REWARD SYSTEMS AND JOB SATISFACTION OF EMPLOYEE OF EATERIES IN ABUJA METROPOLIS

IGOMU, Mathias Drisu
Department of Business Administration
Federal University Wukari, Taraba State
gistmeon1054@gmail.com

AAKOO, Baritore Gbiodum
Department of Business Administration
Nasarawa State University Keffi, Nasarawa State
Baritore_aakoo@yahoo.com

ABSTRACT

This study investigated the effect of reward systems on job satisfaction of employee of eateries in Abuja Metropolis. The study adopted a survey research design, and collected using a self-administered 5-point Likert scale questionnaire from 321 employees of eateries in Abuja. Three hypotheses were formulated and tested using Structural Equation Modelling. The results showed that recognition and work-life balance had a significant positive effect on job satisfaction. However, career development was found to have a positive relationship with job satisfaction, but the lack of statistical significance suggests that employers should not rely on career development programs alone to improve employee job satisfaction. The study recommends that employers should give more attention to recognition and work-life balance practices to improve employee job satisfaction. Additionally, further research could be conducted to determine the specific types of recognition and work-life balance practices that are most effective in improving employee job satisfaction.

Keywords: Career development, job satisfaction, recognition, reward system, work-life balance

INTRODUCTION

In today's competitive job market, companies are increasingly focused on attracting and retaining top talents. One strategy that many organizations use is implementing reward systems to incentivize employees. However, the effectiveness of these reward systems in actually improving employee job satisfaction is still up for debate. While some studies suggest that reward systems increase job satisfaction, others indicate that poorly designed or implemented systems can actually lead to dissatisfaction and turnover.

Research has shown that effective reward systems have positive impact on employee job satisfaction. Armstrong and Brown (2017) provides that fair and equitable compensation is key to employee job satisfaction. Similarly, Tsai and Wu (2010) reports that employee recognition programs have positive impact on employee job satisfaction Kim et al. (2017) inferred that career development opportunities have positive impact on employee job satisfaction; while Allen et al. (2013) posits that work-life balance policies such as telecommuting and compressed work weeks enhance employee job satisfaction.

Effective reward systems also contribute to organization's success by reducing employee turnover and increasing employee productivity. When employees are satisfied with their rewards and recognition, they are more likely to stay with the organization and be motivated to perform at their best. This leads to increased productivity, improved customer service, and ultimately, higher profits for the organization. Despite the importance of reward systems and their impact on employee job satisfaction, there is short supply of empirical research on their impact on employee job satisfaction in the food service industry in Abuja. This study seeks to address this gap by examining reward systems and job satisfaction of employee of eateries in Abuja Metropolis.

CONCEPT OF REWARD SYSTEMS

A reward system is a set of practices and policies an organization implements to recognize and reward employees for their contributions to goal attainment. A reward system include various components, including compensation, benefits, recognition, career development, and work-life balance. The purpose of a reward system is to motivate and retain employees, enhance their job satisfaction, and ultimately contribute to organization's success. Reward system is important in relation to employee job satisfaction because it provide employees with tangible and intangible rewards for their work.

Tangible rewards such as compensation and benefits provide employees with financial security and stability. This increases job satisfaction and reduce stress levels. Intangible rewards such as recognition, career development, and work-life balance enhance employees' sense of value and belonging within the organization, increase their engagement and motivation, and ultimately contribute to their job satisfaction. According to Lawler (1990), a reward system that is aligned to the organization's goals motivate employees to work towards achieving those goals.

This means that the rewards offered must be seen as valuable by employees, and that they must be tied to the organization's overall mission and objectives. Further, Milkovich and Newman (1990), stated that a fair and equitable reward system can help enhance employee motivation and job satisfaction, and reduce turnover rates.

A reward system should be flexible and adaptable to changing circumstances. According to DeCenzo and Robbins (2016), a flexible reward system help organizations respond to changes in the business environment, and adjust rewards to meet changing needs and preferences of employees. For example, during the COVID-19 pandemic, many organizations implemented new reward programmes such as hazard pay, flexible work arrangements, and mental health support to help employees cope with the challenges of the pandemic.

Another important aspect of a reward system is that it should be inclusive and non-discriminatory. All employees should have equal access to rewards, and rewards should not be based on factors such as gender, race, or ethnicity. According to Lawler (1990), a non-discriminatory reward system build trust and respect among employees and enhance motivation and job satisfaction. On the other hand a reward system should be communicated effectively to employees. Employees need to know what rewards are available to them and how they can earn them. According to DeCenzo and Robbins (2016), effective communication ensures that employees understand the value of rewards, and are motivated to work towards earning them. In this study, we focus on reward, career development and work-life balance as aspects of reward systems.

Recognition

Recognition is an important aspect of a comprehensive reward system. It demonstrate appreciation for employees' level of performance, achievement, or contribution to an objective. Pitts (2005) notes that recognition can be confidential or public, casual or formal, but it is always in addition to pay. Employees need recognition as a non-financial motivator. It satisfies their need to share their achievements and have them celebrated. When recognition is used correctly, it is a cost-effective way of enhancing achievements and make people feel involved in the company.

However, Shore and Shore (2005) caution that recognition cannot replace solid pay approach, but rather should be used in addition to it. When traditional pay solutions fail to acknowledge issues such as business opportunities, organization design, and competency, recognition can be a great tool to address them (Zingheim & Schuster, 2000). Proper recognition and celebration can communicate the role employees should play in making the organization a success.

Moreover, employees who receive recognition hold a better perception of their work, workplace, and the people they work for (Shore & Shore, 2005). Therefore, it is essential for employers to make effort to show employees that their wellbeing is of concern to them; and that their contributions are highly valued.

Career Development

Career development is the process of managing one's career journey over time, with the aim of achieving personal and professional goals. It involves a series of activities, decisions, and experiences an individual goes through to enhance their skills, knowledge, and expertise. Career development take many forms, such as taking on new responsibilities at work, pursuing further education or training, seeking new job opportunities, or starting a business.

Career development is closely linked to employee job satisfaction. When employees are given opportunities to learn, grow, and advance in their careers, they are more likely to feel fulfilled and satisfied with their jobs. Kim et al. (2017) provides that career development opportunities have positive impact on employee job satisfaction in the hospitality industry. Similarly, Kooij et al. (2018) reports that career development opportunities enhance employee job satisfaction and reduce intention to leave among older workers. Employees who receive training and development opportunities feel valued and supported by their organization; and this lead to increased job satisfaction and loyalty (Noe, 2017).

Work-Life Balance

Work-life balance refers to balance between individuals' work and personal life. It is important for individuals to have a healthy balance between work and personal life to maintain physical and mental wellbeing. When employees balance their work and personal responsibilities, they are more likely to feel satisfied with their jobs. Research has shown that work-life balance is positively related to employee job satisfaction.

According to Greenhaus and Powell (2006), work-life balance is a key predictor of job satisfaction and overall life satisfaction. In addition, Li et al. (2016) found that work-life balance has positive impact on employee job satisfaction in the hospitality industry. When employees balance their work and personal responsibilities, they become more engaged and productive. This is because they are able to focus on their work without being distracted by personal concerns, and they are able to recharge and refresh themselves outside of work. In addition, work-life balance can lead to increased job satisfaction because it allows employees to pursue personal interests, which can lead to a sense of fulfillment and well-being.

CONCEPT OF JOB SATISFACTION

Employee job satisfaction refers to an individual's positive or negative feelings and attitudes towards their job. It is a critical component of employee well-being and can have a significant impact on job performance, organizational commitment, and turnover. According to Hopkins (1983), job satisfaction is a range of psychological, physiological, and environmental factors that lead individuals to express satisfaction with their work. Odom et al. (1990) defined job satisfaction as employees' overall affective opinion of their job and the degree to which they feel positive or negative about it. Armstrong and Taylor (2014) also described job satisfaction as an employee's emotional and attitudinal response to their job.

Job satisfaction may be extrinsic or intrinsic (Clark et al., 1996). Extrinsic job satisfaction relates to material aspects of the job, such as pay, benefits, and supervision, while intrinsic job satisfaction relates to internal sources, such as job complexity, responsibility, and skill utilization. Robbins (2013) identified six significant work-related factors that contribute to employee job satisfaction, including equitable rewards, mentally challenging work, work-life balance, supportive job environment, and colleagues.

Personal factors were found to have a low relationship with job satisfaction (Karin et al., 2014), while job-related factors such as task identity, task importance, and independence had positive correlations with job satisfaction (Spector, 1997). It is important to note that lack of job satisfaction not only negatively affects job performance and achievement but also results in increased absenteeism, low productivity, and turnover (Bryant & Allen, 2013).

REWARD SYSTEMS AND JOB SATISFACTION

Alim (2013) and Kim and Lee (2011) showed recognition has positive effect on job satisfaction. These studies did not control for other factors that may influence job satisfaction, such as job characteristics and organizational culture. Conversely, Wu and Chen (2017) showed that recognition had no significant effect on job satisfaction. The study provides important insights into the relationship between recognition and job satisfaction in the Chinese hospitality industry.

In AlDamen and AlKhadash (2020) it was revealed that career development had no significant effect on job satisfaction. In a similar vein, Ali and Akhtar (2016) showed that career development had no significant effect on job satisfaction. On the flip side, Ng and Feldman (2007) reports that career development had positive effect on job satisfaction.

In other studies, Goh et al. (2015) showed that work-family conflict had no significant effect on job satisfaction. This study provides valuable insights into the relationship between work-life balance and job satisfaction in Singapore. Amstad et al. (2011) showed that work-family conflict had a negative effect on job satisfaction. The study did not control for other factors that may influence job satisfaction, such as job characteristics and organizational culture.

In lieu of the foregoing reports and arguments of scholars or link between reward systems and job satisfaction, we hypothesize that:

Ho_1: Employee recognition does not significantly affect job satisfaction of employees of eateries in Abuja Metropolis.

Ho_2: Career development does not significantly affect job satisfaction of employees of eateries in Abuja Metropolis.

Ho_3: Work-life balance does not significantly affect job satisfaction of employee eateries in Abuja Metropolis.

THEORETICAL FRAMEWORK

This study is based on expectancy theory (Vroom, 1964) and equity theory (Adams, 1965). Expectancy theory suggests that individuals are motivated by their expectations of the outcomes of their behavior. The theory holds that individuals' motivation to perform a particular behavior is determined by three factors: expectancy, instrumentality, and valence. Expectancy refers to the individual's belief that their effort will lead to performance, instrumentality refers to the individual's belief that their performance will lead to a particular outcome, and valence refers to the value that the individual places on the outcome.

The relationship between expectancy theory and this study on effect of reward systems on job satisfaction is that organizations can use reward systems to increase employees' motivation by ensuring that their efforts lead to desired outcomes and that those outcomes are valued by the employees. A limitation of expectancy theory is its assumption that individuals are rational, and make decisions based on expected outcomes of their behavior. In reality, individuals are influenced by factors such as social norms, personal values, and emotions, which theory does not captured.

Equity theory suggests that individuals compare their inputs (effort, skills, experience) and outcomes (pay, recognition, benefits) to those of others in their work environment. If individuals perceive that their inputs

and outcomes are equitable to those of others, they are likely to be satisfied with their job. On the other hand, if they perceive that their inputs and outcomes are not equitable, they are likely to experience job dissatisfaction.

The relationship between equity theory and this study on effect of reward systems on job satisfaction is that reward systems can be used to promote equity by ensuring that employees' inputs are rewarded fairly with outcomes. A limitation of equity theory is that it does not account for individual differences in perceptions of equity. What one person considers equitable may not be the same as what another person considers equitable.

METHODOLOGY

This study used survey research design. The population comprised 872 top, middle and lower level of employees obtained from the Human Resources Department of 10 eateries conveniently selected within Abuja Metropolis. These eateries are Blucabana Restaurant, Wakkis, Cilantro, Serendib Restaurant, Jenvinik Restaurant, Nkoyo, Masala Wahala, Bukka, Johnny Rockets and The Cube. The study obtained a sample size of 274 using Taro Yamane formula for sample size determination. However, for fear of mutilation and nonresponse, 20% iteration was done (Isreal, 2013) bringing the sample size to 328. Data was collected using structured questionnaire that was based on 5-point Likert scale, ranging from Strongly Agreed to Strongly Disagreed. The distribution of questionnaire was done through email and WhatsApp. Out of the 328 administered copies of questionnaire, 321 were found completely filled and usable for analysis. Partial Least Squares Structural Equation Modelling (PLS-SEM) was employed to analyze data collected and to spell out the relationship between proxies of reward systems (recognition, career development and work-life balance) and the job satisfaction.

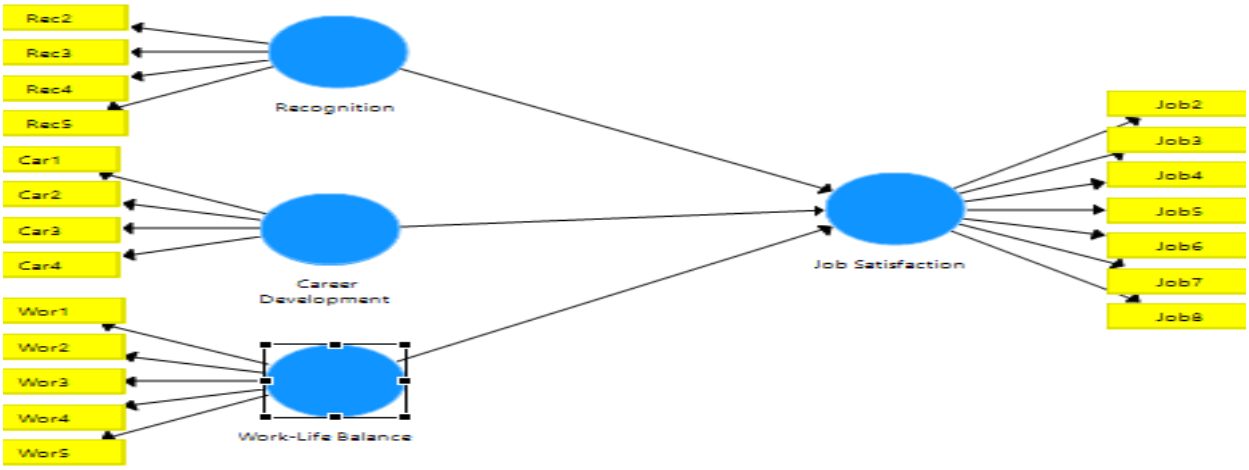

Fig. 1: Conceptual model of the study

The instrument used in the study was checked for validity and reliability using statistical methods. Table 1 and Table 2 provides summaries of the validity and reliability results obtained.

Table 1: Convergent Validity and Reliability of the Constructs and Indicators

Variables	Factor Loadings	Cronbach Alpha	Composite Reliability	AVE
Car1	0.905	0.915	0.940	0.798
Car2	0.829			
Car3	0.915			
Car4	0.921			
Job2	0.735	0.855	0.890	0.538
Job3	0.820			
Job4	0.836			
Job5	0.659			
Job6	0.654			
Job7	0.751			
Job8	0.657			
Rec2	0.651	0.733	0.832	0.555
Rec3	0.699			
Rec4	0.779			
Rec5	0.837			
Wor1	0.743	0.875	0.910	0.671
Wor2	0.778			
Wor3	0.795			
Wor4	0.816			
Wor5	0.948			

Source: SmartPLS Output, 2023

Table 1 shows the factor loadings, Cronbach's alpha, composite reliability, and average variance extracted (AVE) values for a measurement model that includes four constructs: Career Development (Car), Job Satisfaction (Job), Recognition (Rec), and Work-Life Balance (Wor). The factor loadings for each item on its corresponding construct are larger than the threshold of 0.7 as advised by Hair et al., (2015). Those that were below but close to the threshold were rounded up to 0.7 respectively while loadings below 0.65 were removed before further analysis. This indicates that each item is a good indicator of its construct.

The Cronbach's alpha values for each construct are also high, indicating that the items within each construct are reliable and have internal consistency. The composite reliability values are also high, indicating that each construct is reliable and consistent across multiple indicators.

The AVE values represent the amount of variance in each construct that is explained by its indicators. Generally, an AVE value of 0.5 or higher indicates that the construct is well-measured. In this case, the AVE values for Career Development, Recognition, and Work-Life Balance are all above 0.5, indicating that they are well-measured. However, the AVE value for Job Satisfaction is relatively low (0.538), indicating that the construct is not as well-measured as the other constructs.

Table 2: Heterotrait-Monotrait Ratio (HTMT)

	Caree Dev	**Job Sat**	**Recognition**	**Worklife**
Career Dev	1.000			
Job sat	0.751	1.000		
Recognition	0.775	0.710	1.000	
Worklife	0.734	0.748	0.837	1.000

Source: SmartPLS Output, 2023

Table 2 shows the Heterotrait-Monotrait Ratio (HTMT) values for a construct validity assessment of a structural model that includes four constructs: Career Development, Job Satisfaction, Recognition, and

Work-Life Balance. The HTMT values compare the correlations between different constructs (heterotrait) to the correlations between the same construct (monotrait). Generally, HTMT values below 0.9 indicate good discriminant validity, meaning that the constructs are distinct from each other and not measuring the same underlying construct. In this case, the HTMT values are all below 0.9, indicating good discriminant validity between the constructs.

Table 3: Path Assessment

	Beta	T. Stats	P. Value	Decision
Career Development -> Job Satisfaction	0.022	0.641	0.522	Accepted
Recognition -> Job Satisfaction	0.609	14.953	0.000	Rejected
Work-Life Balance -> Job Satisfaction	0.408	9.452	0.000	Rejected

Source: SmartPLS Output, 2023

The study conducted bootstrapping, which is regarded as a resampling technique to determine significance for all constructs in explaining others. Table 3 shows the regression coefficients (Beta), t-statistics, p-values, and decisions for a structural model that includes four constructs: Career Development, Job Satisfaction, Recognition, and Work-Life Balance. The hypotheses were stated in the null forms, which assumes that there is no significant relationship between dimensions of the predictor variable and the outcome variable among employees of eateries in Abuja Metropolis.

For the first and third hypotheses, which state that recognition and work-life balance have no significant effect on Job Satisfaction, the Beta values are both positive (0.609 and 0.408, respectively), indicating positive relationships between these constructs and job satisfaction. However, the p-values are both less than 0.05 (0.000), which means that we can reject the null hypothesis and conclude that recognition and work-life balance have statistically significant relationship with job satisfaction. Therefore, the second and third hypotheses are rejected. These reports are similar to the findings of Kim and Lee (2011), Alim (2013) and Goh, et al (2015).

For the second hypothesis, which states that career development has no significant effect on job satisfaction, the Beta value is positive (0.022), indicating a positive relationship between career development and job satisfaction. However, the p-value is greater than 0.05 (0.522), which means that we cannot reject the null hypothesis. Thus the held that the relationship between career development and job satisfaction is not statistically significant. This finding is consistent with the reports of AlDamen and Alkhadash (2020). However, it contradicts that of Alih and Akhtar (2016) who found that career development has no significant effect on job satisfaction.

CONCLUSION AND RECOMMENDATIONS

On the basis of the findings above, this study concludes that reward systems have significant effect on job satisfaction of employees of eateries in Abuja Metropolis. Flowing from the findings, therefore, study recommends that management of eateries in Abuja Metropolis should give more attention to recognition and work-life balance as they have been found to have significant positive effect on job satisfaction. Employers should develop and implement recognition programs that acknowledge employee performance and contributions to the organization. The study also recommends that, although career development was found to have a positive relationship with job satisfaction, the lack of statistical significance suggests that employers should not rely on career development programs alone to improve employee job satisfaction. Employers should consider other factors such as recognition, work-life balance, and job security when developing strategies to improve employee job satisfaction.

SUGGESTION FOR FURTHER STUDIES

Further research could be conducted to determine the specific types of recognition and work-life balance practices that are most effective in improving employee job satisfaction. Additionally, research could be conducted to explore the reasons why career development may not have a statistically significant effect on employee job satisfaction in some contexts. These findings could help employers develop more targeted and effective strategies to improve job satisfaction.

REFERENCES

Adams, J. S. (1965). Inequity in social exchange. In L. Berkowitz (Ed.). *Advances in experimental social psychology (volume 2).* Academic Press.

Ahmad, S., & Hameed, I. (2014). The impact of employee recognition on job satisfaction: Evidence from Pakistani banking sector. *Journal of Business Studies Quarterly*, *6*(2), 1-14.

AlDamen, R., & AlKhadash, H. (2020). The impact of career development on job satisfaction among e Kim, S., & Lee, J. (2011). The impact of recognition on job satisfaction: Evidence from Korean service sector employees. *International Journal of Hospitality Management*, *30*(3), 745-753.

Allen, T. D., Herst, D. E. L., Bruck, C. S., & Sutton, M. (2000). Consequences associated with work-to-family conflict: A review and agenda for future research. *Journal of Occupational Health Psychology*, *5*(2), 278-308

Ali, M., & Akhtar, N. (2016). Impact of career development on job satisfaction among employees of banking sector in Pakistan. *Journal of Management Research*, *8*(1), 51-63.

Alim, M. A. (2013). The impact of employee recognition on job satisfaction: The Malaysian experience. *Asian Social Science*, *9*(13), 119-126.

Amstad, F. T., Meier, L. L., Fasel, U., Elfering, A., & Semmer, N. K. (2011). A meta-analysis of work-family conflict and various outcomes with a special emphasis on cross-domain versus matching-domain relations. *Journal of Occupational Health Psychology*, *16*(2), 151-169

Armstrong, M., & Taylor, S. (2014). *Armstrong's handbook of human resource management practice*. Kogan Page Publishers.

Bryant, P. C., & Allen, D. G. (2013). *Compensation, benefits and employee turnover: HR strategies for retaining top talent*. Business Expert Press.

Chen, Y. Y., & Francesco, A. M. (2003). Employee demography, organizational commitment, and organizational citizenship behavior in Taiwan. *International Journal of Manpower*, *24*(5), 534-551.

Cheng, G. H. L., & Chan, D. K. S. (2008). Who suffers more from job insecurity? A meta-analytic review. Applied Psychology: *An International Review*, 57(2), 272-303

Clark, A. E., Oswald, A. J., & Warr, P. (1996). Is job satisfaction u-shaped in age? *Journal of Occupational and Organizational Psychology*, *69*(1), 57-81.

DeCenzo, D. A., & Robbins, S. P. (2016). *Fundamentals of human resource management*. Wiley.

Demerouti, E., Bakker, A. B., Nachreiner, F., & Schaufeli, W. B. (2001). The job demands-resources model of burnout. *Journal of Applied Psychology*, *86*(3), 499-512.

Elizur, D., & Koslowsky, M. (2001). Recognition as an alternative to money: The Israeli case. *Journal of Occupational and Organizational Psychology*, *74*(2), 151-169.

Fawzy, M. W., & El-Maghraby, E. M. (2018). The impact of career development on job satisfaction among nurses in Egypt. *Journal of Nursing Education and Practice*, *8*(7), 51-58.

Goh, Z. W., Ilies, R., & Wilson, K. S. (2015). Supportive supervisors improve employees' daily lives: The role supervisors play in the impact of daily workload on life satisfaction via work–family conflict. *Journal of Vocational Behavior*, *89*, 65-73.

Heslin, P. A., VandeWalle, D., & Latham, G. P. (2006). Keen to help? Managers' implicit person theories and their subsequent employee coaching. *Personnel Psychology*, *59*(4), 871-902.

Hopkins, W. G. (1983). Quantitative research design and methodology for sports studies. *Sport Science, 1*(1), 1-17.

Karin Andreassi, J., Lawter, L., Brockerhoff, M., & Rutigliano, P. (2014). Factors influencing job satisfaction and organizational commitment. *Journal of Nursing Management*, *22*(7), 934-943.

Lee, K., & Bruvold, N. T. (2003). Creating value for employees: Investment in employee development. International *Journal of Human Resource Management*, *14*(6), 981-1000.

Li, X., Lu, L., & Lu, Y. (2016). Work-life balance and job satisfaction in hotel employees. *Journal of Hospitality and Tourism Management*, *28*, 81-89.

Lu, L., Siu, O. L., & Lu, C. Q. (2010). Work-family conflict in China: Does gender matter? *Journal of Business and Psychology, 25*(4), 581-590.

Milkovich, G. T., & Newman, J. M. (1990). *Compensation*. Irwin.

Nankervis, A. R., Baird, M., Coffey, J., & Shields, J. (2017). *Human resource management: Strategy and practice*. Cengage Learning

Ng, T. W., & Feldman, D. C. (2007). Organizational embeddedness and occupational embeddedness across career stages. *Journal of vocational behavior*, *70*(2), 336-351.

Nguni, S., Sleegers, P., & Denessen, E. (2006). Transformational and transactional leadership effects on teachers' job satisfaction, organizational commitment, and organizational citizenship behavior in primary schools: The Tanzanian case. *School Effectiveness and School Improvement*, *17*(2), 145-177.

Noe, R. A. (2017). *Employee training and development.* McGraw Hill Education

Odom, R. Y., Boxx, W. R., & Dunn, M. G. (1990). Organizational commitment: a comparison of American, Korean, and Malaysian employees. *Journal of Business Research*, *20*(4), 267-276.

Pitts, D. W. (2005). *Rewarding and recognizing employees: A guide to compensation management*. Greenwood Publishing Group.

Robbins, S. P. (2013). *Organizational behavior*. Pearson.

Shockley, K. M., & Allen, T. D. (2016). When flexibility helps: Another look at the availability of flexible work arrangements and work-family conflict. *Journal of Vocational Behavior*, *92*, 81-91.

Shore, L. M., & Shore, T. H. (2005). Employee perceptions of the impact of work-family policies and practices: A field study. *Family Relations, 54*(4), 479-488.

Spector, P. E. (1997). *Job satisfaction: Application, assessment, causes, and consequences*. Sage Publications.

Vroom, V. H. (1964). *Work and motivation*. Wiley.

Wei, C. F., & Chiang, Y. H. (2015). The relationship between career development and job satisfaction among employees in Taiwan. *Asia Pacific Management Review*, *20*(1), 27-34.

Wu, J., Chen, Y., & Liang, X. (2016). The impact of employee recognition on job satisfaction in Chinese manufacturing firms. Social Behavior and Personality: *An International Journal*, *44*(8), 1331-1338.

Yoon, J., & Thye, S. R. (2012). The effect of interpersonal justice on job satisfaction: Evidence from Korea. *Journal of Applied Social Psychology, 42*(4), 930-948.

Zingheim, P. K., & Schuster, J. R. (2000). *Pay people right: Breakthrough reward strategies to create great companies*. John Wiley & Sons.