ambience.

Edirisooriya (2014) identified how extrinsic rewards and intrinsic rewards impact employee performance of any organization. Data were collected from 1075 employee and methods of correlation, mean and standard deviation were used to analyze the results. The study found out that both intrinsic and extrinsic rewards were inevitable part of job performance. The study concluded that an organization management should develop unique and transparent reward system strategy to attain sustainable competitive advantage. Employees' job performance should be acknowledged and encouraged for better job performance.

Khan, Shahid, Nawab and Wali (2013) conducted a study among 165 banking employees from different government and non-government banks in Pakistan. The study showed relationship between job performance and both intrinsic and extrinsic

rewards. The result of study identified that both intrinsic and extrinsic rewards have significant positive correlation with employee performance. Reward system incorporated by HR helped to motivate employee. An organizational strategic goal could be achieved through periodic job evaluation, efficient job performance and job satisfaction.

Ajmal, Bashir, Abrar, Khan and Saqib (2015) carried out a study among private and public institutional employees to find different intrinsic and extrinsic motivator impact on employee's attitude, job commitment and job satisfaction. The study found highly significant relationship between job satisfaction, job commitment with that of intrinsic and extrinsic factors. An organization should pay attention to an employees' attitude which kept in positive frame of mind. Employee's attitude is depended on magnitude of intrinsic and extrinsic rewards.

Sowmya and Panchanatham (2011) identified factors such as pay, promotion, organization factors, supervisor behavior, working environment that affect on job satisfaction in different public and private sector banks of India. Random sample were collected from public and private banks and were examined by methods of factor analysis and principal component analysis. The employees have significant inclination working ambience and optimistic supervisory behavior. Pay promotion have insignificant relationship with job satisfaction. The primary factor to retain skilled workforce was through monetary pay and opportunities for promotions. Satisfied employee preferred sound working environment and accreditation from higher managerial system. Management should take care of employees' needs.

Parvin and Kabir (2011) conducted a study to analyze the relationship between factors like working condition, pay, promotion, job security, fairness, interpersonal relationships and job satisfaction in employees. The study found that working environment has significant relationship with employees' job satisfaction. Physical design and infrastructures were found to have less impact on job satisfaction of the employees. The study concluded that fair treatment, fair compensation, fair work hours and fair pay helped to improve job attitudes and effort of employees.

In a study conducted by Raziq and Maulabakhsh (2015) among 210 banks of Pakistan identified that job satisfaction had positive relationship with working hours, job safety and security and relationship with colleagues and supervisors. Data was collected

from employees of 210 banks, telecommunication sector and universities. Methods of correlation and regression were used to discuss the results. It was found that support from top management and job involvement helped to reduce stress, increased job satisfaction and job performance. The studies showed that relationship with colleagues do not have significant relationship with job satisfaction. Top management should develop a system to acknowledge, recognize and compensate employees.

Reilly and Caldwell (1980) examined impact of different intrinsic and extrinsic factors on job satisfaction among 171 MBA graduates through methods of canonical analysis and correlation. Intrinsic and extrinsic rewards have positive correlation with job satisfaction. The study analyzed that intrinsic rewards such as recognition, career advancement, and promotional opportunities had more impact than extrinsic rewards. The study concluded that initial satisfaction and commitment to a job choice were associated with both intrinsic and extrinsic job features as well as with decisions based on internal preferences.

2.6 Research gap

Job satisfaction helps to measure the psychological comfort of employees. Employee's recognition and appreciation helps to boost up morale of employee, as a result increase productivity. Rewards play a vital role in determining employee performance. Despite of increasing concern towards the study of employee's job satisfaction, few researchers have conducted research in employee job satisfaction in Nepal. Nepalese organizations have to face problems of higher turnover which create difficulties on achieving organizational targets. The major reason behind employee's turnover is lack of job satisfaction. Organization need to address the real reason behind employee job satisfaction. Employee gave priority to both monetary and non-monetary rewards.

Subedi and Chaudhary (2014) identified intrinsic factors, extrinsic factors and social factors significantly affects on job-satisfaction. The study was conducted among government employees of Nepal where factors like salary and facilities, supervision, promotion, fringe benefits, pension work opportunity was major concerned for employees. The study concluded that employee decision to engage in organization is depend on both monetary and non-monetary rewards.

Similarly, Rehman and Lashari (2010) concluded that rewards are strong determinant of job satisfaction. Employees job satisfaction are determined by the factors like: task autonomy, task significance, task involvement, social rewards and organizational rewards. Other study conducted on rewards and job satisfaction have various dimensions. The most study conducted in Asian and European countries. Limited study was conducted in Nepal. Rewards as a major job satisfaction indicator in organization.

The main objective of the paper is to understand the affect of rewards on job satisfaction. Rehman and Lashari (2010) identify three intrinsic rewards, task autonomy, task significance and task involvement. Further, Khawaja and Anwar (2012) analyzed extrinsic rewards like salaries, bonus, promotion, fringe that significantly affect on employee satisfaction than that of intrinsic rewards. The study focus on extrinsic rewards and intrinsic rewards affects on job satisfaction and add knowledge for further study on job satisfaction. There is a research gap, as no Nepalese study was found during this dissertation that would assess the impact of both intrinsic and extrinsic rewards on HR satisfaction of Nepalese commercial banks through a comparative study.

2.7 Conceptual framework

The study has been conducted to examine the impact of intrinsic rewards and extrinsic rewards with that of employee satisfaction. Based on the literature review, the researcher has identified different intrinsic rewards such as task autonomy, task significance and task involvement and extrinsic rewards like pay/salary, promotion, bonus and fringe that could have significant effect on employee satisfaction.

Reilly and Caldwell (1980) identified intrinsic rewards such as recognition, career advancement, and promotional opportunities and extrinsic rewards salaries, promotion and bonus as a factors affecting employee job satisfaction. Similarly, Rehman and Lashari (2010) defined task autonomy, task significance and task involvement under intrinsic rewards to identify level of job satisfaction. Subedi and Chaudhary (2014) identified pay/salaries, promotion, bonus, fringe extrinsic rewards to analyze the job satisfaction. Taking reference of previous studies, this study in particular takes into consideration two dimension of rewards as independent variables that can make significant impact on the dependent variable, i.e employee job satisfaction.

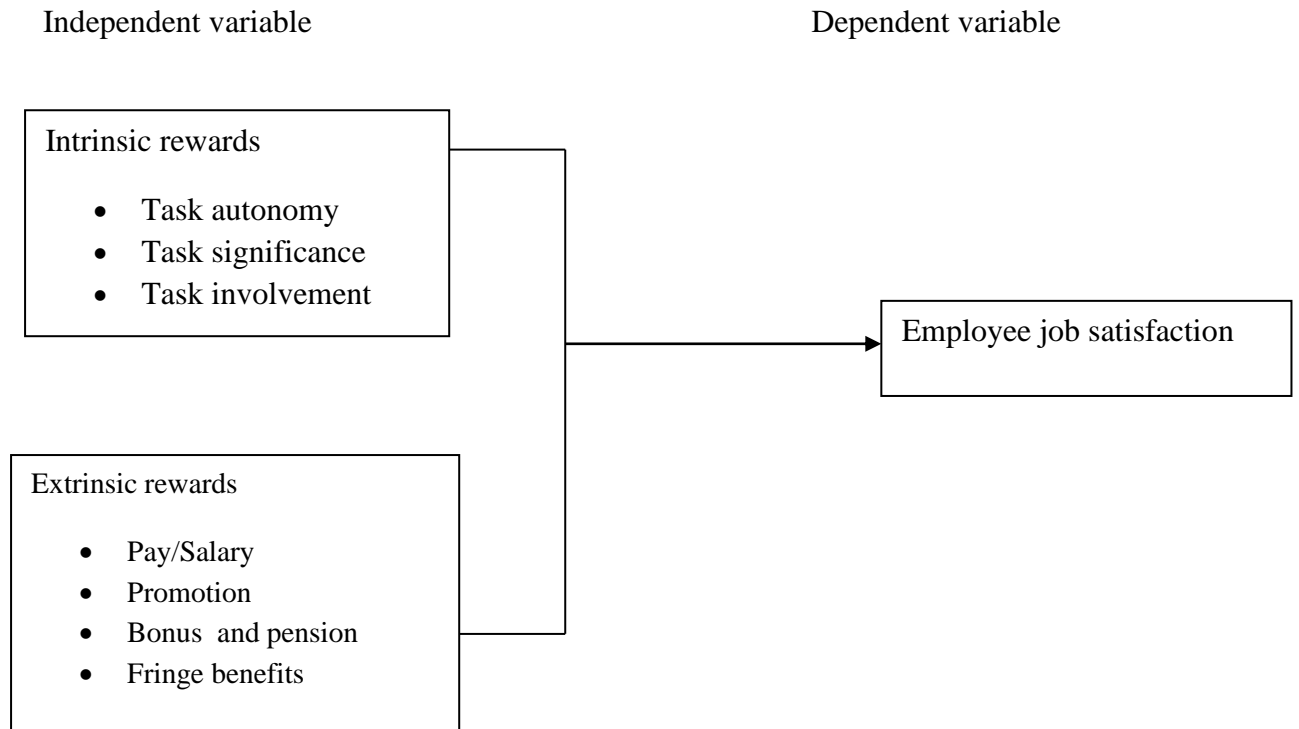


Figure 2.1 Conceptual framework of the study

2.8 Definition of variables

Based on the previous researcher the study examines effect of dependent variables on independent variables. Variables are defined below:

Extrinsic rewards

Extrinsic rewards are monetary forms of rewards directly related to pay or such other tangible issues in an organization. Extrinsic rewards can improve the involvement and commitments of an employee's towards work and enhance productivity. Extrinsic rewards helps to make believes employees that organization values contribution. Extrinsic rewards are more related to the monetary needs of an employee. Extrinsic rewards are rewards that are tangible or physically given to employees by management for completion of some sort of work in form of raise in salary or bonus or incentives for meeting some targets (Henderson, 2006). The extrinsic rewards are highly influential to an employee as it a prime factor for advancement and recognition. Extrinsic rewards are straightforward and are based on employees target or projects or performance reviews. An extrinsic reward is important to motivate employee to meet a specific goal for short term.

Lacy and Bokemeier (1987) argued that the job performance and job satisfaction of an employee was highly affected by job values and job rewards. Job values are more related to intrinsic rewards whereas job rewards are the monetary aspect of the job and are related to extrinsic rewards. Nwachukwu (2007) identified the extrinsic rewards are recognition, promotion, advancements, amenities, fringe benefits or pay that reinforce the self-belief of an employee.

Intrinsic rewards

Intrinsic rewards are non-monetary forms of rewards that are in non-tangible existence such as employee recognition, acknowledgement, and professional growth, authority to immediate tasks, respect and appreciation. The intrinsic and social rewards are useful for employers to construct an emotional attachment among employees towards organizational strategic goals. Employee remains loyal and showed trust for organization when organization is emotionally attached and acknowledges the performance. Employee's positive attitude is an outcome of intrinsic rewards which is essential for an organization perception support.

Firm's reputation is increased along with profit when employees are intrinsically motivated. Intrinsic rewards directly affect employee's performance and there is significant and positive relationship between management and employee when non-monetary rewards are exercised (Abdullah, 2013).

Intrinsic rewards are beneficiary for both managerial and employee parties and when ignored can negatively impact the performance of an organization. Intrinsic rewards fulfills employee's internal motivators as giving challenging task, involving in decision making or giving higher rank (Henderson, 2006). Intrinsic rewards are related to acknowledgement and recognition and of psychological rewards like appreciation, meeting the new challenges, job rotation, positive attitude from management and involvement in decision making. Intrinsic reward is an inner feeling of satisfaction originating from completion of work well, personal growth, status and power possessed or informal recognition.

Job satisfaction

Locke (1976) classified job satisfaction into two drives: intrinsic and extrinsic drives. The intrinsic drives are work environment, method of supervision, relationship with

co-workers and the work itself whereas the extrinsic drives were payment package, company management style, job promotion opportunities.

Job satisfaction is critically essential to attract and retain well-qualified personnel for better performance and organizational growth. Employee job satisfaction is more about an attitude of an employee towards work and the organization. Job satisfaction is basically an affective reaction towards a job based on a comparison between desired outcomes and an actual outcome from the work. Employees have positive attitude and self-motivated towards job when employees' expectation are fulfilled.

Job satisfaction is recognized as a multifaceted construct that includes feelings of an employee towards both intrinsic and extrinsic elements of work (Mosadeghrad, 2003). It includes specific satisfaction related to pay, benefits, work environment, managerial support, organizational practices, relationship with co-workers and personal and professional growth. Sources of low satisfaction from job can be associated with monotonous and laborious task such as repetition of duties, documentations, or working with non-skilled and inappropriately trained co-workers or job conflicts. Similarly, feeling of work overload and increasing demand to be available for overtime and role ambiguity could also lead to job dissatisfaction.

Irvine and Evans (1995) underlined the importance of work characteristics (routine, autonomy and feedback), characteristics of work environment (leadership, stress, participation and growth) and characteristics of how the work role is defined (role conflict and role ambiguity) in relation to job satisfaction. Satisfied employees are more productive and can be retained for long period of time.

CHAPTER III

RESEARCH METHODS

This chapter is the blueprint of the entire study. This chapter begins with the research design followed by the sample size, methods of data collection and types of data analysis, and so on. It provides a basic framework on which the study is based. In the absence of methodology, it is likely the conclusion drawn may be misunderstood. This chapter therefore explains the methodology employed in this study. This chapter deals with the research design of the study and the methods used to collect and analyze data. The chapter shows how the analysis is carried out once findings are obtained by using statistical techniques including descriptive statistics, Cronbach alpha test, correlation coefficient, and regression techniques. The analysis part is discussed in the later chapter.

3.1 Research design

The study comprises descriptive, causal design and quantitative technique. The study is based on quantitative research methods where the descriptive research design has been used. This study tries to find out the impact of reward (intrinsic and extrinsic) on job satisfaction. It is appropriate for the study as it has enabled high level analysis such as descriptive, correlation and regression analysis which have allowed establishing the nature and the extend of the relationships. The questionnaire also deals with the personal details of the respondents like gender, age, qualification, currently working at, and income. The design has been adopted to find out and understand the direction, magnitudes and forms of relation between rewards and job satisfaction.

3.2 Sources of data

Both primary and secondary sources of data were used for the collection of data. The source of data is collected from the employees of NIBL and HBL banks. Data collection was done with the help of a close-ended structured questionnaire. While collecting the data using the questionnaire tools, the questions are kept simple and precise to capture the accurate information from the respondent.

3.3 Population and sample

The population for the study was employees of middle level and lower level of Himalayan Bank and Investment Bank. The total number of middle and lower level staff of both banks are 460 employees in 32 branches within Kathmandu valley. Population size is known using the formula for known population, the sample size is determined.

According to Godden(2004), the formula for known and finite population is:

$$\text{New SS} = \frac{\text{SS}}{\frac{(1 + (\text{SS}-1))}{\text{Population}}}$$

Where,

$$\text{SS} = \frac{Z^2 * p * (1-p)}{C^2}$$

Where,

SS= Sample Size

Z= Z-value (e.g. 1.96 for a 95% of confidence level)

P= Population proportion (assumed to be 0.5 (50%))

C= Confidence interval, expressed as decimal (e.g. 0.05)

The sample size for the study is 210, according to this formula at 5% margin of the error and 95% confidence interval. Hence, the questionnaire was distributed to a total of 221 employees (112 at NIBL and 109 at HBL) in the branches within the Kathmandu valley. Out of them, 212 responses (106 each from NIBL and HBL) were fully usable. The successful 212 responses are slightly larger than the required sample size of 210. Thus, its sample size adequacy has been well established. The APPENDIX I show sample calculation.

3. Instrumentation

The data for the study was collected through closed-ended questionnaire which was distributed to the working youth. A questionnaire is broadly divided into two sections. The first section comprises the questions related to the demographic profile of the respondents such as gender, age, qualification, currently working at and income level. The second part comprises measures to identify intrinsic and extrinsic rewards, along

with job satisfaction. The five scale point likert scales, which are rating scales widely used for asking respondents' opinions and attitudes, were used to ask employees to evaluate the degree of their agreements with rewards and job satisfaction. The five points in the scale were respectively from 1 to 5: strongly disagree, disagree, neutral, agree, and strongly agree. The questionnaire used for this study is adopted from different sources.

Intrinsic rewards

This dimension consists of twelve items which have been adopted from (Abdullah, 2013).

Extrinsic rewards

This measure consists of twelve questions which have been derived from Khawaja and Anwar (2012).

Job satisfaction

The items to measure the job satisfaction are adopted from a scale developed by Irvine and Evans (1995). For the research, nineteen items have been used to identify job satisfaction.

3.5 Modeling of the framework

A linear regression equation is used for the purpose of the study. The regression method is a practical technique which examines the questionnaire to express the relationship between dependent and independent variables. This tool is simple to use and is helpful to understand the relationship between the dependent variables. This tool is simple to use and is helpful to understand the relationship between the dependent variable and various independent variables. The study uses linear regression to test its different hypothesis. The regression analysis has been used to test the significance of relationship between dependent and independent variables.

The regression equation between satisfaction with rewards and job satisfaction are as follows:

$$Y = \alpha + \beta_1.X_1 + \beta_2.X_2 + e..... (1)$$

Where, Y =Job satisfaction

α = Constant

β_1 = Coefficient of the first

X_1 = Intrinsic rewards

β_2 = Coefficient of the second

X_2 = Extrinsic rewards and

e = the error term or the difference between the predicted and observed value of Y .

The table shows relationship of independent variables with dependent variable in regression analysis:

Table 3.1

Expected relationship between variables

Dependent Variable	Independent Variables	Expected relationship	Remarks
Job satisfaction	Intrinsic rewards	Positive association	Rehman and Lashari (2010)
Job satisfaction	Extrinsic rewards	Positive association	Sowmya and Panchanatham (2011)

3.7 Data analysis plan

Data for the survey was collected from lower and middle level employees working in Nepal Investment Bank and Himalayan Bank. A sample of 212 respondents of sampled banker covered for questionnaire concerning the rewards and job satisfaction. The five-point Likert scale questions were included in which respondents were asked to what extent respondents agrees or disagrees about the dimensions of rewards like intrinsic and extrinsic rewards and job satisfaction. Descriptive analysis and inferential analysis were used for this study. Descriptive statistics included mean and S.D of variables. Inferential statistics included Pearson's correlation, regression analysis. Pearson's correlation and regression were used to analyze the influence of independent variable over the dependent variable. Comparative analysis was done between two banks on basis of differential result of mean, standard deviation, correlation and regression.

CHAPTER IV

ANALYSIS AND RESULTS

This chapter provides systematic presentation and analysis of primary data used in the study. The outcome of the descriptive analysis and inferential statistics has been presented in this chapter. Further, in the chapter, the outcomes of the statistical analysis are presented along with the relevant findings. Firstly, the chapter presents the response rate and descriptive analysis of the response collected. The second part presents the inferential analysis which includes Pearson's correlation analysis, regression analysis along. Lastly, the chapter ends with presentation of relevant findings to meet the objective of the study.

4.1 Demographic profile of respondents

The demographic details analyzed from respondent responses include the information regarding gender, age, educational background, current working level and income. The summary of demographic profile has been presented below:

Gender

Table 4.1 represents the distribution of gender throughout the respondents taken for this study. Out of 106 samples, 57 respondents were male. This represented 53.77 percent of the total sample taken for the study. Out of those samples, 49 respondents were female. This represented 46.23 percent of the total sample taken for the study.

Similarly, in Himalayan Bank the number of male and female respondent are 49 and 57, which represent that number of female population holding lower and middle level than male.

Age

Out of total respondent majority of the employees are of age in between 26-30 that is 52 and 61 who hold position of lower and middle level in both banks, followed by 20-25. The least age group of respondent is of 30 and above holding lower and middle level.

Table 4.1

Demographic profile of respondents

Demographic variables	Nepal Investment Bank		Himalayan Bank	
	Frequency	%	Frequency	%
Gender				
Male	57	53.77	49	46.23
Female	49	46.23	57	53.77
Age				
20-25	37	34.91	22	20.75
26-30	52	49.05	61	57.55
30-35	12	11.32	15	14.15
30 and above	5	4.72	8	7.55
Marital status				
Single	68	64.15	61	57.55
Married	38	35.85	45	42.45
Academic qualification				
Below Bachelors	09	8.49	12	11.32
Bachelors	61	57.55	51	48.11
Masters and above	36	33.96	43	40.57
Currently position				
Junior officer	29	27.36	21	19.81
Assistant	32	30.19	53	50
Junior assistant	45	42.45	32	30.19
Period in current bank				
1-3 years	26	24.53	32	30.19
4-6 years	41	38.67	42	39.62
7-10 years	28	26.42	23	21.70
More than 10 years	11	10.38	9	8.49

Note: From researcher's survey, 2021

Marital status

Of the 106 respondents, 64.15 percent were married and 35.85 percent were unmarried. Likewise, in Himalayan Bank 57.55 percent were married and 42.45 percent were unmarried.

Academic qualification

Maximum of respondent surveyed 57.55 percent of total respondents have completed bachelor's degree and 33.96 percent have master degree. In case of Himalayan Bank 48.11 percent and 40.57 have bachelor and master degree, respectively. This shows most employees holding lower and middle level are qualified.

Currently position

The number of respondents securing junior officer position in a bank accounted for 27.36 percent, 30.19 percent holds assistant and 42.45 were in junior assistant in Investment Bank.

Besides that, 19.81 percent are holding junior officer, 50 percent are in assistant and 30.19 percent holds junior assistant. This shows that 20-25 and 26-30 respondents were in assistant and junior assistant position.

Period in current bank

In the table 4.1 working period in the current bank is represented on frequency and on percentage basis. Of total respondents 38.67 percent of employees are working from 4 to 6 years followed by 26.42 working for 7-10 years. This showed that employee turnover is lower in investment bank.

Similarly, data of Himalayan bank showed that employees working from 4 to 6 years were of 39.62 percent, 30.19 percent were 1-3 years. This showed that employees' turnover of Himalayan Bank is higher than Investment Bank. The employees are associated with bank for shorter time period and switch to other bank.

4.2 Nepal Investment Bank

4.2.1 Measurement of reliability

Cronbach alpha was used to determine the reliability of the item in the study. The table 4.3 shows that the reliability of job satisfaction i.e. 0.857 which shows the reliability of the dependent variables. Similarly, two independent variables intrinsic and extrinsic show 0.788, 0.754 reliability value respectively. Since all of these values are greater than 0.7, data is reliable and fit for further statistical tests.

Table 4.2

Reliability analysis of employees of NIBL

Variables	No. of items	Cronbach's alpha
Job satisfaction	19	0.857
Intrinsic	12	0.788
Extrinsic	12	0.754

Note: From researcher's survey, 2021

4.2.2 Descriptive statistics of job satisfaction

Job satisfaction has been measured using 5-scale likert questionnaire composed of 19 statements with the scales ranging from strongly disagree to strongly agree. The mean scores and standard deviation of scores of the each of the item are shown in Table 4.4.

All the ninth statements that were used to ask Job satisfaction behavior are in five likert scale, as five likert scale average mean score is 2.5. Table 4.4 shows that the overall mean score of 3.48 for the job satisfaction which shows that respondents are exposed to the job satisfaction statement at the above average level.

In the table 4.4, all the test values represented by sig (2-tailed) are less than 0.05. Therefore, it is concluded that the sample exactly represents the population data. The data are statistically significant to take for the further analysis.

Table 4.3

Descriptive summary of job satisfaction of employees of NIBL

Statements	N	Mean	Std. dev	t-value	Sig. (2-tailed)
Confidence	106	3.32	.868	39.392	.000
Favoritism	106	3.62	.822	45.387	.000
Supervision	106	3.55	.852	42.852	.000
Working conditions	106	3.58	.791	46.647	.000
Organization treatment	106	3.25	.926	36.170	.000
Present Problems	106	3.59	.790	46.834	.000
Job as per ability	106	3.56	.757	48.376	.000
Relation with supervisor	106	3.33	.859	39.923	.000
Satisfaction with bank	106	3.74	.760	50.628	.000
Better payment	106	3.28	.859	39.341	.000
Priority by supervisor	106	3.55	.852	42.852	.000
Skills learnt from job	106	3.58	.791	46.647	.000
Security of job	106	3.25	.926	36.170	.000
Promotion based on merit	106	3.59	.790	46.834	.000
Feel fresh at end of day	106	3.59	.790	46.834	.000
Enough payment	106	3.56	.757	48.376	.000
High spirit in work group	106	3.33	.859	39.923	.000
Welfare facilities	106	3.74	.760	50.628	.000
Advancement in job	106	3.28	.859	39.341	.000
Job satisfaction		3.48	0.82		

*Note: From researcher's survey, 2021***4.2.3 Descriptive statistics of intrinsic rewards**

The intrinsic rewards were measured with twelve statements on five points likert scale questionnaire. The mean scores and the standard deviation of the scores of each of the statements as well as construct i.e. intrinsic rewards composed of twelve statements shown in table 4.4:

Table 4.4

Descriptive summary of intrinsic rewards of employees of NIBL

Statements	N	Mean	Std. dev	t-value	Sig. (2-tailed)
Freedom in performance	106	3.43	.936	37.762	.000
Autonomy in decisions	106	3.87	.947	42.055	.000
Make changes in job	106	3.32	1.010	33.853	.000
Sense of personal fulfillment	106	3.58	.925	39.784	.000
Interesting and challenging	106	3.17	1.000	32.644	.000
Sense of accomplishment	106	3.64	.830	45.157	.000
Use of abilities in job	106	3.76	.890	43.562	.000
Sense of personal fulfillment	106	3.87	.947	42.055	.000
Contribution to success	106	3.32	1.010	33.853	.000
Important and worthwhile	106	3.58	.925	39.784	.000
Understand purpose of work	106	3.02	1.493	20.822	.000
Role fits in operation	106	3.02	1.493	20.822	.000
Intrinsic rewards		3.46	1.033		

Note: From researcher's survey, 2021

From the table 4.4 it can be observed that overall mean score of intrinsic rewards is 3.46 which is above the average 2.5. This indicates that employee agree on these statements and believe that intrinsic rewards are important and influence level of satisfaction among employees. Similarly, all the test values represented by sig (2-tailed) are less than 0.05. Therefore, it is concluded that the sample exactly represents the population data. The data are statistically significant to take for the further analysis.

4.2.4 Descriptive statistics of extrinsic rewards

Extrinsic has been measured using 5-point likert scale using twelve statements to measure this variable. The mean scores and the standard deviation of the scores of each of the statements are shown in the Table 4.5

Table 4.5

Descriptive summary of extrinsic rewards of employees of NIBL

Statements	N	Mean	Std. dev	t-value	Sig. (2-tailed)
Privileged of staff loan	106	3.37	.989	35.069	.000
Payment for extra hours	106	3.49	.988	36.375	.000
Team performance rewards	106	3.45	.967	36.747	.000
Salary on competence	106	3.44	.937	37.841	.000
Performance based pay	106	3.49	.886	40.545	.000
Unused sick leave allowances	106	3.44	1.006	35.258	.000
Cash bonus on profit	106	3.45	.967	36.747	.000
Bonus on performance	106	3.44	.937	37.841	.000
Pension assurance	106	3.49	.886	40.545	.000
Promotion on performance	106	3.09	1.349	23.618	.000
Promotion on qualification	106	2.98	1.434	21.401	.000
Free completion promotion	106	3.02	1.493	20.822	.000
Extrinsic rewards		3.35	1.069		

Note: From researcher's survey, 2021

Table 4.5 indicates that out of twelve statements that have been used to measure extrinsic rewards variables among employees, each statement has mean value higher than 2.5. This indicates that each of the statements is accepted by employees and overall mean score of 3.35 indicates that employees agreed on extrinsic rewards affect employee's job satisfaction.

4.2.5 Summary of all independent variables and dependent variable

The average score for intrinsic and extrinsic rewards towards job satisfaction is explained below. The mean, standard deviation for intrinsic and extrinsic rewards employees' job satisfaction is explained below.

Table 4.6

Analysis of summary of all independent variables and dependent variable of employees of NIBL

Rewards	Mean	Std. deviation	No of statements	Rank
Intrinsic rewards	3.46	1.033	12	1
Extrinsic rewards	3.35	1.069	12	2

Note: From researcher's survey, 2021

From the table 4.6, it can be observed that intrinsic rewards has the highest mean score of 3.46 which reflects that in investment bank employees are more influenced by intrinsic rewards followed by extrinsic rewards.

4.2.6 Analysis of relationship between rewards and job satisfaction

The relationship between the rewards and job satisfaction has been analyzed in this section. The relationship is primarily analyzed by applying the correlation test. To further analyze, the level of impact of such rewards on job satisfaction, the regression analysis has been used.

Relationship between rewards and employees job satisfaction

The test of correlation coefficient was conducted to examine the relationship between money attitudes and employees job satisfaction.

Table 4.7

Correlations with coefficient between the rewards and job satisfaction of employees of NIBL

		Job satisfaction
Intrinsic rewards	Pearson Correlation	.524**
	Sig (2-tailed)	.000
Extrinsic rewards	Pearson Correlation	.369**
	Sig (2-tailed)	.000

Note: From researcher's survey, 2021

**Correlation is significant at the 0.001 level (2-tailed)

Table 4.7 is a correlation matrix that shows the correlation between each of rewards and job satisfaction. In this correlation matrix, two rewards i.e., intrinsic and extrinsic are independent variable, employees job satisfaction behavior is dependent variable. The result is similar with that of previous studies. Among two rewards, extrinsic and intrinsic have positive correlation with employee's job satisfaction. Similarly, the values between 0 and 0.3 (0 and -0.3) indicate weak positive (negative) linear relationship between variables, values between 0.3 and 0.7 (-0.3 and -0.7) indicate moderate positive (negative) linear relationship between variables and values between 0.7 and 1 (-0.7 and -1) indicate strong positive (negative) linear relationship between variables (Schober, Boer, & Schwarte, 2018).

Correlation coefficient between intrinsic rewards and job satisfaction is 0.524. This indicates that there is positive moderate relationship between intrinsic rewards and employee job satisfaction.

Similarly, correlation coefficient of extrinsic rewards is .369. This indicates that there is moderate correlation between extrinsic rewards with that of personal financial management behavior. This indicated that employee's preferred both intrinsic and extrinsic rewards for higher job satisfaction.

Analysis of impact of rewards on employee job satisfaction

After the test of correlation coefficient, it is evident to determine the level of impact of different money attitudes on personal financial management behavior. The impact has been tested using the regression analysis based on the past literatures. The relationship between variables using regression analysis is done for each independent and dependent variables.

Table 4.8 shows the relationship between intrinsic rewards, extrinsic rewards and employees' job satisfaction studied through Pearson's correlation. The following multiple regression equation was formed.

$$\text{Job satisfaction} = 30.4 + 0.519 \text{ intrinsic rewards} + 0.267 \text{ extrinsic rewards}$$

From linear equation above, it can depict that the p-value between intrinsic rewards is 0.000 which is less than the level of significance at 0.05. Hence it depicts that there is significant relationship between independent variable which is intrinsic rewards towards dependent variable employees' job satisfaction. Therefore, H1 states there is

a positive and significant relationship between intrinsic rewards and job satisfaction is accepted.

Table 4.8

Result of nature of relationship between intrinsic, extrinsic and employee job satisfaction at NIBL

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	30.4	4.786		6.352	0.000
	Intrinsic rewards	0.519	0.098	0.453	5.306	0.000
	Extrinsic rewards	0.267	0.100	0.228	2.676	0.009
	R square	0.322				
	Adjusted R square	0.309				
	F-value	24.437				
	Sig	0.000				

Note: From researcher's survey, 2021

Dependent: Job satisfaction

Independent: Extrinsic and Intrinsic rewards

Similarly, the p-value between extrinsic rewards and job satisfaction is 0.009 which is greater than the level of significance at 0.05. Hence, it depicts that there is no significant relationship between independent variable which is extrinsic rewards towards dependent variable job satisfaction. Therefore, H2 states there is a positive and significant relationship between extrinsic rewards and job satisfaction is rejected.

In the above result the beta coefficient value of intrinsic rewards is 0.453 which depicts that one unit of change or increment in intrinsic rewards will lead to 0.453 unit increment in job satisfaction. Similarly, the beta coefficient of extrinsic rewards is 0.228 which depicts that one unit of change or one unit of increment will lead to 0.228 unit of change or 0.228 unit of increment in job satisfaction.

The R square value of 0.322 states that 32.2 % of variance of dependent variable i.e. job satisfaction is explained by intrinsic and extrinsic rewards which is the independent variable by using this model. This indicated that employees preferred intrinsic rewards over extrinsic rewards. Internal motivation and self-satisfaction is

necessary for improvement of job performance and retention of employees will be higher.

4.3 Himalayan Bank

4.3.1 Measurement of reliability

Cronbach's alpha helps to assess the reliability or internal consistency of a likert scale. The value of alpha should be greater than 0.7, data is considered to be reliable. The table 4.3 shows that the reliability of job satisfaction i.e. 0.862 which shows the reliability of the dependent variables. The two independent variables intrinsic and extrinsic show 0.784, 0.704 reliability value respectively. All of these values are greater than 0.7, data is reliable and fit for further statistical tests.

Table 4.9

Reliability analysis of employees of HBL

Variables	No. of items	Cronbach's alpha
Job satisfaction	19	0.862
Intrinsic	12	0.784
Extrinsic	12	0.704

Note: From researcher's survey, 2021

4.3.2 Descriptive statistics of job satisfaction

Job satisfaction was measured with ninth statements on five likert scale questionnaire. The mean scores and the standard deviation of the scores of each of the statements as well as the construct composed of ninth statements are shown in the Table 4.10.

In the table 4.10, all the test values represented by sig (2-tailed) are less than 0.05. Therefore, it is concluded that the sample exactly represents the population data. The data are statistically significant to take for the further analysis.

Table 4.10 shows that overall mean score of 3.45 for the job satisfaction shows that the sample surveyed are exposed to the job satisfaction statements at the above average level i.e. 2.5 in likert scale.

Table 4.10

Descriptive summary of job satisfaction of employees of HBL

Statements	N	Mean	Std. dev	t-value	Sig. (2-tailed)
Confidence	106	3.47	.819	43.647	.000
Favoritism	106	3.66	1.059	35.584	.000
Supervision	106	3.47	1.089	32.836	.000
Working conditions	106	3.41	1.169	29.987	.000
Organization treatment	106	3.25	1.113	30.101	.000
Present Problems	106	3.04	1.234	25.348	.000
Job as per ability	106	3.37	.979	35.416	.000
Relation with supervisor	106	3.61	1.168	31.861	.000
Satisfaction with bank	106	3.53	1.106	32.848	.000
Better payment	106	3.67	1.209	31.255	.000
Priority by supervisor	106	3.50	.998	36.121	.000
Skills learnt from job	106	3.23	1.165	28.508	.000
Security of job	106	3.66	1.059	35.584	.000
Promotion based on merit	106	3.37	.989	35.069	.000
Feel fresh at end of day	106	3.49	.988	36.375	.000
Enough payment	106	3.45	.967	36.747	.000
High spirit in work group	106	3.44	.937	37.841	.000
Welfare facilities	106	3.49	.886	40.545	.000
Advancement in job	106	3.44	1.006	35.258	.000
Job satisfaction		3.45	1.049		

Note: From researcher's survey, 2021

In the table 4.10, all the test values represented by sig (2-tailed) are less than 0.05. Therefore, it is concluded that the sample exactly represents the population data. The data are statistically significant to take for the further analysis.

4.3.3 Descriptive statistics of intrinsic rewards

Intrinsic rewards were measured with twelve statements on five points likert scale questionnaire. The mean scores and the standard deviation of the scores of each of the statements as well as the construct composed of six statements are shown in the Table 4.11.

Table 4.11 shows that overall mean score of 3.43 for the intrinsic rewards shows that the sample surveyed are exposed to the intrinsic rewards statements at the above average level i.e. 2.5 in likert scale. Similarly, all the test values represented by sig (2-tailed) are less than 0.05. Therefore, it is concluded that the sample exactly represents the population data. The data are statistically significant to take for the further analysis.

Table 4.11

Descriptive summary of intrinsic rewards of employees of HBL

Statements	N	Mean	Std. dev	t-value	Sig. (2-tailed)
Freedom in performance	106	3.71	.756	50.524	.000
Autonomy in decisions	106	3.88	.933	42.786	.000
Make changes in job	106	3.17	1.117	29.224	.000
Sense of personal fulfillment	106	3.49	1.274	28.203	.000
Interesting and challenging	106	3.41	1.102	31.812	.000
Sense of accomplishment	106	3.18	1.406	23.279	.000
Use of abilities in job	106	3.47	.819	43.647	.000
Sense of personal fulfillment	106	3.66	1.059	35.584	.000
Contribution to success	106	3.47	1.089	32.836	.000
Important and worthwhile	106	3.41	1.169	29.987	.000
Understand purpose of work	106	3.25	1.113	30.101	.000
Role fits in operation	106	3.04	1.234	25.348	.000
Intrinsic rewards		3.43	1.089		

Note: From researcher's survey, 2021

4.3.4 Descriptive statistics of extrinsic rewards

The extrinsic rewards were measured with twelve statements on five point likert scale questionnaire. The mean scores and the standard deviation of the scores of each of the statement are shown in Table 4.12.

Table 4.12 shows that the overall mean score of 3.26 for extrinsic rewards shows those samples surveyed are exposed to the extrinsic rewards statements just above the average level. All twelve statements that were used to ask for extrinsic dimensions were observed to have mean value more than the average of 2.5 in the five likert scale. All the test values represented by sig (2-tailed) are less than 0.05. Therefore the data are statistically significant to take for the further analysis.

Table 4.12

Descriptive summary of extrinsic rewards of employees of HBL

Statements	N	Mean	Std. deviation	t-value	Sig. (2-tailed)
Privileged of staff loan	106	3.37	.979	35.416	.000
Payment for extra hours	106	3.61	1.168	31.861	.000
Team performance rewards	106	3.53	1.106	32.848	.000
Salary on competence	106	3.67	1.209	31.255	.000
Performance based pay	106	3.50	.998	36.121	.000
Unused sick leave allowances	106	3.23	1.165	28.508	.000
Cash bonus on profit	106	3.42	.955	36.822	.000
Bonus on performance	106	3.64	1.173	31.973	.000
Pension assurance	106	3.80	.798	49.060	.000
Promotion on performance	106	2.44	1.258	19.998	.000
Promotion on qualification	106	2.59	1.217	21.945	.000
Free completion promotion	106	2.31	1.166	20.411	.000
Extrinsic rewards		3.26	1.099		

Note: From researcher's survey, 2021

4.3.5 Summary of all independent variables and dependent variable

The study altogether studies two rewards. Table 4.13 shows the overall mean score of each variable with their standard deviations.

Table 4.13 shows that the mean values of all the variables are more than 3.5 which highlight that majority of respondent agree with the statement. The mean value of intrinsic rewards is highest with value 3.43. This shows that the samples display slight agree towards intrinsic rewards.

Also, for extrinsic rewards, the mean value is 3.26. The standard deviation is 1.099. This shows that the sample displays slightly agree towards extrinsic rewards. Employees are influenced by intrinsic rewards followed by extrinsic rewards.

Table 4.13

Analysis of summary of all independent variables and dependent variable of employees of HBL

Rewards	Mean	Std. deviation	No of statements	Rank
Intrinsic rewards	3.43	1.089	12	1
Extrinsic rewards	3.26	1.099	12	2

Note: From researcher's survey, 2021

4.3.6 Analysis of relationship between rewards and job satisfaction

This study aims to study the effect of rewards on employee's job satisfaction. Hence Pearson correlation and regression analysis between the independent and dependent variables is done to study the relationship between rewards employees job satisfaction.

Relationship between rewards and employees job satisfaction

The test of correlation coefficient was conducted to examine the relationship between rewards and employees job satisfaction.

Table 4.14

Correlations with coefficient between the rewards and job satisfaction of employees of HBL

		Job satisfaction
Intrinsic rewards	Pearson Correlation	.573**
	Sig (2-tailed)	.000
Extrinsic rewards	Pearson Correlation	.594**
	Sig (2-tailed)	.000

Note: From researcher's survey, 2021

**Correlation is significant at the 0.001 level (2-tailed)

Table 4.11 depicts the relationship between two rewards and employees job satisfaction is studied through Pearson's correlation. The value of correlation is of intrinsic rewards is 0.573. This represents that the intrinsic rewards have moderate positive correlation with job satisfaction. Similarly, the p-value is 0.00 which is greater than the level of significance at 0.05. This shows that there exists statically significant relationship between intrinsic rewards and job satisfaction.

Correlation coefficient between extrinsic rewards and job satisfaction is 0.594. This indicates that there is positive moderate relationship between extrinsic and job satisfaction. Similarly, the p-value is 0.000 which is less than the level of significance at 0.05. This shows that there exists a statistically significant relationship between extrinsic rewards and employees job satisfaction.

Analysis of impact of rewards on employee job satisfaction

The major objective of multiple regression analysis is to examine the single dependent variable by a set of independent variables. The significance of intrinsic and extrinsic rewards on employee's job satisfaction will be analyzed from the result.

The results are examined for the purpose of the study and it is analyzed to test the hypotheses that were identified in the study.

Linear regression analysis between independent and dependent variables

Table 4.15

Result of nature of relationship between intrinsic, extrinsic and employee job satisfaction at HBL

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.282	5.386		2.837	0.005
	Intrinsic rewards	0.631	0.136	0.379	4.650	0.000
	Extrinsic rewards	0.622	0.121	0.417	5.122	0.000
	R square	0.465				
	Adjusted R-square	0.455				
	F-value	44.762				
	Sig	0.000				

Note: From researcher's survey, 2021

In above table beta coefficient used is unstandardized coefficient, as unstandardized beta is used in case of primary/raw data source. Model 1 shows beta value of 0.631, which means 1 unit change in intrinsic rewards, will increase employees' job satisfaction by 0.631. The p-value of intrinsic rewards is 0.00 which is less than 0.05 that means there is significant relationship between job satisfaction and intrinsic rewards. This indicates the model 1 is statistically significant.

Model 1 also shows the outcome of linear regression between extrinsic rewards and job satisfaction. Under this model beta coefficient is 0.622, which means 1 unit change in extrinsic variable leads to increase in employees' job satisfaction by 0.622. Similarly, p-value of extrinsic rewards is 0.000 which is less than 0.05 which means there is significant relationship between extrinsic rewards and job satisfaction. . The R^2 value of 46.5% indicates variation in employees job satisfaction is explained by the independent variable i.e., intrinsic rewards. Similarly, F-value is 44.762 with significance value 0.000 which is less than significance level 0.05 ($p < 0.05$). Both H1 and H2 hypothesis is accepted this shows that employees are influenced by intrinsic and extrinsic rewards.

4.4 Major findings and comparative analysis

The major findings and comparative analysis of the collected data and their statistical analysis have been described below:

Table 4.13

Comparative analysis between two banks

	Nepal Investment Bank	Himalayan Bank
<i>Mean</i>		
Intrinsic rewards	3.46	3.43
Extrinsic rewards	3.35	3.26
<i>Correlation coefficients</i>		
Intrinsic rewards	0.524 (0.000)	0.573 (0.000)
Extrinsic rewards	0.369 (0.000)	0.594 (0.000)
<i>Regression</i>		
Intrinsic rewards (sig)	0.000<0.05	0.000<0.05
Extrinsic rewards (sig)	0.009>0.05	0.000<0.05
H1	Accepted	Accepted
H2	Rejected	Accepted

H1 There is a positive and significant relationship between intrinsic rewards and job satisfaction

H2 There is a positive and significant relationship between extrinsic rewards and job satisfaction

Note: The value within the parenthesis indicate the p-value

Mean

The mean value of intrinsic and extrinsic rewards of NIBL is 3.46 and 3.35, while HBL is 3.43 and 3.26. This shows that majority of employees of NIBL agreed the statement of both rewards. Mean values of intrinsic rewards of both Investment and Himalayan bank is 3.46 and 3.43, which is greater than extrinsic rewards.

Correlation coefficient

Correlation coefficient of intrinsic rewards of NIBL and HBL is 0.524 and 0.573, which shows a positive moderate relationship between intrinsic rewards and job satisfaction of both banks.

Similarly, NIBL and HBL both have positive moderate relationship between extrinsic rewards and job satisfaction. This showed that employees agreed that rewards are important for self-motivation, job satisfaction and to reduce employees' turnover.

Regression analysis

The result generated from regression analysis shows that intrinsic rewards has significant impact on job satisfaction that than of extrinsic rewards. Both bank p-value of intrinsic rewards is less than 0.05, which means there is significant relationship between intrinsic rewards and job satisfaction.

Similarly, extrinsic reward of NIBL is 0.09 which greater than 0.05. This means there is no significant relationship between extrinsic rewards and job satisfaction. Likewise, HBL have a significant relationship between extrinsic rewards and intrinsic rewards. The employees of NIBL believes that intrinsic rewards such as recognizing high achievers, providing employees with good environment, training programs and giving employees an opportunity for career advancement creates conducive environment at work place.

The result of regression and mean value shows that intrinsic rewards have influenced job satisfaction significantly in both the cases. Extrinsic rewards give external and short term motivation to employees. An extrinsic reward significant with job satisfaction is different on both banks. The difference in organizational payment schemes affects the result. It shows that intrinsic rewards influenced employees' job satisfaction than that of extrinsic rewards. Extrinsic rewards importance differs because of organizational payment policies, but intrinsic rewards are important in every working environment. This shows that for long-term satisfaction of employees, intrinsic rewards are necessary.

CHAPTER V

DISCUSSION, CONCLUSION AND IMPLICATIONS

5.1 Discussion

The purpose of the study was to examine the impact of rewards on job satisfaction with the comparative study between two commercial banks. Intrinsic rewards comprise task autonomy, task significance and task involvement. Extrinsic rewards comprise pay/salary, promotion, bonus and fringe benefits. Similarly, job satisfaction was taken as dependent variable and relationship with rewards are examined during the study.

One of the finding of the study states that there is a significant relationship in between intrinsic rewards and job satisfaction. The result is similar with the study conducted by Farzana, Sobia and Qasim (2016) and Clifford (1985). Similarly, result is also consistent with the findings of Rehman and Lashari (2010), which concludes that intrinsic motivators such as task autonomy, task significance and task involvement as a source of motivation and enhances job performance. Intrinsic rewards are beneficiary for both managerial and employee parties and when ignored can negatively impact the performance of an organization. Intrinsic rewards fulfills employee's internal motivators as giving challenging task, involving in decision making or giving higher rank (Henderson, 2006). But in the contrary, the findings of Khawaja and Anwar (2012), stated that good pay, bonus, better incentive programs, financial security were more preferences compared to intrinsic factors like responsibilities, achievements and creative working environment. In Nepalese context Subedi and Chaudhary (2014), found that Extrinsic factors such as salary, performance bonuses, opportunities and fringe benefits provided to government employee but more satisfied with intrinsic factors like recognition, achievement, responsibilities and growth.

Similarly, another hypothesis of the study which states that there is significant relationship between extrinsic rewards and job satisfaction has been rejected in case of Investment Bank. The result is similar with that of findings of (Clifford,1985), which shows that intrinsic rewards such as recognition, responsibilities and

recreational working environment increased work satisfaction among employees than that of extrinsic rewards. Skinner (1953) proposed reinforcement theory which explained that behavior and attitude of individual is driven by specific circumstances. Intrinsically motivated employee's work outcomes do not depend on external stimulus, pressure or temptation but rather performed for some sort of contest entailed. Honig and Martin (1993), identified that intrinsic rewards increased self-esteem and accomplishment. Quality results are expected when employees felt pride on works and are directed in achieving goals. The success of the team depends on individual efforts through collaborative approach, rewards and challenges of the job should motivate to achieve the goal. On the contrast, employees agree on impact of extrinsic rewards on job satisfaction in context of Himalayan Bank. The result is consistent with the study of Khawaja and Anwar (2012). Rehman and Lashari (2010), explained that extrinsic rewards such as social rewards, organizational rewards have significant relationship with job satisfaction.

Another objective of the study was to compare results rewards with job satisfaction of both banks. The study concluded that private organization workers were more satisfied with extrinsic rewards than intrinsic rewards. The extrinsic rewards are highly influential to an employee as it a prime factor for advancement and recognition. Extrinsic rewards are straightforward and are based on employees target or projects or performance reviews. An extrinsic reward is important to motivate employee to meet a specific goal for short term (Henderson, 2006).

The study suggests that extrinsic rewards are external to the work itself. Extrinsic rewards are administered externally usually by management. Intrinsic rewards represent those rewards that are related directly to performing the job. In this sense, intrinsic are self-administered rewards, because engaging in the task itself leads to satisfaction. For long-term satisfaction of employees intrinsic rewards are necessary.

5.2 Conclusions

The major objective of the study is to examine the impact of two rewards such as extrinsic and intrinsic rewards, on employee job satisfaction in banking sector with comparison between HBL and NIBL. In Nepalese context few researchers have incorporated rewards and job satisfaction in the manufacturing sector but not in the banking sector. The study tries to fulfill the gap in the area of job satisfaction which previous researchers have not focused. The study was conducted among the employees working in the two sample banks in middle and lower- level staff. Banking industry should focus on facilities and services attract more employees.

The study concluded that there is a significant relationship between intrinsic and job satisfaction in both banks. This showed that intrinsic rewards such as job autonomy, task significance and recognition have merits in creating a highly satisfied workforce. Similarly, the study also examined the relationship between extrinsic rewards and job satisfaction. There is different result in two banks with extrinsic rewards. Employees of Himalayan Bank agree on impact of extrinsic rewards on job satisfaction. This indicates that private organization workers were more satisfied with extrinsic rewards than intrinsic rewards.

Similarly, the study incorporated comparison study of employees' job satisfaction in between two banks. The result showed that for long-term retention and satisfaction of employees, intrinsic rewards are relevant than that of extrinsic rewards. If an employee do not have internal desire and willingness to perform a job, offering financial rewards only does not increase level of satisfaction. Due to which an organization create positive and cooperative atmosphere through effective compensation package for employees leads to satisfaction, motivation and commitment on the improvement of overall functioning of an organization. Extrinsic rewards are addressed by the management and are external, satisfaction of employees from extrinsic rewards less important for employees than that of intrinsic rewards.

Banking industry contributes higher proportion to the economy. Participative decision making, involvement in strategic decision, solving problems within group creates lower and middle level employees empowered. In addition, organization should evaluate the job satisfaction level of employees through the working environment, compensation and benefit, reward/recognition, training and development, and job

security time and monitor accurately to improve the level of job satisfaction among the employees. So, a good reward system helps to improve organizational performance and also fulfills other objectives such as labor cost control, perceived fairness towards employees, legal compliance and enhancement of employee performance to achieve high level of productivity and customer satisfaction.

5.3 Implications

The study aimed at explaining the factors affecting job satisfaction. In Nepalese context researchers have not focused on banking sector while identifying factors affecting job satisfaction. This study adds to the literature on job satisfaction of employees. Future research can be possible through other factors to check their impact on job satisfaction. Besides that, future research can be conducted by identifying other variables as factors affecting relationship between rewards and job satisfaction.

Second, through an understanding of rewards and job satisfaction, organization can make strategic plan to keep competent employees. Most of the organization has to face the gap between expected and actual outcomes. Organizations can motivate employees through various monetary and non-monetary rewards. The study is helpful for organization to attract, retain and motivate efficient employees through considering these variables as important.

Besides, this study will help organization to create policies formulation and employees rewards package for employees' job satisfaction. Employees' needs, aspiration and esteem differ from one employee to another as the results a reward and motivation system of a particular organization might be peculiar to certain organization or group and not applicable to other.

Lastly, the top level management uses rewards tools for policy formulation and implementation part. This implies combining both financial and non-financial rewards, rewarding employees based on contribution to organizational goals and encouraging productivity, effectiveness and efficiency through incentive programs. Future researcher should be undertaken to establish the effects of one's maladjustment to the workplace, personal attribute and emotions on job satisfaction.

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APPENDIX I

Sample calculation

Formula for known and finite population :

$$\begin{aligned} \text{New SS} &= \frac{\frac{SS}{(1 + (SS-1))}}{\text{Population}} \\ &= \frac{\frac{384}{(1 + (384-1))}}{460} \\ \text{New SS} &= 210 \end{aligned}$$

Where,

$$\begin{aligned} SS &= \frac{Z^2 * p * (1-p)}{C^2} \\ &= \frac{(1.96)^2 * 0.5 * (1-0.5)}{(0.05)^2} \\ &= \frac{0.96}{0.0025} \\ &= 384 \end{aligned}$$

Where,

SS= Sample Size

Z= Z-value (e.g. 1.96 for a 95% of confidence level)

P= Population proportion (assumed to be 0.5 (50%))

C= Confidence interval, expressed as decimal (e.g. 0.05)

Population size = 460 employees from 32 branches

APPENDIX II

Questionnaire

I am a student of Master of Business Studies (MBS) at Peoples Campus. I am conducting my dissertation on “Impact of Rewards on Employee Job Satisfaction in Nepalese Commercial Banks: A Comparative Study of NIBL and HBL.” as partial fulfillment of Master of Business Studies (MBS) degree. I would be very grateful if you kindly spare some time in filling the questionnaire. I also assure you that your information will be kept confidential and is used for academic purpose only.

Gender		Age		Marital status		Academic Qualification	
Male		20-25		Single		Below Bachelors	
Female		26-30		Married		Bachelors	
Others		30-35		Others		Masters and above	
		36 and above					

Currently position		Period in current Bank	
Junior officer		1-3 years	
Assistant		4-6 years	
Junior assistant		7-10 years	
		More than 10 years	

Employee job satisfaction	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I have full confidence in the management of this organization.					
Favoritism does not have any role to play in my organization.					
On the whole, I am satisfied with the general supervision in my department.					
Working conditions in this organization are satisfactory					
My organization treats its employees better than any other organization.					
I have good opportunity to present my problems and views to the management					
My present job is as per my ability/qualification and experience.					
I have satisfactory relations with my supervisor.					
I am proud of and satisfied with my					

organization					
Compared to the salary for similar jobs in other organizations, my pay is better.					
My supervisor takes into account my wishes and my performance					
My job has helped me to learn more skills.					
My job is reasonably secure as long as I do good work.					
Promotions are made on merit in this organization.					
I usually feel fresh at the end of the day's work.					
My pay is enough for providing necessary things in my life.					
There is high team spirit in the work group.					
I am satisfied with welfare facilities (medical) provided by the organization.					
I have good prospects of advancement in my job.					

Intrinsic rewards	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Task autonomy					
I have a good deal of freedom in the performance of my daily task.					
I make most work decisions without first consulting my superior.					
I can make changes regarding my job activities					
My work provides me with a sense of personal fulfillment.					
Task involvement					
My work is interesting and challenging					
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.					
Task significance					
My work is a significant contribution to the successful operation of the organization					
My work is really important and worthwhile					

I completely understand the purpose of what I'm doing.					
I understand how my work role fits into the overall operation of this organization					

Extrinsic Rewards	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Fringe benefits					
I am privileged to obtain staff loans through the bank arrangement					
I have been paying for extra hours worked (OT rewards)					
Cash award is provided for team performance periodically					
Salary/pay/allowance					
I get salary on basis of my competence/skills					
Employees are given appropriate salary on basis of their performance quality (performance-based pay)					
Employees are paid allowances against unused sick leave					
Bonus and pension					
My bank provides cash bonus as our performance contributes to its profit generation.					
My bank provides annual financial bonus based on my performance					
I am assured of my pension pay in future					
Promotion					
I have been getting internal promotion as per performance and behavior					
I have been getting internal promotions my qualification and experience					
I have been getting external promotions through free-competition.					

APPENDIX III
Details of Sample

NIBL (Inside Kathmandu Valley Branches)

Branches	Medium and Lower	Sample Collection
Bafal	9	3
Baluwatar	7	3
Battisputali	5	5
Bhotahity	8	3
Boudha	11	3
Chabahil Branch	10	3
Dhumbarahi	14	8
Gongabu	19	3
Head Office	15	10
Kalimati	11	5
Kirtipur Branch	13	3
Lazimapt	19	5
Maharajgunj	10	4
Narayanchour Branch	12	4
Naya Baneshwor	9	4
New Road	20	6
Putalisadak	35	22
Thamel	20	9
Tripureshwor	12	3
Total	259	106

HBL (Inside Kathmandu Valley Branches)

Branches	Medium and Lower	Sample Collection
Battisputali	7	3
Chabahil	3	4
Dillibazar	8	3
Kalanki	8	3
Maharajgunj	13	6
New Baneshwor	8	4
New Road	29	11
Samakhushi	7	3
Sukedhara	4	3
Swayambhu	9	3
Teku	13	3
Thamel	35	20
Kamaladi	57	40
	201	106