The Impact of Financial Reward on Job Satisfaction and Performance: Implications for Blue Collar Employees

Wael S. Zaraket, Farouk Saber
American University of Science and Technology, Beirut, Lebanon

Job satisfaction has been tested and proven as one of the factors that connect employees to their organization. Additionally, job satisfaction leads to better employee performance. Hence, the main purpose of this study is to investigate the impact of financial rewards on job satisfaction and employee performance of the Blue Collar employees in the construction, contracting and printing industries in Lebanon. The data for this study were collected using self-administered questionnaires from 250 employees working in the construction contracting and printing sectors in Lebanon. The response rate was 52 percent (129 employees) after data screening; the data were analyzed using SPSS to describe the demographic profile of respondents and multiple linear regression analysis to test the relationship between variables. The hypotheses proposed to be tested through the research were verified. As expected, the results show a significant relationship between financial rewards and job satisfaction. Furthermore, job satisfaction bears positive relationship on employee performance. The organization should consider financial rewards as one of the factors in promoting job satisfaction that leads to employee performance among employees in the construction contracting and printing sectors.

Keywords: Lebanon, financial reward, job satisfaction, employee performance

Introduction

This study shows the impact of financial rewards on job satisfaction and performance of first level employees in the construction contracting and printing sector in Lebanon. Job satisfaction is an important factor which influences employee’s performance and the predictors of work behavior. The benefits of job satisfaction for an organization are to reduce complaints and grievance regarding workers, better turnover and lower absenteeism, reducing cost of training as termination of employees, and improving the punctuality and work morale of the workers.

In view of a study of 200,000 workers, Gostick and Elton (2007) infer that if employee acknowledgment is directed appropriately, it can build productivity and client benefit levels. In addition, it can improve the engagement and the work satisfaction level of employee.

Gerald and Dorothee (2004) and Clifford (1985) found that rewards are altogether identified with...
professionalism and job satisfaction. Job satisfaction is affected by employment rewards (Clifford, 1985). Prior research work shows that the employment rewards incorporates the whole work benefits. Subsequently, the work of Kalleberg (1977) had brought up issues about the way work values influence job satisfaction. Also, Kalleberg recognizes work values and occupation rewards.

This research will be helpful to the C-suit management level and the head of human resource department in analyzing the effect of financial rewards on job satisfaction and job performance on employees in their organizations. This study will be useful in providing the company with an innovating solution for their recent situation. The focal concern for the researcher is to investigate thoroughly this triangular relationship between financial reward, job satisfaction, and job performance. This is due to the need of acquiring new information and results that can expedite his management style to empower, motivate, and increase employee effectiveness. Actually, this rapport between financial rewards and job satisfaction and their effect on the job performance is a newly covered subject in the Lebanese business research environment. Therefore, to ensure that there is a relationship between the variables, the researcher submits this study as a vanguard study for the construction contracting and printing sector and other industries in Lebanon. This is for the sake of understanding the idiosyncrasies of each business sector and the employees that were hired.

The business practitioners on a continuous basis seek consultation and recommendation on how to develop their human capital. Thus, they are motivated and are willing to make changes within the organization. Consequently, the organizations are confronting the efficiency challenge of becoming highly effective at low costs. This was without increasing expenses. That is why this study is covering the divergence or, on the other hand, the rapport between job satisfaction and rewards. If there is a positive relationship between these two variables, does this relation affect the job performance?

**Literature Review**

**Financial Rewards**

Financial rewards include pay, bonuses, transportation facility, health insurance, and pensions. Therefore, employees receive financial payments from their employers in the form of salary or commissions. Basically, there are different types of financial rewards. A bonus can be defined as an additional compensation given to an employee as a motivator or a reward for his/her hard work. It is given to workers majorly due to their performance. These performances might include: creating more deals, increasing sales, or inspiring new production line. Therefore, managers use bonuses to motivate their subordinates toward specific goals. Then there is the pay: It is a compensation program in which a portion of a person’s pay is considered to be at risk. It can take the form of bonus or stock options. Good incentive pay packages provide an optimal challenge. Also, employees are offered a financial reward for their services called pay. Pay must be closely linked to the performance. Employees who do their best want reasonable pay that satisfies their needs. Money is major means for creating motivation because they need money to satisfy their basic needs of life. Third is the fringe benefits classified as a benefit that employee is given in addition to pay. Fringe benefits create an optimistic and motivating work environment and increase output and sales. It plays a significant role in motivating employees as it compels employees to put extra efforts. The management should focus on creating an effective benefit program for the employees to give them the opportunity to improve their performance. Pension, is a deferred income that employees gather during their working lives and that belong to them after retirement. After workers complete one year, they enter into the pension plan. After a certain period of time decided upon
by the company and after retirement, then workers can earn this amount of money. The objective of this plan is to make employees have the sense that they belong to the organization. Also, it serves as a motivating factor to workers for staying with the company until retirement. In addition, employees who were fired or resigned from the company cannot be granted pension. Commissions are form of reward usually given to sales staff. The staff may get a low pay, but will later be given commissions. The upside of commissions is that they ought to persuade deals staff to accomplish higher deals. This is because their rewards rely upon it, and they imply that the extensive part of sales gets to be a distinct factor. Last the health insurance is offered when medical and insurer pays surgical expenses of the employee, it is referred to as health insurance. It serves as a source of job satisfaction and motivation and also attracts the competent employees because health cost has increased nowadays.

**Job Satisfaction**

Hoppock (1935) defined job satisfaction as any combination of psychological, physiological, and environmental circumstances that causes a person to truthfully say: I’m satisfied with my job. Locke (1976) stated that “Job satisfaction is actually an enjoyable and exciting emotional condition which someone derives from his/her work. Job satisfaction is important for reducing turnover rate and increasing motivation.” Consequently, job satisfaction is considered to be the most important element in the organization. In order to succeed, organization must keep their employees satisfied (Wubuli, 2009). According to the study of Heathfield (2012), pay is a settled measure of cash or compensation paid to employees by a business in return for a beneficial work performed. Compensation framework assumes a vital part in deciding employee’s level of employment satisfaction. Furthermore, the developing needs of families with higher standard of living have driven workers into looking for higher pay that can ensure their future and life satisfaction. A condition of passionate disappointment occurs when employees observe that they are not repaid well. Thus, this passionate error will develop and aggregate over circumstances along these lines which make employees become unsatisfied working for the association. Pouliakas (2010) found that there is a huge negative relationship between bonus payments and the satisfaction of workers with the actual job itself. Financial motivators positively affect worker’s utility and performance. Millán, Hessels, Thurik, and Aguado (2011) in their study reported that for both workers and the self-employed, having higher work wages helps to improve the probability of being happy with the sort of work. As indicated by Bozeman and Gaughan (2011), the view of being paid what one is worth predicts work satisfaction. Individuals who agree that they are paid “what they are worth” in the market have a tendency to have more elevated amounts of job satisfaction than the individuals who do not agree. Noordin and Jusoff (2009), concentrated on the levels of job satisfaction among Malaysian scholarly staff, argue that the pay seems to speak to one of the precursor states based on general satisfaction. Moreover, in Lebanon the work of Zaraket and Halawi (2017) covered the effect of Human resource practices on employee performance in the Lebanese banking sector, where within the practices is compensation and benefits that reflect high significant impact on the employees’ performance.

Fredrick Herzrberg specified that workers would not be satisfied just by meeting their lower-level needs. Without any doubt, increasing fundamental advantages and pay rates, and having a fitting workplace, would not basically make the staffs become pleased or contented with their employments. Along these lines, by concentrating on his hypothesis, employees attempt to discover higher needs and various level of satisfaction alluding to their mental personalities like gratefulness, change, and greater responsibility. This additionally
suggests to occupational change and makes an attempt to arrange the assignments to create open doors for individual achievement, singular development, and acknowledgment (Herzberg, 1966). Subsequently, Herzberg’s dual factor hypothesis incorporates cleanliness and inspiration elements which have appeared to be successful as a result of the change of employee’s performance. As indicated by the scholar, inspiration elements are required to propel the specialists to carry out their employments and conceivable with their most astounding capacity levels. On the opposite side, cleanliness elements are important to guarantee that the staff is not miserable and disappointed. As such, the creator examined that the elements prompting occupation satisfaction (and inspiration) were not at all like those prompting employment disappointment. Through this way, he upgraded the inspiration cleanliness hypothesis to elucidate these outcomes. In addition, he regarded the satisfier as a motivator, and called the dissatisfier the hygiene ones. The reason behind the application of the “hygiene” name is that these components are upkeep ones which are important to be separated from disappointment. Also, they don’t give satisfaction themselves.

The explanation behind isolating hygiene and motivation components is that Herzberg, Mausner, and Snyderman (1959) found that the elements prompting satisfaction are not the same as those which cause disappointment. However, these two sentiments cannot just be examined as contrary energies of the other. Besides, Herzberg said that two alternate points of view of human needs are accessible.

It is basic to concentrate on the idea of job satisfaction and to demonstrate the degree to which it is influenced by money related and non-monetary rewards. The expression “job satisfaction” is likewise an extremely critical one, which is broadly utilized inside the writing of human asset administration. Job satisfaction is a hypothetical development firmly identified with inspiration speculations and it is pertinent to drive hypotheses of employment conduct (Smith, Kendall, & Hulin, 1969). Throughout the years, a developing number of behavioral researchers have created a gathered learning with their examination on the critical issue of job satisfaction and motivation. The most illustrative hypotheses are those of Maslow (1954), Herzberg (1957), McGregor (1960), and the Hawthorne Experiments (Cameron, 1973). The study of Maslow (1954) is focused on a cycle of the chain of importance of the individual’s needs, which works on a climbing scale. As one gets to be distinctly satisfied, the following ascendant need is revealed. Besides, the individual can “return” to the past stage if sentiment instability assumes control. When this need is met, the individual will come back to his previous range of needs (Simpson, 1983). In a hierarchical setting, when necessities are not being met and are exhibited in conduct, administrators must make a domain in which motivation can occur. At the end of the day, in order to stay away from the outcomes when the requirements are dissatisfied, directors ought to have the capacity to execute the correct activity at the perfect time (Simpson, 1983).

Rewards assume a fundamental part in deciding the critical performance in employment. Also, it is emphatically connected with the procedure of motivation. Lawler (2003) contended that there are two elements which decide on how much a reward is alluring. The first is the measure of reward which is given, while the second is the weightage an individual provides for a specific reward. Deeprose (1994) is of the view that “Good managers recognize people by doing things that acknowledge their accomplishments and they reward people by giving them something tangible.” Fair chances of advancement, as indicated by employee’s capacity and aptitudes, make worker become more faithful to their work and it turns them into a wellspring of applicable workability for the employee. Bull (2005) places a view that when employees encounter achievement in rationally difficult occupations which permits them to practice their aptitudes and capacities, they encounter more prominent levels of job satisfaction. Incentives rewards and acknowledgment are the key parameters of
today's motivation programs as per the majority of the associations. This, however, results in a quandary of the achievement which is considered with the employee's performance. Zaraket and Halawi (2016) affirm that advancements make the open door for self-awareness, expanded levels of duty, and an expansion on social standing. So also, the acknowledgment which is a main issue towards employee motivation worships a worker through gratefulness. Also, it allots a status at the individual level notwithstanding being a worker of the association. Consequently, employees are nearer to their association as their job can turn into the significant satisfaction in their life in the wake of having an appropriate rewards and acknowledgment at their occupation (Zaraket & Halawi, 2015). Rewards improve the level of profitability and performance at employment whether it is a first time performance or a rehashed movement at the occupation logically.

Therefore, based on the aforementioned literature review in the majority of related studies, this research hypothesizes:

- H1: Financial reward will have a positive relation with job satisfaction,
- H2: Job satisfaction will have a positive relation with job performance,
- H3: Financial reward will have a positive relation with job performance.

**Research Model and Hypothesis**

The aim of this study is to determine the relationship between financial rewards, job satisfaction, and employee performance amongst Blue Collar employees in the construction, contracting and printing industries in Lebanon. Figure 1 depicts the conceptual model of the variables where a survey was adopted focused on field workers so that the researcher can get information from respondents that are practically identical to each other with a specific end goal to dissect their insight. A probability sampling method where the sample is chosen in a way that each member in the population has a known chance of being selected (Saunders, Lewis, & Thornhill, 2009). Therefore, it is possible to generalize the results derived from probability sampling methods since findings from sample can statistically be projected for the whole population.
The questionnaires were distributed on respondents from different ages, educational levels, and backgrounds by taking into consideration the research ethics and confidentiality. After meeting with the HR departments and getting the permission to distribute the survey, 250 surveys were distributed and recollected from three facilities within two months. Out of the 250 questionnaires that were distributed, 129 (52 percent) were completed and returned, 31 errors, and 90 no response.

The instrument for primary data collection was a structured questionnaire survey to collect the primary data in this study. The questionnaire was in three pages. It was designed by the researchers and it consists of four sections.

Section A: required the respondents to provide personal information such as gender, age, level of education, type of contract (fixed or contractual), level of employment (fourth of third level), and income level.

Section B: financial rewards questions.

Section C: designed to test the employees level of employees’ job satisfaction in their workplace.

Section D: designed to test the employees job performance.

The questions were designed to facilitate the respondents to identify the various variables which are contributing towards job satisfaction and employees’ performance. The respondents were requested specifically to ignore their personal biases and use their best decision on a five-point Likert scale. The purpose of this exercise was to make the response a true reflection of organization reality, rather than an individual opinion. All items were measured using a five-point Likert-type scale (ranging from one strongly disagree to five strongly agree).

Findings and Discussion

The reliability of the collected data was measured by using Cronbach’s alpha coefficient; the reliability test was conducted to check for inter-item correlation of financial reward, job satisfaction, and employee performance in the questionnaire. The test results for the three variables are 0.786, 0.790, and 0.855 perceptively which exceeded the acceptable limit (Zikmund, Babin, Carr, & Griffin, 2010). The values of kurtosis and skewness for each variable are to check the normal distribution of each variable. The linear regression for the tests was conducted using 129 cases. As a result, there is the need to check the normal values to ensure that all variables have acceptable normal distribution and a linear relationship between the independent and dependent variable(s). The skewness and kurtosis values are between -1 and +1, reflecting an acceptable level.

A regression analysis was used to examine the impact of financial reward on job satisfaction and employee performance. The result indicates there is significant relation of the financial reward on job satisfaction for the Blue Collar employees ($R^2 = 0.253, p < 0.05$). This suggests that the final model can explain 26% of variability. Hence the hypothesis is supported.

As for the second hypothesis, the results indicate that there is a significant relation between job satisfaction and job performance for Blue Collar employees ($R^2 = 0.558, p < 0.05$). This suggests that the final model can explain 56% of variability. Hence again the hypothesis is supported. Covering the third hypothesis: for the relation between financial rewards and job performance. The relation is significant between financial reward and job performance ($R^2 = 0.355, p < 0.05$). This suggests that the final model can explain 36% of variability. Hence the hypothesis is supported. In a nutshell, the results show a significant relation between all three variables and all three hypotheses are supported.
**Discussion of Findings**

The aim of this research is to test whether there is a positive relationship between financial reward and job satisfaction and job performance among the employees in the construction contracting and printing sector in Lebanon. The results concur with the aforementioned information in the literature review that higher rewards for employees at work play an important role both in the advancement of employee job satisfaction and higher profitability in associations. From the outcomes, most of respondents stated that job satisfaction would enhance their job performance which would expect increment associations’ benefits edge. Also, some of respondents expressed that job satisfaction will encourage workers’ enthusiasm to work even at odd circumstances.

In the current focused business condition, the associations are confronting a considerable measure of difficulties. Among these issues, getting the correct workers and holding them are a standout amongst the most vital ones. Today, what is more is the advantage of human asset measured to be one of the most imperative points of interest of any association. By keeping in mind the end goal to get the outcomes with the highest efficiency and effectiveness from human asset, motivation and satisfaction of employee are exceptionally basic.

Indeed, employees will do their highest when they feel or expect that their hard work is to be compensated by their managers. In such manner, many components are accessible to change employees’ performance, for example, worker and manager relationship, working conditions, employer stability, chance of development, and general compensating approaches of the organization. Likewise, among the components which affect employees’ performance, motivation and satisfaction of employee are exceptionally basic.

Motivation is characterized as the development of various procedures which express and control people behavior to accomplish some particular objectives (Baron, Bryne, Nyler, & Branscombe, 2006). Subsequently, understanding its significance is exceptionally fundamental for all associations’ supervisors. The greatest level of laborers’ performance happens when they feel their attempt is remunerated and repaid totally. Some other successful components on employees’ performance incorporate work conditions, the association amongst worker and business, procedure of training, professional stability, and complete approaches of firm rewarding.

Also, motivation, as the consequence of satisfaction, influences the staffs’ behavior and their performance specifically. Really, among every single compelling component on employees’ performance, motivation, and satisfaction, which is the result of fulfilling, are the most critical and basic components. This idea comprises of various procedures which influence employees’ behavior to accomplish some clear objectives (Baron et al., 2006). Extant research emphasized relationships between job satisfaction with reward and employee performance. As a result, this research highlights the mediating role of job satisfaction in the relationship between reward and employee performance. Future study can be concentrated on testing the proposed framework of this study in different scopes and industries.

Financial rewards have witnessed a great impact on job satisfaction. When high salaries or bonuses are given to employees, it is clearly shown that most of them are well satisfied with their jobs which affect the job performance directly. This satisfaction could be because of their needs or life difficulties which urge them to perform well in return for the financial rewards which are offered to them (Edwards, Cable, Williamson, Lambert, & Shipp, 2006).

The results indicate that there is a significant relationship between financial rewards as independent variable with job satisfaction. Thus, this was mentioned in the literature review that the financial rewards have an impact on job satisfaction, especially for Blue Collar employees.
The results show that there is a positive correlation between financial rewards and job satisfaction. This finding affirms the writing as it demonstrated that pay and advantages are keys for workers’ satisfaction. Consequently, it bolstered the speculation that the specialist recommended for the relationship between both. This outcome is likewise upheld by Mason (2001). Nevertheless, his review uncovers that compensation, for example, pay and advantages are fundamentally identified with job satisfaction. Also, it is considered as basic variables to job performance. Here comes the significance of financial rewards, whereby it is considered as the principle factor that increases the level of performance.

Based on the Lebanese monetary circumstances, and the cost of living in Lebanon, monetary related elements have turned out to be vital in the Lebanese citizen everyday life. In addition, they swung to be the fundamental objective to be accomplished by every Lebanese. Through this way, the satisfaction of each worker has turned out to be identified with the monetary related satisfaction, and what is superior to the budgetary rewards in the occupation for the satisfaction of worker’s needs.

As examined in the writing in Maslow’s (1943), the hypothesis states the need of individuals begins from fundamental need to high level. Thus, these requirements are made available to each person. Consequently, if there is inability to fulfill essential need, then the next need in pecking order cannot be accomplished. As indicated by the aftereffects of the review, the workers are happy with the advantages gotten from their work. However, the consequence of the review demonstrates a positive relationship with job performance.

An employee that feels involved and happy about his job is willing to work extra hours to get the job done. In addition, job satisfaction is a great stimulator for good performance. When employees are satisfied with their jobs financially and psychologically, they are more able to perform their work successfully. Companies with committed employees can expect increase in productivity, profit, safety, and high retention among employees. Therefore, the higher the satisfaction, the higher the performance is.

In this study, financial rewards showed a significant positive relation to job performance as a straight relation and without excluding job satisfaction as a mediator. Hence, managers in the research topic sector can work on increasing employees’ performance just by focusing on increasing the financial rewards for their employees. Here, Lebanon from the work of Halawi and Zaraket (2017) disseminated the level of high work contentment Lebanese workers in the service sector compared to US workers. Such findings can be found also in the construction and printing sector in Lebanon. Hence, a comprehensive human resource strategy is needed to have a direct boost towards job performance. This result is a new result where by regular research trend, it shows always that financial reward will lead to job satisfaction and in return to higher employee performance. In Lebanon, in the construction contracting and printing sector, a new result was tested where financial reward carries a direct positive relation on employee performance excluding job satisfaction as a mediator.

Conclusion and Implications

This study has added to human resource administration new information and practices. The examination adds to the business learning by affirming the relevance of the idea of financial reward relatedness to employee job satisfaction and job performance. It was found that job satisfaction can or cannot be a mediator between the financial rewards and the job performance. However, the study can increase the human resource knowledge such that the development of plans to motivate the workers can be a decisive factor in matching the short-term view of employees and the long-term objectives of the company.
This study also infers that a decent reward framework ought to incorporate both financial and non-financial rewards that are focused in view of the predominant market rates. Thus, such a reward gives a feeling of representative inspiration henceforth boosting their level of execution/efficiency and duty to their work. This, however, is the basic for the association to experience development and pick up an aggressive edge against its competitors.

In view of the findings, the recommendations were made based on the Lebanese idiosyncrasies as there should be a requirement for the association to build their monetary incentives to all staff and to have a higher increment on efficiency and productivity. In addition, serious thought ought to be given to a slight increment in payment and other remuneration related incentives to allow the workers to perform jobs at the highest amount.

References


