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

Rashid Saeed, Rab Nawaz Lodhi, Hafiz Muhammad Abdul Hayee, Merium Shakeel, Zahid Mahmood and Moeed Ahmad

1Head of Management Sciences Department, COMSATS Institute of Information Technology Sahiwal, Pakistan
2COMSATS Institute of Information Technology Sahiwal, Pakistan
3Bahria University Islamabad, Pakistan
4Department of Business Administration, Bahauddin Zakarya University, Sahiwal Campus, Pakistan

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

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

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

INTRODUCTION

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

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

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

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

Background of the Problem: Things that affect the job satisfaction other than the factors like reasonable wage, attraction of the job, appreciation for the good job, structure of the organization, relations among the employees, security of the job, working conditions,
manager approach to the employee’s personal problems and promotion criteria include sharing in the profits, skill of managers to the maximum use of the employee talent and organizational culture.

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

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

**Research Objectives:**

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

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

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

Ololube [2] conducted a research with the title of “Teachers Job Satisfaction and Motivation for School Effectiveness: An Assessment”. He studied a model based on different theories of motivation and its relationship with the job satisfaction. Data was collected through questionnaire data collection method from a sample of 680 respondents on five likert scale. The results revealed that teacher related sources of job satisfaction seem to have a greater impact on teaching performance, as teachers are also dissatisfied with the educational policies and administration, pay and fringe benefits, material rewards and advancement.

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

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

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

Velnampy [5] conducted a study on employee performance and job attitude concluded that job satisfaction has positive effect on the employee’s performance as it improves job participation and the higher performance makes employees feel more satisfied and loyal to the organization. The performance and satisfaction of the employee works in a sequence and are mutually dependent. Job satisfaction and employee involvement leads to the have high level of performance.
Shahu and Gole [6] in their study discussed effects of job satisfaction on performance. They sum up their findings on an aspect that organizations should considered work satisfaction. They considered validity as a significant plan and it should be extended for the improvement of employee’s performance. The level of performance lowers with the low level of satisfaction. There must be some programs about awareness, related to the stress and satisfaction level in the organizations. That will help organizations to recognize the paybacks of stress knowledge in accordance to the satisfaction and achievement of goals in the organizations.

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

**Theoretical Framework**

![Research Model]

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

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

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

**Methodology**

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

**Results of Reliability Analysis**

<table>
<thead>
<tr>
<th>No.</th>
<th>Dimension</th>
<th>Items</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Extrinsic motivational factors</td>
<td>12</td>
<td>0.686</td>
</tr>
<tr>
<td>2</td>
<td>Job satisfaction</td>
<td>4</td>
<td>0.827</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>GENDER</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>MALE</td>
<td>59</td>
<td>59.0</td>
<td>59.0</td>
<td>59.0</td>
</tr>
<tr>
<td>FEMALE</td>
<td>41</td>
<td>41.0</td>
<td>41.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th></th>
<th>Extrinsic motivation</th>
<th>Job satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extrinsic motivation</td>
<td>1.0</td>
<td>.381*</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>.381*</td>
<td>1.0</td>
</tr>
</tbody>
</table>

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

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

Results of Regression Analysis

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

CONCLUSION

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

REFERENCES


