



Do intrinsic and extrinsic rewards influence the job satisfaction and job performance? Mediating role of reward system

Farzana Riasat¹, Sobia Aslam², Qasim Ali Nisar^{3*}

^{1,2} Department of Management Sciences Gujranwala

³ Department of Management Sciences, University of Sargodha Gujranwala Campus

³ Othman Yeop Abdullah Graduate School of Business, University Utara Malaysia

* Corresponding author: qasimalinisar@yahoo.com

Abstract

Nowadays firms are striving to achieve competitive advantage by using different strategic techniques. As a result of high competitive pressure; firms are making efforts to get competitive edge by utilizing workers' talent, abilities and proficiency to formulate the accurate exploitation of employees' works by offering different benefits and rewards schemes. Satisfied employees become more devoted dedicated and attached with their organization as compared to other organization employees. The main purpose of the current study is to determine relationship between intrinsic and extrinsic motivation by concentrating on the mediating effect of reward system. Data has been collected by applying simple random sampling. Questionnaire technique is taken on to accumulate data from staff in context of their satisfaction and performance. The application of statistical tools CFA and SEM shows that monetary and non-monetary rewards positively associate with employees' job satisfaction. Positive correlation lies between intrinsic, extrinsic motivation and employee's performance and job satisfaction of nursing staff in hospitals. Moreover results divulged that rewards system significantly and partially mediates the relationship between intrinsic & extrinsic rewards, job performance and job satisfaction. The research provides deep appreciation that how institutions can encourage employees by delivering valuable rewards through Intrinsic and extrinsic motivation programs.

Keywords: *Intrinsic Motivation, Extrinsic Motivation, Employee Performance, Employee Satisfaction, Rewards System*

ARTICLE INFORMATION

Received: 25 March 2016

Revised: 25 June 2016

Accepted: 25 August 2016

DOI:

<http://dx.doi.org/10.31580/jmi.v1i1i.56>

© Readers Insight Publication

Introduction

As a result of massive competitive atmosphere firms strive to achieve competitive edge and improve their items, over all operational activities and management system in business. Firms ultimate focal wish to attained its pre-plan and schedule goals (Nisar *et al.*, 2014) To getting its demanded vision and mission organization make its employees motivate through two inspiring ways intrinsically and extrinsically (Kapelner & Chandler, 2010; Harter, 1981). A flourishing firm always pays attention to make its employees more satisfied and enhanced their performance through rewarding them and reward system has been found as a strategy used by many firms to boost up performance and satisfaction of its human resources.

According to Spector (1997) employee's satisfaction reliant on their mentality or perception, thinking, and feeling towards their job. Due to extensive work load competition organizations faced great problem to manage its human resource here question is arises that how more satisfied employees are and how more effectively and efficiently they performed on the other hand presentation of the employee's play a crucial role to expand in growth of organizations as well individual workers career enhancement (Peng & Meyer, 2006). The status quo era has been over now a days; world become global village and change occur in technology so rapidly, and that change cause stress in employees mind and organization can reduce this stress level through considering an individual as unique and different persona and make

them satisfied for their performance enrichment. Organizations are trying to maintain up-to-date their firms to protect themselves from rivalry of new firm through new technologies and skilled employees hiring. To retain labor force motivated they offer best and fair rewarding system and judges and investigate their employees mentality individually whether they preferred intrinsic reward consist of task significance, autonomy, promotions, opportunity increasing holidays, family benefits and on the other hand extrinsic rewards contain edge benefits, pay, salary, contract of services, the work environment of work.

Top executives of firms must search for to maintain well-organized relationship between their workforce and organization by checking their employee's state of mind and desires of preferences (intrinsic or extrinsic). It is not possible for any origination to achieve its pre-plan and desired goal without making fair and balance rewarding system. It is integral for firms rewards should be reliable and given on periodic basis .motivated personnel will produced more output with higher quality as compared to non-motivated employees. Incentive system develop encouragement feeling in employees and that encouragement make them more devoted, tremendous and energetic. Firms facing a lots of problems now a day's one is most important is that to make their employees more satisfied through judging their way of thinking, preference or need that vary employee to employee that generate high performance. They serve more of their time for organization advancement so that's why employees intrinsically and extrinsically



play a significant role in progression of both party's employees and organization. If organizations pay attention of their employees need and demands they will strive to be appear in fortune 500 companies list because employees struggle to their performance really matter and will be successful by using tricks of intrinsic and extrinsic motivation. Then definitely employee's productivity and dedication towards their job will be enhanced.

Research objectives

The main purpose of the study is to examine the impact of extrinsic and intrinsic rewards on employees' performance and their satisfaction by considering the mediating role of rewards system at hospitals in Gujranwala. Study objectives mentioned below:

1. To examine impact of extrinsic and intrinsic rewards on employee's performance.
2. To check the impact of extrinsic and intrinsic rewards on employee's job satisfaction.
3. To examine the mediating role of rewards system between the relationship of intrinsic rewards, job performance and job satisfaction.
4. To examine the mediating role of rewards system between the relationship of extrinsic rewards, job performance and job satisfaction.

Literature review

Extrinsic Motivation

Extrinsic motivation can be explained as when a commotion(action) is done in order to attain some distinguishable result and focus on instrumental values tangible in nature merely financially termed on the other side the most important that desired of employees while working in the companies are security & safety, a particular type of work place, promotions, arrogance so that identified the money or extrinsic rewards are not always primary motivator for workers ("Employee", 2005). In addition, Tifflin & McCornick (2007), extrinsic motivation is "interjected regulation" which means inner regulation that is still manageable reason is that employees perform such actions with pressure for sake to avoid anxiety or pride's (Ryan, 1982).

A classical representation summed up, *introjections* are ego involvement in employees. Furthermore, perceived research has supported the hypothesis that extrinsic motivation can multitude out intrinsic rewards (Deci, 1999). Herzberg was first person who introduced the concept of intrinsic and extrinsic motivation and clearly defined the importance of both variables (Staw.,1976). Another study reveals that extrinsic reward not best motivate among employees and some time cause of de-motivation in employees (Perry *et al.*, 2006). A financial benefit has the influence persons to motivates towards effective achievements in term of profits (Sinclair *et al.*, 2005). Another study proposed that an employees who received individual encouragement by performing task their interest and perception vary person to person towards rewards they received (Lehr's & Bergum, 2004).

Rewards system

Reward can be described as an individual who received by performing particular task or job that play crucial role to enhanced employees performance as well productivity of the firm reward system can be split into two groups extrinsic and intrinsic motivations they are made by taking employees point of view extrinsic rewards like., remuneration, additional benefit, commission, status and advancement on the other side extrinsic reward i-e conscientiousness, working environment, opportunities to improved their career and meaningful work Hence, another study revealed that poor remuneration directly link to profit earn by organization (Akerle., 1991). Wages divergence between low and high income earner make employees less encourage, less committed and less productive. In addition financial rewards are not only one way to motivate employees other ways also used as a rewarding to like., appreciation, opportunity, management attention also matters.

Furthermore, Eisenberger *et al.*, (1998) concluded that rewards system play a important role in motivating employees to perform innovatively. Moreover reward is essential could not be ignore because employees warmly accept cash rewards executive should not used always as a tool to motivate similarly (Spitzer, 2002). Another study predicts that top management should also be aware of "nonrewards" (Bewen, 2000). Human resource is most significance resource to gain competitive edge and that resource optimally used through encouragement and for encouragement firm used different tactics rewards is considerable Importance among them (Carragher *et al.*, 2006). Similarly another study summed up motivation of employees and productivity of the firm enhance through balance rewarding system (Deeprise,1994).

Job satisfaction

Job satisfaction serves as tools which make an employee mood happy to do work without the concept of leaving job. Furthermore many researchers summed up job satisfaction as a outcome of employees performance appraisal level which identifies the working environment needs of an employee (Dawis & Lofquist, 1984). Furthermore, Spector (1997) defines job satisfaction is related with the mentality of employees how they think and feel about their jobs. This research paper is prepared to explain the importance of job satisfaction for employee better performance. Motivation is deliberated factor and study will explain the ways in which organizational performance can be enhanced. Employee's satisfaction is one of the instrumental contrivances that used to examine in industrial organizational physiology, social, psychology, organizational behavior and human resource management. Knowledge of determinants, consequences and other correlates of job satisfaction can be crucial for organizational successes (Cranny *et al.*, 1992).

Hence, Walker (1998) further explored that by awarding employees with rewards can increase the level of job satisfaction by doing this the organizational environment will be changed. By giving employees self respect job satisfaction can be achieved its highest goals and objective (Metzler, 1998). More ever, that long and high working hours, low wage rate, job insecurity, lack of job autonomy etc can be dangerous for the organization and this leads to low job satisfaction level (Rahimipour, 2011).

Employee performance

Performance management is a tool to explain the methods to improve the employee performance. Further explanations shows that better results can be achieved by understanding planned goals of organization (Armstrong, 2008). Employee performance is important tool to analyze the outputs and yields of any organization (Kohn *et al.*, 2005). Furthermore the study shown that employee productivity increased by the level of job satisfaction. Employers have to offer attractive packages to entertain employee for their self-determination. It becomes trend to award employees with attractive packages for better performer (Sumita, 2004). Low level job satisfaction can leads to poor performance in organization. According to the theory proposed by Adams (1963) all employees should be treated at equal level because employees are interested in to be treated fairly. In this way the employee can easily compare his/her rewards receiving from employer (Meyer, 1999).

Inequality occurs when there is no proper distribution of reward system in this way the employee performance will be low. Training can enhance the performance level of employees (Javadein, 2008). Every employee wants to learn organization learning can enhance the performance of employee in this way for learning employee has to participate in seminars, workshops, other guidance conferences what's more on the job or off the job.

Intrinsic rewards and outcomes

Intrinsic and extrinsic rewards have significant relationship with employee's performance (Olsson & Kvaløy, 2008, 2013). Last researchers effectively add up and enhanced our concepts about



intrinsic rewards and impact on employee's performance but there some limitations in this research area. In preceding studies researcher almost ignored that intrinsic rewards always not be insignificantly related with employees performance depend on mentality of an individual vary person to person. Another study concluded that appreciation and empowerment negatively affect on employees performance but sometimes empowerment considered significant among intrinsic variables (Hafiza et al., 2011). Last studies also ignored that how much psychological satisfaction (intrinsic rewards) is importance in work area. In current study explored that how firms can managed intrinsic reward for creative environment and for employee's performance.

Similarly, Cheema, Alam & Shujaat (2013) enlightened that significant positive relationship is exist three out of five intrinsic variables training, identification for performance, chances for career advancement, effective contact channels and job safety out of them career advancement, communication channels and job safety direct relationship with employees performance previous studies effectively dedicated the link between intrinsic motivations and worker's performance but some research area has been skipped that how organization identified needs of their employees and that is it money really matter for employee performance enhancement. Combined positive effect of extrinsic and intrinsic rewards on employee's performance with demographics like age and gender but almost ignored that how employees are intrinsically motivated for good performance (Convington & Mueller, 2001).

Previous researchers concluded that if employees are intrinsically motivated they will be effectively increased firms reputation as well as their profitability but they almost ignored that is it intrinsic rewards attached with emotions or not (Tausif, 2012). In contrast, Locke (1976) identified that employee's emotion towards intrinsic rewards much sensitive last researchers almost ignored how intrinsic emotions attached with intrinsic rewards (Ayesha et al., 2014). In addition, intrinsic rewards directly influence employee's performance and results revealed that intrinsic reward significant and positive relationship with employee's performance when non-monetary rewards are exercise among satisfied employees in the firm (Abdullah & Caniogo, 2012, 2013). Another study explained that if employer effectively managed intrinsic rewards for those who demanded that type of rewards that will be beneficial for both parties for employees and for employer of the firm but almost ignored that why intrinsic rewards are necessary for better performance among employees (Kittur et al., 2008). Now in this study want to clarify why intrinsic rewards are important for particular group of employees and what makes employees intrinsically motivated going to be test following hypotheses:

Extrinsic rewards and outcomes

Researchers proposed that extrinsic rewards has directly and positively make impact on employee satisfaction. Previous researcher no doubt work well done on extrinsic rewards effect but there are some points pay no attention by researcher that must be add up to enhance the importance of extrinsic rewards. According to current research results shows that extrinsic as well as intrinsic rewards also have significant positive impact on employee satisfaction. Both rewards have positive impact (Reily et al., 1991). Further studies summed up that, extrinsic rewards (financial rewards) are crucial in Pakistan for employee satisfaction. Results show the positive relation of extrinsic rewards with employee satisfaction. Last researchers suggested that mere extrinsic rewards are not important intrinsic rewards should be focused. But here some logical points are to be ignored by researchers that must be added up. There is no doubt both type of rewards are crucial but our focus on extrinsic rewards should be high because money is important factor for satisfaction. In previous research some important point continuously ignored by last researchers is that they said that only extrinsic rewards related with employee satisfaction and ignore the intrinsic rewards. We have to also focus on intrinsic rewards but extrinsic rewards should be at high level priority (Ali & Akram, 2013, 2012). Similarly, many

Researchers suggested that employee should be awarded with medical allowances they focus on medical allowances. According to results extrinsic rewards show positive impact on employee satisfaction. Another researcher shows the positive results of extrinsic rewards with employee satisfaction by focusing on promotion of employees, but there are some limitations in the previous studies that is only medical allowances and promotion packages are appreciated as extrinsic rewards should be attractive in the form of salary packages. Salary should be reasonable and sufficient (Nayadema et al., 2014)

H1: *There is significant and positive relationship between intrinsic & extrinsic rewards and employee job satisfaction.*

H2: *There is significant and positive relationship between intrinsic & extrinsic rewards and employee job performance*

Mediating role of rewards system

Reward system statistical significant linked with employee's performance. Rewards system positively influence employees' performance. Preceding studies effectively gathered the concept of rewards system and its benefits but previous study almost ignored that fair and equitable reward system how much necessary for employees performance (Ali et al., 2012) and also ignored that is reward system depend on the culture that perceived by employees. In current study revealed that perception of individual employees regarding reward system and how rewards system influence action of an individual employees.

Reward system positively affect the employees performance and employees satisfaction reward system play mediating role in employees performance previous studies conclude that in the real life it is very necessary to rewarding system applied for higher performance and high level achievements preceding studies almost ignored that how manager can manage reward system and also know that what things really inspired to employees for higher achievements and productivity (Zohoori et al., 2013; Mosavizade, 2015).

Furthermore, another study reveals that rewards just not means to focus in financial reimbursements against employee's performance .sometimes included opportunities ,career advancement in other words in non-financial reimbursement by managers (Dewhurst et al., 2010) but almost ignored that what factors of rewarding actually make employee's more efficient and effective for organization. However, Malhotra:Kuvaas and Burke.,(2007: 2006: 2002) are agreed and investigated the positive and statistical significant correlation between reward system and employees commitment towards their performance. But they are also ignored what employees actually perceived from organization against their efforts and determination. "Rewards management strategies" positively hit employee's satisfaction level (Nujoo & Meyer, 2011). In current study want to explored how managers can manage effective rewards system for better and effective organization achievement. Rewards system is very crucial in any organization, school, institution etc for best employee performance and employee satisfaction. According to this research paper and researchers there is positive relationship of rewards (intrinsic & extrinsic) on employee performance and employee satisfaction.

According to another research get the same results of rewards on employee satisfaction as well as performance(Ibrar & Owais, 2015; Aktar, 2013; Ajmal, 2015). Furthermore, researchers continue research on Rewards like financial and non-financial can affect employee satisfaction and performance .but according to these studies only intrinsic rewards are highlighted. therefore, there exists negative relation of extrinsic rewards and positive relation of intrinsic rewards on employee satisfaction and performance (Njanja, 2013; Uzonna, 2013). But there are some limitations in these papers that some important points ignored by researchers are that they discourage monetary benefits that is unfair way to dissatisfy employee .organizations should concentrate on both types of rewards. Furthermore, many researchers continue research of rewards impact on employee performance and employee motivation. There research shows that there is strong positive impact of extrinsic rewards much

high as compared to intrinsic rewards. According to another research, researchers explained that there is direct relation exist of rewards on employee satisfaction and employee performance (Muhammad, 2011; Gohari, 2013; Qureshi, 2010).

H₃: Reward System significantly mediates the relationship between intrinsic rewards, employee job performance and job satisfaction.

H₄: Reward System significantly mediates the relationship between extrinsic rewards, employee job performance and job satisfaction

Conceptual framework

Current Study engage Intrinsic and Extrinsic rewards as independent variable and employees performance and satisfaction as dependant variable and reward system as mediating relationship between them shown as follow:

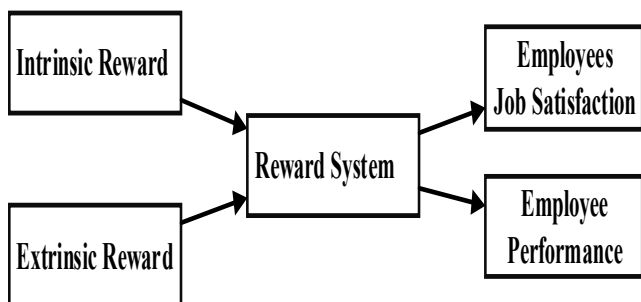


Fig.1. Conceptual Framework

Method and material

Research design

Current study is quantitative and descriptive in nature. Deductive approach merely has used in study and research design is descriptive. Survey method is used in study to discover impact of intrinsic rewards and extrinsic rewards on employee satisfaction and employee performance and mediating role of rewards system. Questionnaire method is used in survey. Instrument is divided two segments first segment contain demographic of respondents including their age, gender, education level, hospital name, nature of employment and length of service which is measured by nominal scale. Second segment is related to the question relevant to under study variables namely intrinsic rewards, extrinsic Rewards (Independent Variable) is assess by scale which is used in Rebecca Hewett title was “Examining the relationship between workplace rewards and the quality of motivational experience; a Self-Determination Theory perspective “both variables contain 14 items. employee satisfaction (Dependant Variable) is measured by scale Hackman and Oldham contain 5 items , and second dependant employee performance contain 3 items and considered scale by Bowra et al., and rewards system measured is mediating variable measured by Ivo Van den Berg*, Ingmar H. A. Franken and Peter Muris contains 7 items and total items are 29 were adopted in current study. A 5-point likert scale has been adopted for this purpose . SPSS (Statistical Package for Social Sciences) and AMOS are used.

Data collection

Current study is an empirical and taking primary data to explore impact of intrinsic rewards and extrinsic rewards on employee satisfaction and employee performance and mediating role of rewards system. Questionnaire method is used to gather data from respondents. The responses were gathered from health sector including 10 different private, government, civil hospitals and Army hospital CMH in cantt district Gujranwala and have used simple random sampling technique.350 questionnaires were distributed randomly to the employees including doctors and nurses of health

sector. Data collection Procedure is used by obtained the list of hospitals from their official websites of hospitals. Then get hold list of employees through HR department of hospitals and apply random sampling technique. The survey has been carry out in doctors and nursing staff of hospitals.

Demographics

A total of 350 questionnaires were distributed among different hospitals out of which 320 were correctly filled. Male and female fill respondents’ in respective percentage male 51 %and female 49 %-and 125 respondent were aged approximately equal to 25.and 150 respondent were in range to 30-40 and remaining respondent were in range of 40+.

Findings

Table 1: The Mean Values for the Constructs

Con	M	SD	1	2	3	4	5
IR	3.71	.700	-(.85)				
ER	3.64	.722	.601**	-(.82)			
RS	3.85	.567	.469**	.525**	-(.74)		
JS	3.74	.779	.504**	.461**	.313**	-(.82)	
JP	3.97	.671	.456**	.443**	.294**	.490**	-(.72)

IR=Intrinsic Rewards, ER=Extrinsic Rewards, RS=Rewards System, JS=Job Satisfaction, JP=Job Performance

Table 1 shows the Mean values for intrinsic rewards, extrinsic rewards, rewards system, job satisfaction and job performance are 3.71, 3.64, 3.85, 3.74 and 3.97 respectively. Likewise, Standard deviation values for all above stated variables are 0.700, 0.722, 0.567, 0.779 and 0.671 respectively. Table 1 Screening correlation among all below study variables Intrinsic Rewards, Extrinsic rewards, Rewards System, Job satisfaction and Job performance with r =0.85,r =0.82,r=0.74,r=.82,r =0.72 respectively. Hence, Intrinsic rewards, Extrinsic Reward highly correlate with Rewards System Job performance and job Satisfaction with r =0.85,r =0.82,r =0.74,r =.82,r =0.72 respectively. It means results are positively and significantly relates with each other.

Table 2: Fit Indices for CFA Model

Index of fit	CMIN/DF	P	GFI	AGFI	CFI	RMSEA
Value	2.98	.07	.943	.834	.945	.057

Table 2:- The Fit Indices Model(FIM) demonstrates the Goodness of Fit Chi Square and other values to determine that weather the choose model has been an appropriate fit for reliability and validity check or not. Goodness of Fit Index (GFI) should be greater than 0.95, Adjusted Goodness of Fit(AGFI) should be greater than 0.8, CFI must be >0.95, Root Mean Square Error of Approximation(RMSEA) should be <0.5. Thus, the results value of our measurement model being GFI=.943, AGFI=.834, CFI=.945, RMSEA=.057 being in normal range of acceptance proves than our model is fit to check the reliability and validity of scale being used providing a green signal to proceed.

Measurement model has drawn to carry out the Confirmatory Factor Analysis. Table 3 illustrates the CFA Model. In order to determine the convergent reliability and discriminant validity of data, this model and its fit indices has been exemplified. In order to check the reliability there are three major steps as being showed by Fornell & Larcker (1981), these involve the factor loading constructs value of Confirmatory factor Analyses(CFA) Model being greater than 0.7, the AVE values should be greater than 0.5 and the Composite Reliability (CR) value should be greater than 0.5. thus, the results shown in Table 3 illustrates that the majority values of factor loading higher than 0.7 and significant at 0.001.CR are Intrinsic Rewards, Extrinsic rewards, Rewards System, Job satisfaction and Job performance with 0.873,0.896,0.857,0.817 and 0.873 in that order and AVE are 0.571,0.554,0.664,0.598 and 0.713 respectively. While the CR and AVE values are all higher than 0.8 and 0.5. Thus, this result



determines our scale reliable being convergent and proves the discriminant validity, which means that the items showing variances are for their own variables that the other. This adds to the reliability and validity factor of the study and relationship of the variables involved.

Table 3: Measurement Model

Items	Factor Loadings	AVE	CR
Intrinsic Rewards		0.571	0.873
IR1	.745		
IR2	.677		
IR3	.732		
IR4	.783		
IR5	.826		
IR6	.883		
IR7	.783		
Extrinsic Rewards		0.554	0.896
ER1	.798		
ER2	.812		
ER3	.973		
ER4	.873		
ER5	.829		
ER6	.810		
ER7	.872		
Rewards System		0.664	0.857
RS1	.873		
RS2	.781		
RS3	.833		
RS4	.762		
RS5	.874		
RS6	.742		
RS7	.692		
Job Satisfaction		0.598	0.817
JS1	.831		
JS2	.794		
JS3	.752		
JS4	.823		
JS5	.812		
Job Performance		0.713	0.873
JP1	.983		
JP2	.745		
JP3	.863		

Table 4: Fit Indices for SEM

Index of fit	CMIN/DF	P	GFI	AGFI	CFI	RMR
Value	2.99	.06	.952	.845	.949	.056

Table 4 shows the fit indices of SEM. The fit indices determine the fitness between the recommended and the existence variance matrix. The first value recommended by the index of fit chi square (Df) =2.99 shows the fitness of model being used. Moreover, the GFI determines the variance in the model which is 0.952 being reasonably fair, AGFI value being 0.845 shows highly good fit, the RMR value indicating the difference between estimated variance and covariance from observed value being small as 0.056 is better, CFI comparative fit index value 0.949 is considered good. Thus, the consequence determines that the data is fit accordingly with the model.

SEM mediation analysis

Table 5 Described the path analysis of specify variables and relationships among them via SEM

Table 5: Path Analysis

Independent Variables	Effects	Job Satisfaction	Job Performance
Intrinsic Rewards	Direct Effect	.461*	.384*
	Indirect Effect	.398*	.314*
Extrinsic Rewards	Total Effect	.496*	.427*
	Direct Effect	.398*	.387*
	Indirect Effect	.410*	.325*

	Effect Total	Effect
Mediating variable: Rewards System	.444*	.416*

Table 5 -Shows the path analysis of Intrinsic rewards, extrinsic rewards, job performance, and job satisfaction and Reward system relationship among them. Findings revealed that intrinsic rewards has positive and significant relationship with job satisfaction and job performance as direct effect of intrinsic rewards on job satisfaction and job performance is (b= 0.398, b=0.314, p<0.05) respectively and supported to H1. Moreover total effects are greater than direct effects which indicated that rewards system positively and significantly mediate the relationship between intrinsic rewards, job satisfaction and job performance and supported to H3. Furthermore Table V also enlightened that extrinsic rewards also has positive and significant relationship with job satisfaction and job performance as direct effect of extrinsic rewards on job satisfaction and job performance is (b= 0.39, b=0.387, p<0.05) respectively and supported to H2. Findings proved that rewards system also partially mediate the relationship between extrinsic rewards, job satisfaction and job performance and supported to H4.

Discussion and conclusion

The main purpose of present study is make concise literature review to make clarify intrinsic and extrinsic motivation contribution in employees performance and satisfaction in there and mediating effect of reward system in organizations and highlighted the importance of Monetary and non-Monetary rewards implementation with respect to job enhancement. Results represent that intrinsic rewards has significant and positive relationship with employee’s performance and their satisfaction and support to H₁. Similarly reward system really mediates the relationship among intrinsic and extrinsic rewards, employee’s performance and satisfaction and these finding supported to H3 & H4. Results also summed up that extrinsic rewards also has significant relationship with employees performance and their job satisfaction ad supported to H2. All these findings are highly supported by previous studies as previous researchers also shown positive and significant supported relationship respectively in H₁ (Convington & Mueller, 2001; Tausif, 2012; Locke,1976; Ayeshaet al., 2014; Abdullah &Wan & Caniago, 2012, 2013; Kittur et al., 2008) and rewards system mediates the relationship supported by H₂ (Ali et al.,2012; Zohoori et al., 2013; Dewhurst et al., 2010; Malhotra,2007; Kuvaas, 2006; Burke., 2002; Ibrar & Owais, 2015; Aktar, 2013; Muhammad, 2011; Qureshi, 2010; Reilyetal,1991; Ali & Akram, 2013, 2012; Nayadema et al., 2014). Similarly another recently researchers also divergent the positive and significant relationship (Mosavizade, 2015; Ajmal,2015; Nazir&Yousaf, 2015,2014; Gohari, 2013). Results also predict that Hospital in Pakistan have been used this strategy of motivation in their different department like nursing, doctor orate and in low level management.

Practical implementation

Different organization can used this strategy of motivation because “a happy worker they say is a productive worker” not only hospital sector that strategy will be fruitful but also other sector will be use it as a motivation strategy like banking, pharmaceutical, fashion industry and other manufacturing industries also implement it.

Future directions and limitations

Further research can be enlarging this area through adding more dimensions, and adding other motivation tools. Due to limited scope and time, this study is restricted to just one sector. With the limitations identified above, the ability to generalize the future researcher can make research on following areas.

- By taking large sample size.
- By conducting longitudinal study.
- Through taking more variables.



- Via using different sampling techniques like; Cluster and Systematic sampling techniques.
- By making comparison between two different sectors.
- Time Horizon can be increased.
- Analyses tool can be used at advance level.
- In this area of study prospect research suggestion to explore the combined effect of Intrinsic and extrinsic job rewards on employee.
- In further study direct to let respondents questionnaire in a calm setting

References

- Abdullah. (2013). Relationships of Non-Monetary Incentives, Job Satisfaction and Employee Job Performance, Vol. 2 Issue.4
- Agwu, M.O. (2013). Impact of Fair Reward System on Employees Job Performance in Nigerian Agip Oil Company Limited Port-Harcourt, British Journal of Education, Society & Behavioral Science, 3(1), pp 47-64.
- Carraher, R, Gibson, A. & Buckley R (2006). Compensation in the Baltic and the USA, Baltic Journal of Management Vol. 1, pp 7-23.
- Chandler, D. and Kapelner, A. May 2010. *Breaking Monotony with Meaning: Motivation in Crowdsourcing, Markets*, working paper, http://www.danachandler.com/files/Chandler_Kapelner_BreakingMonotonyWithMeaning.pdf.
- Cheema (2013). Impact of Non-monetary Rewards on Employees' Motivation: a Study of Commercial Banks in Karachi, Vol. 9, No. 2, (Fall 2013) 23-30
- Deci, E. L., & Ryan, R. M. (1985). *Intrinsic motivation and self-determination in human behavior*. New York: Plenum.
- Deci, E.L., R. Koestner and R.M. Ryan. (1999). A Meta-Analytic Review of Experiments Examining the Effects of Extrinsic Rewards on Intrinsic Motivation, *Psychological Bulletin*, 125, 6, 627-668.
- Deeprase, D. (1994). How to recognize and reward employees. New York: AMACOM. *Psychological Bulletin*, 125, 677-691.
- Eisenberger, R., & Rhoades, L. (2001). Incremental effects of reward on creativity. *Journal of Personality and Social Psychology*, 81, 728-741.
- Edirisooriyaa (2014) Impact of Rewards on Employee Performance: With Special Reference to Electrico. Faculty of Management and Finance, University of Ruhuna. ISBN 978-955-1507-30-5
- Evans, M.G. (1986). Organisational behaviour: The central role of motivation. *Journal of Management* 12 (2), 203. *Employee motivation. Motivation in the workplace- theory and practice*. (2005, July 12). Retrieved March 17, 2006, from <http://www.accel-team.com/motivation/>
- Hafiza et al., (2011) Relationship between rewards and employee's motivation in the non-profit organizations of pakistan *Business Intelligence Journal - July, 2011 Vol.4 No.2*
- Harter, S. (1981). A new self-report scale of intrinsic versus extrinsic orientation in the classroom: Motivational and informational components. *Developmental Psychology*, 17, 300-312.
- Heng, T.B., (2012). The Reward Strategy and Performance Measurement (Evidence from Malaysian Insurance Companies), *International Journal of Business, Humanities and Technology*, Vol. 2, pp 211-223.
- Herzberg F., 1976, Motivation- Hygiene Profiles. Pinpointing what ails the organization.
- Hull, C. L. (1943). *Principles of behavior*. New York: Appleton-Century-Crofts
- Reeve, J., Deci, E. L., & Ryan, R. M. (2004). SDT: A dialectical framework for understanding sociocultural influences on student motivation. In: *Big theories revisited* (McInerney DM, Van Etten S, eds), pp 31-60. Greenwich, CT: Information Age Publishing.
- Jibowo, A.A. (2007). Effect of motivators and hygiene factors on job performance among extension workers in the former Western State of Nigeria. *The Quarterly Journal of Administration*, 12 (1):45-54.
- Kaplan, F., & Oudeyer, P. (2007). In search of the neural circuits of intrinsic motivation. *Frontiers in Neuroscience*, 1, 225-236.
- Khan, I., Shahid, M., Nawab, S. & Wali S. S. (2013). Influence of intrinsic and extrinsic rewards on employee performance: The banking sector of Pakistan. *Academic Research International*, 4 (1), 282-292.
- Nelson, B. (2004). Misunderstanding rewards hampers motivation. *Canadian HR reporter*, Vol. 17 No. 10, 14 and 17.
- Nisar, Q. A., Ahmad, S., & Ahmad, U. & Imran, A (2014). Exploring Relationship among Rewards, Recognition and employees Job Satisfaction *Middle-East Journal of Scientific Research* 21(9) 1533-1540, 2014
- Osterloh, M., Frey, B. (2000), Motivation, Knowledge Transfer, and Organizational 80 Forms, *Organization Science*, Vol. 11, No. 5, 538-550
- Perry, J. L., Mesch, D., & Paarlberg, L. (2006); Motivating Employees in a New Governance Era: the Performance Paradigm Revisited. *Public Administration Review*, Vol.66, pp.505-514.
- Pratheepkanth (2011). Reward System And Its Impact On Employee Motivation In Commercial Bank Of Sri Lanka Plc, In Jaffna District. Volume 11 Issue 4.
- Ryan, R. M. (1982). Control and information in the intrapersonal sphere: An extension of cognitive evaluation theory. *Journal of Personality and Social Psychology*, 43, 450-461.
- Spector, P. (1997). *Satisfaction: Application, Assessment, Causes and Consequences*, Sage, London
- Chandler & Kapelner (2010)
- Staw, B. M. (1976). *Intrinsic and Extrinsic Motivation*. Morristown, NJ: General Learning press
- Steers, R., & Porter, L. (1991). *Motivation and work behavior*. New York: McGraw-Hill Irwin.
- William M. (2003). *The Management and Control of Quality*, 5th edition. US: Thomson.