
Impact of Rewards on Individual Job Performance: With Special Reference to Vogue Tex (Pvt.) Ltd.

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Abstract

Employees' Job Performance is a crucial factor to achieve the organization's goals and objectives in the competitive environment and increasing employees' performance is significant to an organization for better success. Introducing a partial and valuable reward package including both extrinsic and intrinsic rewards is one way to increase employees' performance. The main purpose of this research study is to examine whether there is an impact of rewards (extrinsic & intrinsic) on individual job performance. The context for this research was Vogue Tex (Pvt.) Ltd, Sri Lanka. In this research study, the dependent variable was 'individual job performance' and independent variables were 'extrinsic rewards' and 'intrinsic rewards'. The intermediate variable was 'level of job satisfaction'. The research design was conclusive and descriptive. It is quantitative in nature. The population of this study consisted of the total number of production employees, of which 250 production employees were drawn as the sample. The sampling method was convenience sampling. Data was collected through a self-administered questionnaire. Correlation and Multiple Regression methods were used to analyze the data. The study found that there was a positive impact of rewards (both Extrinsic and Intrinsic) on individual job performance, and rewards (both Extrinsic and Intrinsic) and individual job performance link was mediated by the employees' level of job satisfaction.

Keywords: Extrinsic Rewards, Individual Job Performance, Intrinsic Rewards, Level of Job Satisfaction

1. Introduction

Individual performance of an organization is directly caused by the organization's stability and its efforts to gain financial and non-financial performance for the organization (Gohari, et al, 2013). Six identified factors affect individual performance, such as organizational system, rewards, tools, and physical environment, knowledge, skills, individual attributes and

external environment (Saeed, et al., 2013). According to Blau (1983), the social exchange theory suggests that individuals are drawn to take part and invest in rewarding relationships, after which employees become bound to return benefits or favors to their partners in exchange (Blau, 1983). If organizations implement high-performance HR practices effectively, it is likely to cause employees to perceive that their exchange relationship with the organization is characterized by a supportive environment (Wright, et al., 2003). This supportive environment must be based on investments in employee skills, regular unbiased performance feedback, and availability of fair and attractive rewards for performance (Ibid). Further, compensation and advancement opportunities and mutual efforts toward meaningful goals should be also included (Wright, et al., 2003). Then in such a context, employees are likely to feel an obligation to achieve organization's goals in return, and so will make an effective bond with the organization itself, which may be expressed as effective commitment (Cohen, 2003). According to Kerr (1975), similar attitudes often are observed in business organizations where rewards are dispensed for unit performance or individual goals achieved. More studies (Lado & Wilson, 1994; Flynn et al., 1995) have found that an implementation of a reward system is critical to achieve corporate-level goals in an organization through enhancing individual performances. Researchers have also found that rewards and individual performance link is predominantly mediated by job satisfaction of employees. The commonly held opinion is that "A satisfied worker is a productive worker" (Pushpakumari, 2008). A satisfied workforce will create a pleasant atmosphere within the organization to perform well (Ibid). For example, Anyango (2011) has found that rewards (both intrinsic & extrinsic) significantly lead to a relationship between employer and employee and that relationship directly causes job satisfaction, performance of the employees and then loyalty for the organization. According to Bratton and Gold (2003), rewards refer to all forms of financial returns, and tangible services and benefits an employee receives as part of an employment relationship. "Reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility" (Pitts, 1995). According to Searle (1990), rewards can be categorized into two broad areas, namely, extrinsic rewards and intrinsic rewards. Extrinsic rewards are usually financial or tangible rewards, which include pay, promotion, interpersonal rewards, bonuses, and benefits (Zaman, 2011). Stoner and Freeman (1992) defined intrinsic rewards as the psychological rewards that is experienced directly by an employee. In this context, this paper aims to examine the impact of extrinsic rewards and intrinsic reward on individual performance, and the mediating effect of job satisfaction on the rewards performance link of a private sector garment manufacturing organization in Sri Lanka. For this task, the selected organization was Vogue Tex (Pvt.).

Vogue Tex (Pvt.) Ltd. plays a considerable role in the apparel industry in the country. It has been incorporated as an apparel manufacturer for the global market in 1991 under company registration no. N (PVS) 9680. The organization commenced operations with a modest

number of employees of 150 and 100 sewing machines, in its first factory at Kosgoda, situated in the Southern Province of Sri Lanka. Moving from one growth stage to another, the business has bloomed over the years braving various odds, and adapting to change when required. The operation has thus expanded to nine factories, six of which are situated along the southern coastal belt, two in the vicinity of the ancient city of Anuradhapura, in the north-central province, and the wet processing unit located in the suburbs of Colombo (Boralesgamuwa). The organization's head office is situated close to the country's commercial hub of Colombo, along with the design and product development facility. The company is one of the largest apparel manufacturing organizations in Sri Lanka under the Board of Investments, which manufactures and exports garments to EEC countries and the USA such as blouses, shirts, waistcoats, jackets, t-shirts, trousers, shorts and nightwear. Since this company is a manufacturing organization, motivating production employees is very much important to increase individual performance of employees, since the factories are highly dependent on labor. More than six thousand production employees work for the selected organization in all branches.

1.1. Problem Statement

Organizations implement human resource functions in different ways, with different strategies, to enhance the employees' performance. Human beings are naturally wealth seekers; they tend to earn more money through their job (Smith, 1790). Because of that, organizations practice various reward systems for their employees to achieve their objectives. According to the literature available, Eisenberger and Stinglhamber (2011), and Heng (2012) have found that employee performance would be decreased if the organization fails to reward employees. They also have found that an efficient reward system could be a good motivator, but an inefficient reward system could lead to the demotivation of employees which will be reflected in low productivity, internal conflicts, absenteeism, high turnover, lack of commitment and loyalty, lateness and grievances (Ibid). Most employees like to work in organizations with much rewarding, and organizations which recognize employee performance through the administration of rewards as appreciation and motivation for higher performance, thus, efforts expended on the task will depend on the value of the reward that will follow (Porter&Lawler,1968). Therefore, in this context, administering rewards is thought to be a very daunting task for managers, since they are supposed to use judgments, diagnosis and the resources available to reward these employees (Doreen et al., 2013), since organization has a considerable reliance on their individual employee performance to gain high productivity in the organization. Pertaining to rewards and job satisfaction as important predictors of individual performance, there is a dearth of findings, especially in the Sri Lankan Garment industry. Therefore, this study tries to fill the knowledge gap as the main antecedents of both rewards and job satisfaction for predicting individual performance. For

that the main research question formed was, is there an impact of rewards and job satisfaction on individual performance.

1.2. Research Objectives

The research objectives of this study are of two types. They are general objective and specific objectives, which are as follows:

1.2.1. General Objective

- To examine whether there is an impact of rewards on individual job performance of employees at Vogue Tex (Pvt.) Ltd Sri Lanka.

1.2.2. Specific Objectives

- To examine whether there is an impact of extrinsic rewards on individual job performance of employees at Vogue Tex (Pvt.) Ltd Sri Lanka.
- To examine whether there is an impact of intrinsic rewards on individual job performance of employees at Vogue Tex (Pvt.) Ltd Sri Lanka.
- To examine whether there is an impact of extrinsic rewards on level of job satisfaction of employees at Vogue Tex (Pvt.) Ltd Sri Lanka.
- To examine whether there is an impact of intrinsic rewards on level of job satisfaction of employees at Vogue Tex (Pvt.) Ltd Sri Lanka.
- To examine whether there is an impact of level of job satisfaction on individual job performance of employees at Vogue Tex (Pvt.) Ltd Sri Lanka.
- To examine whether there is a mediating effect from job satisfaction to the extrinsic rewards and performance link.
- To examine whether there is a mediating effect from job satisfaction to the intrinsic rewards and performance link.

2. Literature Review

As noted above in the introduction section, there are two types of rewards; extrinsic and intrinsic. The extrinsic reward is common of monetary value (Dahlqvist & Matsson, 2013) and in other words, it is called financial or tangible rewards (Zaman, 2011), which include salary, wage-rise, bonuses or other monetary benefits (Dahlqvist & Matsson, 2013). According to Mottaz (1985), there are six dimensions of extrinsic rewards. They are supervisory support, colleague assistance, adequate working condition, internal communication, management style, and remunerations. Also, Yapa (2004) classified the same into five dimensions as pay, promotion, interpersonal rewards, status, and fringe benefits.

Intrinsic rewards are those that exist in the job itself (Herzberg, 1987). Ajils and Abiola (2004) delineated that intrinsic rewards are inherent in the job itself, and those that the individual enjoys as a result of successfully completing the task of attaining his or her goal. This includes achievement, variety, challenge, autonomy, responsibility, and personal and professional growth (O'Driscoll & Randall, 1999; Raghu et al., 2003). Further, Baker et al., (1988) include intrinsic rewards as status, performance evaluation, and recognition, praise from superiors and co-workers, personal satisfaction, and feelings of self-esteem for intrinsic rewards. Yapa (2004) classified the same into seven dimensions as responsibility, achievement, autonomy, personal growth, challenge, complex work, and feedback.

Job satisfaction was defined as the “feelings or affective responses to facets of the (workplace) situation” (Smith et al., 1969). Some researchers acknowledge that job satisfaction is a phenomenon which is best described as having both cognitive (thoughts), and affective (feelings) character (Ibid). The employee reports of effect at work can be used to measure job satisfaction, and that affective experiences while on the job are also a cause of job satisfaction (Brief & Weiss, 2002). Further, employee job satisfaction is the affective state of employees regarding multiple facets of their jobs (Brown & Peterson, 1993). Therefore, job satisfaction relates to employee feelings regarding multiple aspects of the job. Spector (1985) included nine dimensions such as pay, promotion, supervision, fringe benefits, contingent rewards, operating procedures, coworkers, nature of work, and communication to measure job satisfaction. In the literature, various scales have been developed to measure the different dimensions of employee satisfaction (Küskü, 2001). The Minnesota Satisfaction Survey arranged by Weis et al. (1967), the Job Descriptive Index created by Smith et al. (1969) and the Job Diagnostic Survey by Hackman and Oldham (1975) can be said to be among the frequently utilized.

Individual job performance refers to scalable actions, behavior, and outcomes that employees engage in, or bring about that are linked with and contribute to organizational goals (Campbell, 1990; Murphy, 1989). It has been stated that the general latent structure of job performance in terms of eight distinct dimensions (Cambell, 1990). They are job-specific task proficiency, non-job-specific task proficiency, written and oral communication, demonstrating effort, maintaining personal discipline, facilitating peer and team performance, supervision, and management or administration (Ibid). Meanwhile, Murphy (1990) has described the construct of job performance as comprising of four dimensions such as downtime behaviors, task performance, interpersonal, and destructive behaviors. Further, Campbell's (1990) Job Performance Model covers major dimensions of job performance. Koopmans et.al (2013) developed a generic and short questionnaire to measure work performance at individual level, which is known as the Individual Work Performance Questionnaire (IWPQ)(Ibid). The IWPQ was based on a four-dimensional conceptual

framework; in which individual work performance consisted of task performance, contextual performance, adaptive performance, and counterproductive work behavior (Ibid).

When it comes to the theories on rewards, job satisfaction and individual performance, there are four basic theories; namely, social exchange theory, equity theory, two-factor theory, and expectancy theory. The social exchange theory (Homans, 1958) suggests that employees are likely to continue the employment relationship with their employer/manager/owner when they perceive that the relationship is worthwhile for them, and are likely to terminate the relationship when the costs are more than the rewards that they gain from the relationship (Almaaitah et al., 2017). This means that employees will be satisfied with their job, and it will increase their performance when they are paid enough. The same idea is proven by Adams (1963) equity theory. It further highlights that the balance of employees' inputs and outputs is important to employees' job performance. The two-factor theory suggested by Herzberg (1959) stated that two different factors: hygiene (job content/extrinsic factors) and motivators (Intrinsic factors) of the job. To motivate and satisfy employees, managers need to effectively blend both these factors well to suit the special needs of their employees (Baah & Amoako, 2011); the researcher in this study considered the importance of this theory, in relation to relevance to individual job performance. Expectancy theory proposed by Victor Vroom (1964) suggests that employees will choose how to behave depending on the outcomes they expect as a result of their behavior. In other words, they decide what to do, based on what they expect the outcome to be. At work, it might be that they work longer hours, because they expect a pay increase (Vroom, 1964).

Apart from the main four theories, Murphy (2015) found that there was a positive impact of rewards on employee performance. He further noted how satisfaction with rewards could lead to higher performance and better job satisfaction (Ibid). Ibrar and Khan (2015) has also found that there was a positive impact of rewards (extrinsic and intrinsic) on individual performance. Further, it has been (Ibrar & Khan, 2015) identified that most of the organizations implement rewards systems to increase the job performance and job satisfaction of their employees. Doreen et al (2013) have found that reward systems were a vital aspect of any organization since it serves as a motivating factor to improve upon employees' efficiency, effectiveness, and loyalty to organizational goals and targets. It can either be extrinsic or intrinsic (Ibid). Here they (Doreen et al, 2013) stated that rewards can actively engage and renew the overall sense of community and mission of an organization. Further, they (Doreen et al, 2013) stated that a properly administered system of rewards can provide an incentive for quality workmanship and staff performance. A poorly administered reward system also can lead to low morale, unproductive performance, and even lead to a high percentage of staff turnover (Ibid). Anyango (2011) has found that rewards (both intrinsic & extrinsic) significantly lead to the relationship between employer and employee.

That relationship directly causes job satisfaction, the performance of the employees and then loyalty for the organization (Ibid). Goverde (2011), emphasized that monetary incentive has a positive effect to decrease as task complexity increases, due to the increasing gap between required skills, and the actual skills a person possesses. Furthermore, Goverde (2011) has stated that difficult tasks are more likely to diminish the positive effect of monetary rewards on performance. In addition to that, in the Sri Lankan context, Eidirisooriya (2014) has pointed out that there was a positive relationship between rewards (intrinsic & extrinsic), and employee performance. By considering the above theories and prior research findings, researchers conceptualized the constructs, and set the hypotheses for this study which can be depicted as follows:

- H1: There is a positive impact of extrinsic rewards on employees' level of job satisfaction employees of Vogue Tex (Pvt.) Ltd Sri Lanka.
- H2: There is a positive impact of intrinsic rewards on level of job satisfaction of employees of Vogue Tex (Pvt.) Ltd Sri Lanka.
- H3: There is a positive impact of level of job satisfaction on individual job performance of employees of Vogue Tex (Pvt.) Ltd Sri Lanka.
- H4: There is a positive impact of extrinsic rewards on individual job performance of employees of Vogue Tex (Pvt.) Ltd Sri Lanka.
- H5: There is a positive impact of intrinsic rewards on individual job performance of employees of Vogue Tex (Pvt.) Ltd Sri Lanka.
- H6: The impact of extrinsic rewards on individual performance is mediated by the level of job satisfaction of employees of Vogue Tex (Pvt.) Ltd Sri Lanka.
- H7: The impact of intrinsic rewards on individual performance is mediated by the level of job satisfaction of employees Vogue Tex (Pvt.) Ltd Sri Lanka.

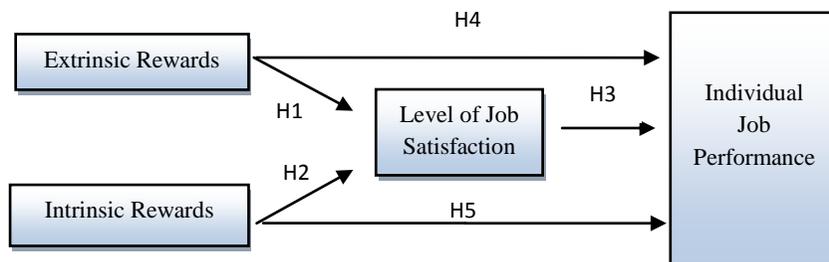


Figure 1.1 Conceptual Framework of the study

Source: Authors' Construct (2018)

3. Methods

Rewards are of two types, extrinsic rewards and intrinsic rewards (Doreen et al., 2013). Here extrinsic rewards are called financial rewards and intrinsic rewards are called non-financial rewards (Mottaz, 1985). There are two independent variables, one intermediate variable, and one dependent variable, which were considered in this study. Independent variables are extrinsic and intrinsic rewards. Job satisfaction is an intermediate variable and individual job performance is the dependent variable. The research design adopted is descriptive, and is quantitative in nature. This design was adopted since the literature suggests that this type of research design is ideal for testing objective theories by examining the relationship among variables (Creswell, 2013). The population of this study is production-related employees of the considered garment factory. For this study, a sample of production employees was drawn which was based on the convenient sampling method. The sample size was 250 production employees of the selected garment factory. The sample was drawn based on the rule of thumb introduced by Sekaran (2003), which is 10 times the number of total items used to measure the concepts used in the study. Due to the time constraints, the researchers limited the sample size to 250, which is 55% of the real sample size according to Sekaran's (2003) rule of thumb. The details of the sample size, and how it was drawn according to the rule of thumb of Sekaran (2003) is depicted in the following table 1.

Both primary and secondary data were collected for the study. Primary data was collected through a self-administered questionnaire, which consisted of five parts. Part one consisted of demographic variables which were considered in this study as control variables. Five demographic variables were used in this regard. Part two, three, four and five consisted of statements to measure the variables of intrinsic rewards, extrinsic rewards, job satisfaction and individual performance respectively. Primary data was used to analyze the results and test the conceptual framework developed for this study. The secondary information was gathered using annual company reports, journal articles, and research papers produced by various researchers over the years.

Table 1: Sample of the Study

Variable	Number of statements to measure variables	Multiplier	Total
Demographic	5	10	50
ExR	10	10	100
InR	10	10	100
LjS	10	10	100
IjP	10	10	100

Sample size [according to Sekaran (2003)]	450
Decided sample size	250

Source: Author's construct (2018)

Note: Ijp - Individual Job Performance, ExR – Extrinsic Rewards, InR – Intrinsic Rewards, LjS – Level of Job Satisfaction

This information was used to understand the industry, and it helped to define the problem and develop the conceptual framework. The primary data analysis was done using SPSS version 23.0. The data was analyzed using descriptive statistics, reliability, correlation, and regression. Correlation was used to identify the forms of relationships among the variables and simple linear regression was used to test the statistical significance of the hypotheses and to measure the strength of the impact of independent and dependent variables. To analyze the mediating effect of job satisfaction on the rewards performance link, the Sobel test (1982) test was used. Unit of analysis of this research study is individuals. They are production employees of Vogue Tex (Pvt.) limited in Sri Lanka, and the majority of the company as well.

4. Data Analysis and Discussion

In this research, the response rate from the sample drawn was 100%. Out of the 250 respondents, majority belong to the category of 18 – 25, representing 44% of the sample; while age category of 47 -53 represents only 3%. Out of the 250 respondents, females are 62 %, while male are 38% of the sample. 56 % of the respondents are married, and the rest are not married. 40% of respondents had 6 – 10 years of tenure, and 37% represented 1 -5years category. Only 26 % of the respondents had education below GCE O/L, while 60 % represent a group of respondents who have completed both GCE O/L and A/L.

4.1. Reliability Statistics of Study Variables

Reliability of measures is an indication of the stability and consistency with which the instrument measures the concept, and helps assess the " goodness" of a measure (Sekaran, 2003). Sekaran (2010), used a rule of thumb to assess Cronbach's alpha value, where if it is less than 0.60, it is considered poor reliability, when it is between 0.60 and 0.70, it is considered fair reliability, and if it is in the range of 0.70 to 0.80, it is considered good reliability. Moreover, if the same value is more than 0.80, it is treated as very good reliability(Ibid). As per the results of the study, the Cronbach's Alpha values reported are depicted in the following table, and it is evident that the reported values have very good

reliability, representing the higher internal consistency of measures used to measure the research variables.

Table 2: Reliability Statistics of the Study Variables.

Variable	Number of Statements	Cronbach's Alpha
ExR	10	0.818
InR	10	0.749
LjS	10	0.811
IjP	10	0.778

Source: Survey Data (2018)

ExR – Extrinsic Rewards, InR – Intrinsic Rewards, Ijp - Individual Job Performance, LjS – Level of Job Satisfaction

The sample adequacy was tested using Kaiser–Meyer–Olkin (KMO) Coefficient and Bartlett's Test of Sphericity (BTS). Sampling adequacy is measured by using KMO value. BTS is a statistical test used to test the overall significance of correlation. Generally, the Measure of Sampling Adequacy (MSA) needs to exceed 0.50. (Hair, et al.,2006). Table 3 shows the KMO value (0.917) and its significance that guarantees the sample taken from the population is adequate to represent the whole population.

Table 3: The Sample Adequacy Information

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.917
Bartlett's Test of Sphericity	Approx. Chi-Square	730.920
	Df	250
	Sig.	000

4.2. Correlation Coefficients of Study Variables

The correlation coefficient measures the strength of the relationship between two variables (Nickolas, 2017). The correlation coefficient indicates the direction of the relationship, while the amount of the correlation indicates the strength of the relationship (Rajasekar, 2013).

4.2.1. Correlation Coefficients with Control Effect

Table: 4 displays the correlation between study variables with relationships of controlling variables. It is reported that there are positive significant positive relationships between extrinsic ($r=0.597$, $p<0.01$), intrinsic ($r=0.631$, $p<0.01$), level of job satisfaction ($r=0.523$, $p<0.01$) and individual performance. When it comes to demographic variables, it is evident that all the demographic (control) variables have significant relationships (age- $r=0.237$, $p<0.01$, gender- $r=-0.462$, $p<0.01$, marital status- $r=-0.180$, $p<0.01$, tenure- $r=0.029$, $p<0.01$, and highest level of education- $r=0.239$, $p<0.01$) with individual performance of the employees selected.

Table 4: Correlation Coefficients with Control Effect

	IjP	ExR	InR	LjS	Age Range	Gender	Marital Status	Tenure	Highest Level of Education
IjP	1								
ExR	.597**	1							
InR	.631**	.539**	1						
LjS	.523**	.405**	.744**	1					
Age Range	.237**	.122	.176**	.179**	1				
Gender	-.462**	-.296	-.275	-.206	-.209	1			
Marital Status	-.180**	-.229	-.156	-.33	-.686	.19	1		
Tenure	.329**	.318**	.355**	.242**	.732*	-.231	-	1	
Highest Level of Education	.239**	.098	-.057	-.129	-.239	-.202	.027	-.248	1

Source: Survey data (2018)

Note: Ijp - Individual Job Performance, ExR – Extrinsic Rewards, InR – Intrinsic Rewards, LjS – Level of Job Satisfaction, N=250, P**<0.01, P*<0.05

4.2.2. Correlation Coefficients without Control Effect

Table: 5 presents the correlation coefficient of study variables by controlling the effect of demographic variables(controlling variables), since this study aimed to test only the effect of rewards and job satisfaction on individual performance. As mentioned above, the results

reveal that the relationships are highly significant between the independent variables, and the dependent variable. (relationship of extrinsic ($r=0.522$, $P<0.01$), intrinsic ($r=0.596$, $P<0.01$), level of job satisfaction ($r=0.559$, $P<0.01$) and individual performance. This reveals that the correlation values reported after the controlling effect is somewhat different than what is compared with the values with the control effect. However, the reported correlation values without the controlling effect comply with the set theories and prior studies to set the hypothesis.

Table 5: Correlation Coefficients without Control Effect

Control Variables		IjP	ExR	InR	LjS
Age Range & Gender & Marital Status & Tenure & Highest Level of Education	IjP	1			
	ExR	0.522**	1		
	InR	0.596**	0.434**	1	
	LjS	0.559**	0.296**	0.737**	1

Source: Survey data (2018)

Note: Ijp - Individual Job Performance, ExR – Extrinsic Rewards, InR – Intrinsic Rewards, LjS – Level of Job Satisfaction, $N=250$, $P^{**}<0.01$, $P^{*}<0.05$

4.3. Regression Coefficients of Study Variables

Regression analysis is used in a situation where one independent variable is hypothesized to affect one dependent variable. (Sekaran & Bougie, 2016). Table 6 depicts the linear regression coefficients of the study variables. It is reported that β coefficients of study variables are highly significant proving that the set hypotheses can be accepted.

Table 6: Linear Regression Coefficients of Study Variables.

Model	β coefficients	Standard error	P- value (Significant)
Extrinsic Rewards	.776	.036	0.001
Intrinsic Rewards	.741	.032	0.000
Level of JobSatisfaction	.114	.104	0.000

Source: Survey data (2018)

The model summary depicted in table 7 reveals that the entire model developed for predicting the individual performance of employees is highly significant (since F values are Significant; $F=153.406$, $P<0.01$, and $F=81.165$, $P<0.01$). Table 7 also reported that the coefficient of determination (R^2) is also significant proving that the dependent variable is explained by 74% from both intrinsic rewards and extrinsic rewards as independent variables in model 1 and by 70% from Job Satisfaction as an independent variable in Model 2. These two models can be highly acceptable, and they further confirm the prevailing literature.

Table 7: Model 1 Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.744a	.554	.550	.17157	153.406	.000b
2	.705a	.497	.491	.27994	81.165	.000b

Source: Survey data (2018)

^a=Predictors: (Constant), InR, ExR,

^b=Dependent Variables: LjS, and IjP

Note: ExR – Extrinsic Rewards, InR – Intrinsic Rewards, LjS – Level of Job Satisfaction, Ijp - Individual Job Performance

In this study, one of the main objectives was to test the mediating effect of job satisfaction on the rewards and performance link. Table 8 depicts the mediating effect of job satisfaction between extrinsic rewards and individual job performances and table 9 depicts the mediating effect of job satisfaction between intrinsic rewards and individual job performances.

Table 8: Direct and indirect effect of Extrinsic Rewards (X) Individual Performance (Y) through Job Satisfaction (M)(Mediating effect)

Direct Effect	Coefficient	SE	<i>t</i>	<i>p</i>	LL 95% CI	UL 95% CI	<i>c'ps</i>	<i>c'ss</i>
X on Y	.5016	.0562	8.9284	.000	.3910	.6123	1.2780	.4607
Indirect Effect X on Y		Boot SE			Boot 95%	Boot 95%		
					LLCI	ULCI		
	.1483	.0304			.0946	.2126		

Total Effect of X on Y	Effect	SE	<i>t</i>	<i>p</i>	LL95%Cl	UL95%Cl	C'ps	C'ss
	.6499	.0555	11.7138	.000	.5406	.7592	1.6558	.5968

Source: Survey Data (2018)

Table 8 reveals that the extrinsic rewards and individual performance is significantly mediated by job satisfaction (Boot LLCl=.0946, Boot ULCl=.2126). This mediation effect shows significant results since there is no-zero between lower and upper limits. Therefore, it is evident that hypothesis 6 is accepted and that it confirms the prevailing literature.

Moreover, table 9 reveals that there is enough evidence to accept hypothesis 7. The information depicted in table 9 reveals that the intrinsic rewards and individual performance is significantly mediated by job satisfaction (Boot LLCl=.0400, Boot ULCl=.2274). This mediation effect shows significant results, since there is no-zero between lower and upper limit.

Table 9: Direct and indirect effect of Intrinsic Rewards (X) Individual Performance (Y) through Job Satisfaction (M)(Mediating effect)

Direct Effect X on Y	Coefficient	SE	<i>t</i>	<i>p</i>	LL 95% Cl	UL95%Cl	c'ps	c'ss
	.5364	.0725	7.3974	.000	.3936	.6792	1.3666	.5436
Indirect Effect X on Y	Effect	Boot SE			Boot 95% LLCl	Boot 95% ULCl		
	.1067	.0476			.0400	.2274		
Total effect X on Y	Effect	SE	<i>t</i>	<i>p</i>	LLCl	ULCl	C'ps	C'ss
	.6231	.0486	12.8257	.000	.5774	.7188	1.5875	.6315

Source: Survey Data (2018)

5. Conclusion

This research study attempted to measure the impact of reward factors on individual job performance of employees with special reference to Vogue Tex (Pvt.) Ltd in Sri Lanka. According to the results of the data analysis, all the seven hypotheses set for the study can be accepted. The results showed that there is a significant positive impact of both extrinsic and

intrinsic rewards on employees' level of job satisfaction. It is also evident that there is a significant positive impact of employees' level of job satisfaction on the individual performance of employees. Further, the results also reveal that both extrinsic and intrinsic rewards have impacts on individual performance of employees. These findings confirm the Herzberg's (1959) two-factor theory, social exchange theory (Homans,1958) Adam's(1963) equity theory, and Expectancy theory (Vroom ,1964). Similarly, the findings confirm the prior research studies such as "Extrinsic Rewards Lead to Job Satisfaction (Anyango, 2011 and; Ibrar & Khan, 2015), Intrinsic Rewards lead to Level of Job Satisfaction(Murphy, 2015; Ibrar & Khan, 2015; Doreen et al, 2013;Anyango, 2011), Level of Job Satisfaction leads to Individual Job Performance (Akumary, 2018;Anyango, 2011;Eidirisooriya,2014; Poza, 2000; Doreen Et Al, 2013;Goverde, 2011; Ibrar & Khan, 2015; Jen Kins, 1998; Sim, 2002), and Intrinsic Rewards leads to individual Performance of Employees (Ibrar & Khan, 2015;Eidirisooriya,2014). Moreover, when it comes to the mediation effect, it is also evident that both extrinsic and intrinsic rewards and individual performance link was significantly mediated by level of job satisfaction of employees and it complies with the findings of Anyango (2011). Overall, it is noteworthy that the model developed for this study confirms the prevailing literature of rewards, job satisfaction, and individual performance. It can be concluded that rewarding employees in both extrinsic and intrinsic means is compulsory to satisfy the employees, and that would in turn increases the performance of them.

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