

# EFFECT OF FINANCIAL INCENTIVES ON JOB SATISFACTION OF LECTURERS IN NANGARHAR UNIVERSITY

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## ABSTRACT

The main aim of the study is to find the effect of bonus, fringe benefits and retirement on job satisfaction of lecturers in Nangarhar University. In order to collect the data from the respondents an online questionnaire was adopted by using Likert scales from one to five. The questionnaire for the study was sent online to the respondents and finally received 93 responses. Data were analyzed by Statistical Package for Social Science (SPSS) version 25 by Linear regression. Reliability of the data was also tested. Reliability of job satisfaction dimension was 0.78. Reliability of fringe benefits was 0.83. Moreover, the reliability of bonus was 0.76 and reliability of retirement was 0.842. After analyzing the data result of the study also showed that fringe benefits do not have significant positive impact on job satisfaction. In addition, it was found that bonus has a significant positive impact on job satisfaction. Moreover, it was also found that retirement has significant positive impact on job satisfaction.

**Keywords:** Bonus, Fringe benefits, retirement, job satisfaction, university lecturers

## INTRODUCTION

This study is carried out to find the impact of financial incentives on job satisfaction of university lecturers in Nangarhar University. Job is not only the main and primary source of revenue, but it is also a crucial component of life. The work of one person also takes away huge part of each employee's day, which also contributes to one's social standing. Because of work's central role in many peoples' life, satisfaction with one's job is an important component in overall wellbeing (Sharma & Jyoti, 2009). Job satisfaction is also said to as the extent of the positive affective orientation towards a job (Blegen & Mueller, 1987). Job satisfaction is an individual's view which contain how the employee feels about this work and the work of his/her organization. Employee satisfaction is extremely vital in an organization because it is what productivity depends on (John A Wagner & Gooding, 1987; Wright & Cropanzano, 1997). The degree of positive affective orientation towards a job is known as job satisfaction (Sahibzada & Pandya, 2022). The government to renew the interest of increasing performance level should assess factors that increase job satisfaction of employees (Khawrin et al., 2022)

In today's competitive world organizations use different kind of incentive system to motivate and boost employee's self-confidence towards their job. Because if one employee is highly motivated, so it will help them in increase their productivity and performance level which ultimately helps in achieving the goals of the organization.

Organizations provide different types of incentives to motivate their employees. According to Luthans (1998)

divided the incentives used by the organizations are of two types, as financial incentives and non-financial incentives. In our study, we will talk about the effect of financial incentives on the job satisfaction of the employees. Financial incentives are direct compensation beside the base salary given to employee by the organization. Financial incentives are gifts in financial forms that are provided to employees who have a production level that exceeds the specified standard (Rahmadi & Partiw, 2021). It is the financial payment given to employees for their high performance. According to Erbas and Arat (2012) the financial incentives provided for employees are listed as payment raise, premiums, profit share, economic awards, payment packages, etc.

## LITERATURE REVIEW

Many researcher have conducted research on the impact of financial incentives on job satisfaction and revealed the result that it has a significant positive impact on job satisfaction of the employees. According to Shah et al., (2021) who conducted a research on the impact of financial incentives on job satisfaction, revealed that financial incentives has significant positive impact on job satisfaction.

In our study, we have taken different variables of financial incentives, which are bonus, fringe benefits and retirement and will examine their impact on job satisfaction. So many scholars also have conducted research on the impact of bonus, fringe benefits and retirement on job satisfaction of the employees. According to Artz (2010) who conducted research on the relationship among fringe benefits and employee's job satisfaction and revealed the result that fringe benefits were significant positive factor of job satisfaction. Moreover, Steyn (2010) also examine the impact of fringe benefits on job satisfaction and engagement and revealed the result that there was low practically significant correlation exists between fringe benefits and job satisfaction. Adjeikwame (2019) examine the impact of fringe benefits on job satisfaction and revealed that fringe benefits significantly influence employees job satisfaction. In addition, many scholars also conducted the research on the impact of bonus on job satisfaction. According to Pouliakas (2010) bonus have positive impact on job satisfaction.

Moreover, retirement benefits are also one of the crucial element, which satisfied employee in the organization. According to the Davies et al., (2017) Job satisfaction has been considered to be an important factor during retirement decisions. Moreover, according Osman et al., (2015) who done research on retirement planning and job satisfaction revealed that there is a significant relationship exist among retirement planning and job satisfaction.

## OBJECTIVE OF THE STUDY

The main objectives of the study are as follow;

1. To find the impact of financial incentives on job satisfaction of the Nangarhar University lecturers.

The sub objectives are of the study are as follow;

- 1) To find the impact of fringe benefits on job satisfaction of the Nangarhar University lecturers.
- 2) To find the impact of bonus on job satisfaction of the Nangarhar University lecturers.
- 3) To find the impact of retirement on job satisfaction of the Nangarhar University Lecturers.

## HYPOTHESIS OF THE STUDY

H<sub>1</sub>: Fringe benefits has a significant positive impact on job satisfaction of employees.

H<sub>2</sub>: Bonus benefits has a significant positive impact on job satisfaction of employees.

H<sub>3</sub>: Retirement has a significant positive impact on job satisfaction of employees.

## RESEARCH METHOD AND PARTICIPANTS

Quantitate research was applied to collect the primary data from Nangarhar University, Afghanistan. For collecting the data online questionnaire was made and was sent to lecturers of Nangarhar University through various WhatsApp, messenger, Gmail and other social media platforms. Finally data were collected from 93 respondents, among which 92 were male and 1 were female.

## DATA ANALYZE PROCEDURE AND RESEARCH TOOL

Data for the study was analyzed through Statistical Package for Social Science (SPSS) version 25. Moreover, data was analyzed in SPSS by linear regression.

Data was collected through online questionnaire with Likert scale, which range from 1 to 5. In other words, 1 shows strongly disagree, 2 shows disagree, 3 shows neutral, 4 shows agree, and 5 shows strongly agree. Furthermore, reliability of job satisfaction dimension was 0.78. Reliability of fringe benefits was 0.83 Moreover, the reliability of bonus was 0.76 and reliability of retirement was 0.842

**Table 1: Descriptive Statistic**

Demographic statistic of the participants' gender and education levels.					
	Gender		Education Level		
	Male	Female	Bachelor	Master	Ph.D.
Number	92	1	12	72	9
Percentage	98.9	1.1	12.9	77.4	9.7

Table 1 of the study shows the descriptive statistic of the study. It shows that there were total 93 respondents among which 92 were male and 1 was female. It also showed about the educational level of the respondents. Among 93 respondents 12 were bachelor, 72 were master and 9 were Ph.D.

**Table 2: Model summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.493 <sup>a</sup>	0.243	0.217	3.142

a. Predictors: (Constant), retirement, bonus, fringe benefits

The adjusted R square in the above table2 shows that our model explains 24.3% of the impact on job satisfaction.

**Table 3: ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	282.008	3	94.003	9.522	.000 <sup>b</sup>
	Residual	878.638	89	9.872		
	Total	1160.645	92			

a. Dependent Variable: job satisfaction

b. Predictors: (Constant), retirement, bonus, fringe benefits

Table 3 of the study showed that job satisfaction was regressed on predicting variables of fringe benefits, bonus and retirement. The mentioned variables significantly predict job satisfaction,  $F(3, 89) = 9.522$ ,  $P = 0.00 < 0.001$ , which shows that variables under the study have a jointly significant positive impact on job satisfaction.

In addition, table 3 does not show each variables affect job satisfaction, it shows the overall impact on job satisfaction. Therefore, to know the effect of each variable on job satisfaction, we have to look at the coefficient.

**Table 4: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.205	2.064		3.976	0.000
	Fringe benefits	<b>0.049</b>	0.050	0.096	0.980	0.330
	Bonus	<b>0.320</b>	0.129	0.236	2.477	0.015
	Retirement	<b>0.326</b>	0.093	0.343	3.519	0.001

a. Dependent Variable: job satisfaction

Table 4 of the study shows the impact of fringe benefits, bonus and retirement on job satisfaction. The results from the table shows that fringe benefits do not have significant positive impact on job satisfaction of the employees. ( $B=0.049$ ,  $t=0.980$ ,  $p=0.330 > 0.05$ ).

**H<sub>1</sub>: Fringe benefits has a significant positive impact on job satisfaction of employees. Hence, H<sub>1</sub> is rejected.**

The above table also shows that bonus has significant positive impact on the job satisfaction ( $B=0.320$ ,  $t=2.477$ ,  $p=0.015 < 0.05$ ).

**H<sub>2</sub>: Bonus benefits has a significant positive impact on job satisfaction of employees. Hence, H<sub>2</sub> is accepted.**

The above table also shows that retirement has significant positive impact on the job satisfaction ( $B=0.326$ ,  $t=3.519$ ,  $p=0.001 < 0.05$ ).

**H<sub>3</sub>: Retirement has a significant positive impact on job satisfaction of employees. Hence, H<sub>2</sub> is accepted.**

Above table also shows the result of Beta value. It shows that if we increase fringe benefits by one unit, it will

increase job satisfaction by 0.049 units. If we increase bonus by one unit, it will increase job satisfaction by 0.320 units. Moreover, if we increase retirement by one unit, it will increase job satisfaction by 0.326 units.

**Table 5: Hypothesis of the study**

Hypothesis	Regression Weight	B	t	P-Value	Results
H <sub>1</sub>	FB → JS	0.049	0.980	0.330	Rejected.
H <sub>2</sub>	B → JS	0.320	2.477	0.015	Accepted
H <sub>3</sub>	R → JS	0.326	3.519	0.001	Accepted

**Note:** \*P<0.05. FB: Fringe benefits, B: Bonus, R: Retirement, JS: Job satisfaction.

Table 5 of the study shows that H<sub>1</sub> of the study is rejected and H<sub>2</sub> and H<sub>3</sub> of the study are accepted.

## SUMMARY

**The result of the study showed that bonus has a significant positive impact on job satisfaction (B=0.326, t=3.519, p=0.001<0.05).** According to the result of the study if we increase bonus by one unit, it will increase job satisfaction by 0.320 units. Moreover many scholar revealed the same result that bonus has significant positive impact on job satisfaction. . According to **Pouliakas (2010)** bonus have positive impact on job satisfaction.

**The result from the study also showed that fringe benefits do not have significant positive impact on job satisfaction (B=0.049, t=0.980, p=0.330>0.05).** According to the result of the study if we increase fringe benefits by one units, it will increase job satisfaction by 0.049 units. Moreover, many scholar conducted research and analyzed that fringe benefits has positive significant impact on job satisfaction. According to **Artz (2010)** who conducted research on the relationship among fringe benefits and employee's job satisfaction and revealed the result that fringe benefits were significant positive factor of job satisfaction. Moreover, **Steyn (2010)** also examine the impact of fringe benefits on job satisfaction and engagement and revealed the result that there was low practically significant correlation exists between fringe benefits and job satisfaction. **Adjeikwame (2019)** also examine the impact of fringe benefits on job satisfaction and revealed that fringe benefits significantly influence employees job satisfaction.

**The result of the study also showed that retirement has significant positive impact on job satisfaction (B=0.326, t=3.519, p=0.001<0.05).** According to the **Davies et al., (2017)** Job satisfaction has been considered to be an important factor during retirement decisions. Moreover, according **Osman et al., (2015)** who done research on retirement planning and job satisfaction revealed that there is a significant relationship exist among retirement planning and job satisfaction.

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