

**A Study of the Relationship between Reward and Recognition
and employees Job Satisfaction: A Literature Review**

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Abstract

Employees' contribution to any organization is the key to success. For this purpose, establishing a balance between contributions of employees to the organization and the organization's contribution to the employee is must. This is one of the reasons that organizations in the present day have realized the importance of reward and recognition for the employees in order to enhance their contribution in the organizations. The purpose of this study is to conduct a thorough literature review on the relationship between reward and recognition and its effects on employee's job satisfaction. This review study concludes that there is a significant relationship between employee, s job satisfaction and reward and recognition. Rewarding or recognizing certain desirable behaviors of an employee can lead to job satisfaction and better performance is the logical consequence of it. The study discovered that employees' motivation in organizations depend on the provision of incentives, appreciations, concrete rewards and recognition. In this regard the study suggests that organizations can achieve their goals and aims through motivated employees and effective reward and recognition system. The study further underscores that financial benefits, appreciations, encouragement, positive feedback, promotions, respect and recognition play an important role in enhancing employee's job satisfaction.

Key words: Reward, recognition, Employees motivation, Job satisfaction,

Human resource is the most important assets among other resources. Organizations, public or private need effective and

efficient human resource, because this resource generates, operates and develops the other resources of the organizations. But human resource can only be effective and efficient when they are properly motivated. Motivation is the desire to achieve specific unmet needs (Buford, Bedeian, & Lindner, 1995). It is the willingness to exert more effort for a job, task or an activity. It leads to job satisfaction which ultimately causes better performance (Higgins, 1994). Therefore, the challenge for each and every organization is to insure that their employees are highly motivated. The level of motivation of employees is connected to an effective system of rewards and recognition (Arnold and Feldman, 1986).

The concept of reward and recognition has gained much importance in the current times and has captured the attention of organizational managers and researchers equally (Mandal & Dalal, 2006). Resultantly, around the world in different organizations, reward and recognition are used as motivational techniques for employee's better performance. These reward and recognition are provided in the form of monetary and non-monetary benefits for certain desirable behaviors (Mark, 2006).

Bowen (2002) describes that reward is something which is given or received in return for a success or achievement. In other words reward is used as an appreciation of certain behavior in the shape of monetary or non-monetary incentives after certain accomplishment or a success.

Recognition is the sense which is given to an individual for being a valued person of an organization. In more simple words recognition is monetary and non-monetary rewards offered in the public place or communicated in the work place regarding the success or accomplishment of an individual (Hellman, 1997). Reward and recognition can be differentiated that reward is tangible or intangible incentives offered to employees for some accomplishment or success such as Monetary bonuses, promotions, gift certificates, flowers, whereas, recognition is the public acknowledgment of an employee's contribution to the organization

A lot of research studies have already been carried out on the topic of reward and recognition. This study analyzes and summarizes these studies to see the effects of reward and recognition on employee's job satisfaction. In this regard, a vast amount of literature was reviewed in the light of the four main theories of motivation, such as Maslow's Theory (1943, 1954), Herzberg Theory (1959), Alderfer's Theory (1972) and Vroom's (1964) ERG theory. These four theories support the hypothesis that reward and recognition leads to employee motivation and job satisfaction.

Literature Review

Reward and Recognition

The strong relationship between reward and recognition and its importance for job satisfaction of employees has also been explained by various theorists from around the world such as Maslow's need hierarchy theory (1943, 1954), Herzberg two factor theory (1959), Aldefer ERG theory (1972) and most recently Vroom's Valence, Instrumentality and Expectancy Theory (1964). These theories deal in detail with the concept of reward and recognition and employee's motivation and job satisfaction.

Maslow's Need Hierarchy Theory

According to this theory there are two types of needs. Lower level and higher level needs. Lower level needs can be satisfied externally (extrinsically) and higher level can be satisfied internally (intrinsically). Lower level needs are the basic biological human needs such as food, shelter, sex and dress while upper level needs are those which individual strives to achieve after the satisfaction of the lower level such as self-esteem and self-actualization. Walker, Churchill, and Ford (1979) pointed out that intrinsic rewards are intangible such as recognition, appreciation

and praise. Whereas, extrinsic rewards are external and tangible and reflect lower-order human needs such as food, shelter sex and dress. In his theory Maslow (1943) also discusses that employees can be motivated by satisfying their needs. In work setting employees are motivated through recognition, an increase in responsibility, high status, appreciation and positive feedback.

According to Maslow (1943) needs emerge as a hierarchy. When lower level needs are satisfied in the hierarchy, individual strive for the next level. We can say that when physiological, safety and social needs are satisfied, the individual strives for self-esteem and self-actualization. Hence, Maslow's hierarchy theory broadly supports the concept that reward and recognition (basic needs) and (self-esteem needs) of employees, if met, lead to satisfaction of the particular employee. The theory says that needs at different hierarchy level reflect reward and recognition. For example, physiological needs represent the tangible reward in the shape of salary and food. Social needs are intangible rewards provided by colleagues and superiors in the shape of encouragement, appreciation and positive feedback. Similarly, an individual strives for recognition which increases his / her self-esteem. It is the recognition that an individual wants to receive for his / her performance. Broad (2007) argues that incentives, reward and recognition are the basic factors for motivation of the employees. Reward and recognition develop an enthusiasm among employees, increase their desire for work and also establish a linkage between performance and motivation of the employees. (Flynn, 1998)

Deci (1975) explored that behaviors which are motivated by need for self-esteem, competence and self-determination are called intrinsic factors, while behaviors which are satisfied by reward are extrinsic. Porter and Lawler (1968) added that extrinsic and intrinsic reward enhances employee's performance and it will lead to higher job satisfaction. At organizational levels employee extrinsically motivated by providing them with higher pay and promotions. Recognizing the contributions of the workers will

add to the strengthening of their self-esteem. It will extrinsically motivate them towards better performance.

Hertzberg Two Factor Theory

Hertzberg (1959) explored motivation by offering Two Factor Theory. He divided the factors of motivation in two categories such as Satisfiers or (motivators) and Dissatisfies or (hygiene). According to Herzberg, satisfiers or motivators are intrinsic motivational factors which are related to job itself and internal to individual such as, recognition, development and responsibility. It also corresponds to Maslow's motivation or need hierarchy theory where self-esteem is an upper level need. Dissatisfaction or hygiene are extrinsic motivational factors which remove dissatisfaction such as salary, working condition and relationship with colleagues. It reflects Maslow's lower level or physiological needs. The Herzberg theory constitutes the same framework in support of the argument of reward and recognition and its effect on employee's job satisfaction as constituted by Maslow's hierarchy theory. The motivating factors reflect self-esteem which is actually recognition. Hygiene factor reflects the lower level needs like physiological. According to Armstrong (1991) two factor theory of Herzberg's two divides human needs into two groups such as satisfiers or motivators and dissatisfiers. The satisfiers or motivators are responsible for motivating the individuals to better performance and efforts, whereas, the dissatisfiers actually prevent job dissatisfaction by describing the environment. This has very little effects on positive job motivation. These are preventative and environmentally based and are also called hygiene factors.

Robbins (1993) further explains that job satisfaction consistently contingent upon certain factors such as achievement, recognition, responsibility and advancement that is related to intrinsic motivation. Dissatisfied employees attribute their work dissatisfaction to extrinsic factors such as company policy, salary, working condition, administration and supervision. Hence,

Herzberg discovered through his experiments that dissatisfaction is not the opposite of satisfaction. Removing dissatisfying factors from a job does not necessarily make the job satisfying. Thus he concludes that opposite of satisfaction is not dissatisfaction and the opposite of dissatisfaction would not be satisfaction.

This point of view is supported by LaMotta (1995) by saying that according to Herzberg two factor theory of motivation organization cannot motivate their employees unless they remove their dissatisfies. He further argues that hygiene factors such as salary, supervision and working environment do not motivate employees towards a certain behavior when these factors are met. There are other type of hygiene factors such as company policy, poor interpersonal relationship and job security. Hence, the meeting of lower needs does not necessarily motivate employees rather it may demotivate the employees if these factors are not met properly.

Schultz (1982) strongly favors LaMotta (1995) and Robbins (1993) that Herzberg's satisfiers motivate employees to a highest level of performance or achievement. These motivating factors are essential factors of employee's work behavior. These include factors such as sense of achievement, nature of work, responsibility, opportunity for personal development and growth, recognition and feedback. This point of view has been further elaborated by Net et al (2001) that a dissatisfied employee cannot be motivated unless and until the employee gets reward and recognition. Hence, the researcher advises that organizations must give attention to hygiene factors before introducing motivators in the workplace of employees.

Barling et al (1987) opposes the above views that the central idea in Herzberg theory is that only satisfiers motivate employees for certain desirable behavior because the duration of hygiene factors are short time and these factors could never be associated with work motivation. Rather, the employees would be involved reducing negative factors in the work environment. It can

be concluded that motivators are recognition which cause intrinsic motivation of the employees and hygiene are reward in the shape of salary which cause extrinsic motivation.

Aldefer's ERG Model

Alderfer (1972) modified Maslow's theory divided the need hierarchy into three basic levels such as Existence Needs (incentives and physical requirements such as pay, security and working conditions.), Relatedness Needs (need for social relations such as relationships with family, friends and colleagues) and Growth Needs (self-fulfillment, the desire for career growth development and competency). According to this model all the basic needs motivate behavior at the same time and might not emerge like Maslow's Need Hierarchy Theory. It means that any need emerges any time to motivate employees regardless of the fulfillment of the other need. It can be argued that the three levels of needs in the ERG model represent reward and recognition. Existence needs such as pay and incentives corresponds with reward. Relatedness needs like social relations (family, friends and colleagues) correspond with recognition. Thus reward and recognition motivate employees regardless of any hierarchy.

According to Armstrong (1991) existence needs are likened to physiological and safety needs of Maslow's theory. This theory is concerned with the material satisfaction and maintaining balance that people want to have regarding certain substances. Schultz (1982) explains that organizations can satisfy these needs through salary, fringe benefits, safe working environment and job security. It relates to tangible goals such as food, pay, home and so on.

In another place Muchinsky (1987) says that relatedness needs human beings cannot live alone and are not self-contained. Therefore, relationship is a must between human beings for the satisfaction of certain needs. This statement is further supported by Armstrong (1991) by adding that the needs of belongingness and acknowledgement are met by acceptance, confirmation, understanding and influence among human beings. Schultz (1982) supports this contention that employers can meet this need in the

workplace by providing necessary support, respect and recognition.

Similarly growth needs according to Schultz (1982) focuses includes personal growth and development need. This corresponds to the esteem and self-actualization needs of Maslow. He further explains that satisfaction of this need gives people an opportunity to use their abilities and skills up to their full. According to this job provides satisfaction if it involves freedom for work, challenges and creativity.

Arnold & Feldam (1986) explain that ERG theory implies that people show more interest and motivation for behavior which will satisfy one of the three needs. To determine which behavior a person will be motivated will depend upon the nature of needs and its importance and prominence for the person. The writers argue that such individuals should be given opportunity to engage in such works which would lead to the satisfaction of these prominent needs.

However, Robbins (1993) does not support this by saying that there is a rigid hierarchy in the Maslow theory where the lower needs are required to be satisfied before the individuals can move to the next hierarchy up or down. ERG theory also shows that it is possible that there would be more than one need operative at one time. In this way if a higher level need is not satisfied then the individuals will show desire for the satisfaction of the lower needs. Thus, according to Robbins there are distinct differences between these two theories. Schultz (1982) describes that according to Maslow people would insist for the satisfaction of a need. Whereas, Alderfer says that if a higher need is not satisfied then a person is reversed to the lower needs. For example, if an employee does not get recognition and acknowledgement which is relatedness need, the individual may revert to the existence needs such as demand for higher salary or benefits. Maslow's theory states that when one need of a person is met it does not continue to motivate the employee. Reversely, Alderfer, theory says that satisfaction of a need may increase its intensity. Thus this theory

leads to the conclusion that ERG model supports the argument regarding reward and recognition and its relationship with employee's motivation and job satisfaction.

Vroom's Valence, Instrumentality and Expectancy (VIE) Theory

According to Vroom's (1964) theory motivation depends on individuals' expectations about their ability to perform tasks and receive desired rewards. An employee's motivation for better performance depends on the expectation that the efforts will lead to better performance which will bring reward and recognition. In broader sense the theory supports the argument that there is a strong relationship between reward and recognition and employees job satisfaction. Danish and Usman (2010) justify that employees are less motivated if organization neglect the aspects of recognition and the employees are highly motivated when there are sufficient growth opportunities in terms of reward and recognition within the organization.

This theory in the words of Nel et al (2001) explains that individuals make choices on the basis of their expectations. This expectation is based on the fact that certain reward may be the result. It means that in an organization people will be motivated for a work which will bring some gratification or a desired result to the employee.

This is further supported by Schultz (1982) that in certain organizations employees will choose to perform such a job that will bring some benefits. In this way, they will show more commitment and work hard to achieve that target if they are assured that this will bring some reward or recognition such as salary increase, promotions, encouragement and appreciations. Therefore, it is important to relate performance with rewards and recognition.

Lawler (2003) says people are mostly rational in decision making. They thus take interest in such ventures where they find benefits or

which satisfy their needs or even help them attain their set goals. In actuality expectancy theory says that people are motivated for better work performance by promise of rewards, recognition which is linked to some specific goal. This theory is thus based on the philosophy that people have much differences in their needs so is in the importance they attach to the rewards.

Conclusion

This review study concludes that there is significant relationship exists between reward and recognition and job satisfaction of employees. All the four motivation theories analyzed in this study directly or indirectly emphasize upon employee's job satisfaction through reward and recognition. For example Maslow's theory strongly argues that satisfaction of lower order needs leads to the satisfaction of high order needs.

This study also finds out that in organizations individuals choose such roles which result in greatest benefits to them. According Vroom expectancy theory people choose such roles which bring them benefits in one way or another. This theory explains that employees work hard when they know and expect that this behavior will lead to desirable rewards such as increase in salary, promotions, recognition and so on.

Therefore, the study recommends that job satisfaction must be tied to rewards and recognition because employees achieve satisfaction and happiness when they put their energies fully in their activities. This could happen only on the basis of supportive environment and motivation. This factor also plays an important role in retaining employees in organizations. In this regard Alderfer's ERG theory provides that there are motivators called satisfiers and demotivator called dissatisfies. These are also called hygiene factors. According to this theory the removal of dissatisfiers lead to superior performance and the dissatisfiers prevent job dissatisfaction. A vast Literature review through this study also revealed that employees' motivation in organizations depends on the provision of satisfiers such as incentives, salary and

promotions. However, Two Factor theory says that it is not necessary that satisfaction of one need leads to the satisfaction of another need. This theory rather describes that human needs are not fixed and a need may arise any time without fixed ground.

This study further discovered that in organizations leaders are the main source of motivation for employees to achieve greater organizational goals and efficiency. Organizations can achieve their goals and aims through motivated employees, for example, efficiency of employees can be enhanced through different tangible and intangible reward and ways of recognition such as salary, promotions, financial benefits, appreciations and certificates of achievements.

This study strengthened the belief of the researcher on the basis of the review of the four motivation theories that job satisfaction of employee's is the result of motivation. For this purpose most of the studies argue that rewards and recognition such as salary, promotions, appreciation and so on contribute towards improvement in employee job satisfaction. For example, effective systems of reward and recognition in organizations produce favorable working environment which ultimately leads towards employee motivation and job satisfaction. In the light of the detailed analytical discussion on the four theories of motivation, this study recommends that further empirical investigations could be conducted for deeper understanding of the importance of the concept of reward and recognition and its different aspects.

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