

# “Reward management Practices and its Relationship with Job satisfaction - A study specific to electronic industry in Gujarat”

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## Abstract

Electronics industry in India is growing at a considerable rate. However, it faces issues like competition, attracting competent manpower, attrition, etc. The literature cites that job satisfaction is one of the factors to retain employees and reward management plays an important role in job satisfaction. The paper had tried to study the perception of employees towards reward practices in the electronic sector. It further tried to find the relationship between reward practices and job satisfaction. Further, it aimed to find a relationship between demographic factors and job satisfaction. It concluded that employees were quite happy with the reward policies of the company and felt motivated due to it. However, they felt that the benefits package were not comparable to other organizations. Additionally, employees were also not sure about the fairness regarding the grading system. It also concludes that job satisfaction level of employees was high and their work gave them a feeling of personal accomplishment but on the other hand they felt that their organization is not good at keeping employees informed about matters affecting them. In both cases, organizations need to improve the way of communication with their employees.

**Key words: Reward, job satisfaction, electronic industry, relationship.**

## Introduction

Reward management is a combination of both financial as well as nonfinancial rewards. In the modern business world, the employer must be aware of this issue and initiate the necessary steps to meet the requirement of the employees. Reward management practices have a significant impact on job satisfaction. However, it is difficult to find the degree of job satisfaction of an individual due to various other factors affecting it. With increasing competition, it is important that organizations attract, employ and retain competent manpower. organizations have to necessarily acknowledge the significance of attracting and retaining talented people in the current era. It is the skills and knowledge of that will act as main competitive enablers of performance (Minchington, 2010; Prinsloo, 2008). Some authors like Minchington (2006) argue that organizations explore various ways through which they can retain their highly talented employees. For attracting new employees the reward management system has to be effective while for retaining the current employees they should be satisfied. Locke and Luthan (1990) defined job satisfaction as a pleasurable or positive emotional state which results from an appraisal of one's job or experience. Davis (1988) defined it as the ultimate end at which jobs and or managerial policies of an organisation are designed; they are done in such a way that employees derive maximum satisfaction of their needs through them. Job satisfaction is a perceptin of employee towards work itself, pay, promotion opportunity,

supervision and contentment (Luthan, 1998). Job satisfaction is central and crucial to management, Adio & Popoola (2010). Therefore, there seems to be a relation between reward management and job satisfaction.

**Introduction to Electronics industry:** The electronics industry concerning consumer electronics started in the 20th century and has now become a multi-billion-dollar industry. It is difficult to imagine modern life without electronic gadgets.

Asian games held in 1982 gave a considerable boost to the television industry in India when Government of India allowed importing of TV sets. While taking this policy decision Government also kept in mind the broadcasting of Asian Games in New Delhi which was to be held in 1985. With the arrival of Computers and Telephone exchanges, the industry further got boost by Digital Exchanges in 1988. However, the golden period of electronics is considered to be between 1984 to 1990 during which the industry progressed by leaps and bounds.

The Indian Electronics Industry is driven by many factors such as growing middle-class population, rising disposable income, declining prices and adoption of high-end technology. Furthermore, technology transitions such as the roll-out of 4G/LTE networks and IOT are driving the accelerated adoption of electronics products. Government of India initiatives such as Smart City and Digital India has raised the role of IoT in the form of electronics. Similarly, digital banking sector like wallet players and payments banks will further raise demand for POS and VSAT enabled mobile ATM's, which will give a boost to the industry. India continues to be the world's largest electronics market reaching \$ 400 billion by 2025. The Consumer Electronics and Appliances Industry in India is expected to become the 5th largest in the world by 2025 while the electronics market is projected to grow at a CAGR OF 17% DURING 2014 TO 2020<sup>1</sup>. The electronic industry in India constitutes just 0.7 percent of the global electronics industry<sup>2</sup> which is quite small as by international comparison. However, there is a huge potential for growth and investments in this sector.

### Objectives of the study

The paper had tried to study the perception of employees towards reward practices in the lectronic sector. It further tried to find the relationship between reward practices and job satisfaction. Further, it aimed to find a relationship between demographic factors and job satisfaction.

### Research Methodology

#### Sources of data

The major source of data collection was from primary sources collected with the help of a structured questionnaire. Here the sampling frame consisted of 107 employees working at the bottom and middle-level of the two companies of electronic industry in Ahmedabad and Gandhinagar. Employees on the payroll of the company, having one year of experience, having a salary ranging from Rs. 10,000 to 50,000 and having a minimum age of 20 years have been taken as the sample. The data was collected in April 2018.

<sup>1</sup> Retrieved from <https://www.investindia.gov.in/sector/electronic-systems> on 27th May 2019

<sup>2</sup> [http://niti.gov.in/writereaddata/files/document\\_publication/Electronics%20Policy%20Final%20Circulation.pdf](http://niti.gov.in/writereaddata/files/document_publication/Electronics%20Policy%20Final%20Circulation.pdf) on 28th May 2019

## Data Analysis

The demographic profile of the respondents is shown below.

**Table 1: Demographic profile of the respondents**

Age Group	18-25	26-35	36-45	46-55	Above 55
Number of respondents	18	19	35	29	6
Education Qualification	10 <sup>th</sup> Pass	12 <sup>th</sup> Pass / Diploma	Graduate	Post Graduate	Doctorate
Number of respondents	1	3	47	39	17
Experience	Less than 6 months	1 to 3 years	4 to 6 years	7 to 9 years	Above 10 years
Number of respondents	4	15	5	7	76
Income	Less than 1 lakh	1 to 3 lacs	3 to 7 lacs	7 to 11 lacs	Above 11 lacs
Number of respondents	4	12	35	29	27

The analysis shows that the majority of employees were between the age group of 26-55. Most of them had qualifications more than graduate and were having more than four years of experience. Their income ranged from Rs. 3-11 lacs per annum.

### Objective 1: To study perception of employees towards reward practices

In this section, the respondents were given statements related to reward practices. They were asked to rate them from 1 to 5 where '1' meant highly disagree while '5' meant 'highly agree'. The scale value of the response is shown in the below table.

**Table 2: Perception towards reward practices**

Sr. No.	Questions	Scale Value
1.	Rewards motivate me to perform well in my job	4.31
2.	Rewards have a positive effect on the work atmosphere.	4.29
3.	I am ready to increase my work efforts in order to gain the rewards.	4.07
4.	I am highly secured about my job	3.94
5.	My contribution is adequately rewarded	3.76
6.	I feel my job satisfaction increases by getting cash, bonus, incentives or any other financial reward.	3.70
7.	Pay increases are handled fairly	3.65
8.	I would like more choice about the benefits I receive	3.65
9.	I feel motivated after my performance review meeting	3.63
10.	I feel my job satisfaction increases by getting recognition, going for dinner with senior management or any other non financial rewards.	3.61
11.	My salary is competitive with similar jobs I might find elsewhere	3.50
12.	I am satisfied with the quality/quantity of the rewards.	3.48
13.	The benefits package compares well with those in other organizations	3.34
14.	Grading decisions are made fairly	3.33

The results show that employees were quite happy with the reward policies of the company. The lowest rating given was 3.33 which is above average. Employees were specifically happy with the reward policies and felt motivated due to it. They also felt that rewards had positive effects on the work atmosphere. The level of motivation due to rewards can be known from the fact that they were ready to increase their work efforts to gain rewards.

Looking at the last three statements that were given the lowest rank in this category it is seen that employees were not satisfied with the quality/quantity of the rewards. This may mean that management have to look both at the quality and quantity of rewards. They may also need to bring some innovation in distributing rewards. Respondents also felt that the benefits package was not comparable with other organizations. This is a signal that employees are aware of the reward system in other organizations and had the latent need to equate their own with others. Additionally, employees were also not sure about the fairness regarding the grading system. This means that organizations need to look at their grading and appraisal process.

The above results show that although the respondents were quite happy with the reward policies their implementation needs to be improved.

### Job satisfaction of employees

#### Objective 2: To know the level of job satisfaction in electronic industry

The next objective of the study was to know the level of job satisfaction in electronic industry. In this section, the respondents were given statement related to job satisfaction. They were asked to rate them from 1 to 5 where '1' meant highly disagree while '5' meant 'highly agree'. The scale value of the response is shown in the below table.

**Table 3: Job satisfaction of employees**

Sr. No.	Questions	Scale Value
1.	My work gives me a feeling of personal accomplishment.	4.14
2.	Reward provided a sense of job satisfaction	4.03
3.	On my job, I have clearly defined quality goals.	4.02
4.	I feel encouraged to come up with new and better ways of doing things.	4.01
5.	I am highly satisfied with my job	3.84
6.	I receive feedback regularly about my work from superiors	3.81
7.	I have the tools and resources to do my job well.	3.76
8.	I am recognized for my accomplishment and contribution of work towards completing the project successfully	3.73
9.	My supervisor actively listens to my suggestions	3.71
10.	My job makes good use of my skills and abilities.	3.68
11.	I get many opportunities in my job to enhance my skills	3.67
12.	My sense of job security is based on the compensation given to me	3.62
13.	My motivation depends on the working culture of the organization	3.42
14.	I am satisfied with my involvement in decisions that affect my work	3.29
15.	The company does an excellent job of keeping employees informed about matters affecting us.	3.21

From the above table, it can be said that the job satisfaction level of employees was high. Employees said that their work gave them a feeling of personal accomplishment. The second statement again confirmed that rewards gave them job satisfaction. Further, they were happy with the defined quality of the job. This shows that employees were clear about the expectations of performance from them. Majority of them felt encouraged to come up with new and better ways of doing things. This highlights the climate of the organization where employees are encouraged to try new things and not penalized for doing mistakes.

The low rank was given to the statement which showed the involvement of employees in decisions that affect their work. It can be inferred here that employees are not involved fully in the decision making the process. Therefore the acceptance of those decisions may be doubtful. Similarly, employees felt that thier organization is not good at keeping employees informed about matters affecting them. This again shows the communication gap between the management and employees.

One of the results that the majority of employees felt encouraged to come up with new and better ways of doing things are of importance to the managers. They should try to leverage this feeling among the employees and design systems and policies which encourage innovation and creativity. The system should also forgive mistakes and encourage risk-taking. This will specifically help organizations in the electronic sector where innovation is one of the competitive advantages.

In some responses employees felt that there is a communication gap between them and the management. Managers must look at this result and try to improve the communication systems in their organization. They should involve the stakeholders in the decision making and be in constant touch with the employees about the matters affecting them. This will improve the perception of the company and also make the acceptance of decisions easy.

### Relation between Job satisfaction and the Reward practices

The literature cites that job satisfaction and reward practices are related. Therefore an attempt was made to find if there any relation between these two from the data.

### Objective 3: To know the relation between job satisfaction and the reward practices

For addressing this objective hypothesis were framed:

H0: There is no significant relationship of reward practices and job satisfaction.

H1: There is a significant relationship of reward practices and job satisfaction.

**Table 4: Correlations reward practices and job satisfaction**

		<b>Reward practices</b>	<b>Job satisfaction</b>
<b>Reward practices</b>	Pearson Correlation	1	.727**
	Sig. (2-tailed)		.000
	N	107	107
<b>Job satisfaction</b>	Pearson Correlation	.727**	1
	Sig. (2-tailed)	.000	
	N	107	107
**. Correlation is significant at the 0.01 level (2-tailed).			

From the above table, it can be said that there is a strong positive relationship between two variables, reward practices which is independent variable and job satisfaction which is the dependent variable. The



value of the Pearson correlation is 0.727. This establishes that there is a significant relationship between these two variables. Here the P-value is 0.000, which implies that there is a strong positive association between both the variables. Hence the null hypothesis can be rejected.

**Regression**

Further, regression was run to determine the strength of the relationship between reward practices and perceived job satisfaction. R-square value is 52.9% which means the impact is seen.

**Table 5: Regression between reward practices and job satisfaction**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.727 <sup>a</sup>	.529	.524	.4295313

a. Predictors: (Constant), Average

**ANOVA<sup>b</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	21.734	1	21.734	117.804	.000 <sup>a</sup>
Residual	19.372	105	.184		
Total	41.107	106			

a. Predictors: (Constant), Average

b. Dependent Variable: Average

The above table indicates the statistical significance of the regression model that was applied. Here, *sig is 0.00*, which less than 0.05, so we reject the null hypothesis which means there is a significant impact of reward practices on job satisfaction.

The above analysis shows that there is a strong relationship between reward practices and perceived job satisfaction. Although it cannot be denied that other factors apart from reward also affect job satisfaction but the influence of reward is also significant. Several theories have mentioned the importance of good pay in satisfaction of employees. This means that organizations should seriously take the review of their reward practices to improve the job satisfaction level of employees.

**Relationship between the demographic factors and job satisfaction.**

In this section, an attempt was made to understand the impact of demographic factors

**Objective 4: To know the relationship between demographic factors and job satisfaction.**

H0: There is no significant difference in perceived job satisfaction among different age groups.

H1: There is a significant difference in perceived job satisfaction among different age groups.

**Table 6  
Oneway ANOVA**

**Average**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.892	4	.223	.565	.688
Within Groups	40.215	102	.394		
Total	41.107	106			

The significance value is 0.688, which is more than 0.05, so the null hypothesis cannot be rejected. It can be concluded that there is no significant difference between different age groups of respondents and perceived job satisfaction. This means that job satisfaction is universal to all age groups.

H0: There is no significant difference in perceived job satisfaction among different income groups.

H1: There is a significant difference in perceived job satisfaction among different income groups.

**Table 7**

Oneway ANOVA					
Average					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2.709	4	.677	1.799	.135
Within Groups	38.397	102	.376		
Total	41.107	106			

Here the significance value is 0.135, which is more than 0.05, so the null hypothesis cannot be rejected. It can be concluded that there is no significant difference between different income groups of respondents and perceived job satisfaction. Generally, it is believed that employees having higher income would be more satisfied as compared to the lower-income ones. However, the results do not show any difference when it comes to the perception of job satisfaction.

H0: There is no significant difference in perceived job satisfaction among different experienced groups.

H1: There is a significant difference in perceived job satisfaction among different experienced groups.

**Table 8**

Oneway ANOVA					
Average					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.552	4	.138	.347	.846
Within Groups	40.555	102	.398		
Total	41.107	106			

Here the significance value is 0.846, which is more than 0.05, so here we should accept the null hypothesis. It can be concluded that there is no significant difference between different experience groups of respondents and perceived job satisfaction.

H0: There is no significant association between different genders and perceived job satisfaction.

H1: There is a significant association between different genders and perceived job satisfaction.

**Table 9: Mann-Whitney Test**

Ranks				
	Gender	N	Mean Rank	Sum of Ranks
Average	1	82	56.18	4607.00
	2	25	46.84	1171.00
	Total	107		

Test Statistics <sup>a</sup>	
	Average
Mann-Whitney U	846.000
Wilcoxon W	1171.000
Z	-1.319

Asymp. Sig. (2-tailed)	.187
a. Grouping Variable: Gender	

Here the significance value is 0.187, which is more than 0.05, so the null hypothesis is accepted. It can be concluded here that there is no association between different genders and perceived job satisfaction.

### Limitations of study

The sample size of the data collected is of 107 respondents, which is very less as compared to the total population. The data can also be considered gender biased as there were more number of males (82) than females (25). The results will be specific to this research only and cannot be generalised to other populations as the study is limited to Ahmedabad and Gandhinagar area.

### Conclusion and Managerial implications

The study concludes that employees were quite happy with the reward policies of the company and felt motivated due to it. However, they felt that the benefits package is not comparable to other organizations. Additionally, employees were also not sure about the fairness regarding the grading system. It also concludes that job satisfaction level of employees was high and their work gave them a feeling of personal accomplishment but on the other hand they felt that their organization is not good at keeping employees informed about matters affecting them. In both, the cases organizations need to improve the way of communication with their employees.

The study concludes that both the variables i.e. reward practices and job satisfaction are significant for employees and there is a strong relationship between the two factors.

One of the results that the majority of employees felt encouraged to come up with new and better ways of doing things are of importance to the managers. Managers should try to leverage this feeling among the employees and design systems and policies which encourage innovation and creativity. The system should also forgive mistakes and encourage risk-taking. This will specifically help organizations in the electronic sector where innovation is one of the competitive advantages.

Demographic factors like age, experience, income, and gender did not impact the perception toward reward practices. This shows that the organization should give more significance to reward management practices and need not focus separately on each demographic factor.

Thus managers should take into account the perception of employees regarding reward practices and job satisfaction while designing policies.

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