



Individual differences in the relationship between satisfaction with job rewards and job satisfaction

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ARTICLE INFO

Article history:

Received 4 May 2012

Available online 25 October 2012

Keywords:

Job satisfaction

Job rewards

Pay satisfaction

Individual differences

Work values

ABSTRACT

Although previous research often showed a positive relationship between pay satisfaction and job satisfaction, we dispute the universality of this finding. Cluster-wise regression analyses on three samples consistently show that two types of individuals can be distinguished, each with a different job reward–job satisfaction relationship. For the first person type, job satisfaction relates to financial and psychological reward satisfaction, whereas for the second person type job satisfaction relates to psychological reward satisfaction only. In addition, between-person type differences were found for the work value financial security but not for recognition, which suggests that differences in work values may lie at the basis of between-person differences in the rewards–satisfaction relationship. Moreover, person types 1 and 2 differ in turnover intention and affective organizational commitment, which implies that differences in the rewards–satisfaction relationship relate to important organizational outcomes as well. Theoretical and practical implications of these findings are discussed.

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1. Introduction

Job satisfaction is without doubt one of the most studied outcomes in organizational research (Spector, 1997). One of the reasons is probably its intuitive link with a wide range of important employee behaviors such as turnover, absenteeism, and performance (Schleicher, Hansen, & Fox, 2010). Therefore, the research on job satisfaction is widespread.

Traditionally, job rewards are considered a major determinant of job satisfaction. For example, according to the equity model of Adams (1965) people compare their input/output ratio – which reflects the rewards they receive in return for the work they perform – to that of a comparison person to determine whether they feel satisfied in their job. Similarly, in the discrepancy model of Porter and Lawler (1968) people's job satisfaction is determined by a comparison of their current job conditions (including the rewards they receive) to their ideal job. Apart from its role in theories on job satisfaction, the centrality of job rewards is also obvious when screening instruments that are utilized to measure job satisfaction. In particular, the two most important instruments, the Job Descriptive Index (JDI) and the Minnesota Satisfaction Questionnaire (MSQ) both include a subscale referring to satisfaction with job rewards (see Schleicher et al., 2010).

From the above, one would conclude that job rewards are indispensable for job satisfaction. However, important theories on job satisfaction conjecture that job rewards do not (always) affect job satisfaction. In particular, Herzberg's (1959) two-factor theory conceptualizes pay as a hygiene factor rather than a satisfier. Hence, it is predicted that satisfaction with pay does not affect job satisfaction. A similar conclusion can be drawn from self-determination theory (Deci & Ryan, 1985, 2002), which posits

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that satisfaction results from intrinsic motivation, and that intrinsic motivation is not or even negatively influenced by extrinsic rewards (for example by providing financial rewards [Gagné & Forest, 2008](#)).

In sum, conflicting views on the role of job rewards in relation to job satisfaction exist. In the present study, we argue that both views should not exclude one another. Rather, depending on the individual under consideration, the one or the other may apply. In other words, we suggest that there are individual differences in the link between job rewards and job satisfaction in that for some people extrinsic rewards do indeed relate to satisfaction, whereas for other people this is not the case. In what follows, we will elaborate on this point. First we distinguish between two categories of job rewards; second we argue why individual differences in the relationship between rewards and job satisfaction are expected on the basis of existing work on work values, and finally we argue that these individual differences relate to other job-outcomes as well.

1.1. Categories of job rewards

Rewards are key components of the exchange relationship between employee and employer ([Armstrong, 2010](#); [Cropanzano & Mitchell, 2005](#); [White & Drucker, 2000](#)). Hence, rewards are used as a tool to guide behavior and performance in an attempt to attract and retain the best-qualified employees and keep them satisfied and motivated ([Bellenger, Wilcox, & Ingram, 1984](#); [Bratton & Gold, 2003](#); [Rynes, Gerhart, & Minette, 2004](#)). Because of this reason, the research and theorizing on rewards is widespread and has a long history (e.g., [Currall, Towler, Judge, & Kohn, 2005](#); [Heneman & Judge, 2000](#); [Williams, Brower, Ford, Williams, & Carraher, 2008](#)).

At the same time, the stream of research on rewards is heavily dominated by studies on the impact of financial rewards (often referred to as 'pay'). This is somewhat surprising given that almost all major motivation and satisfaction theories explicitly stress the importance of alternative types of rewards (e.g., [Adams, 1965](#); [Deci & Ryan, 1985, 2002](#); [Herzberg, 1959](#); [Porter & Lawler, 1968](#)). In line with these theories, the total reward management movement has recently conceptualized rewards as any valued outcome an employee receives from the employer in exchange for the employee's effort and contribution ([Henderson, 2003](#)). Total reward management hereby acknowledges that it is important to provide the appropriate financial rewards, but stresses the necessity to complement these with other reward types ([Armstrong, 2010](#)). To date, there are several total reward categorizations available (e.g., [Christofferson & King, 2006](#); [Milkovich & Newman, 2005](#); [Zingheim & Schuster, 2000](#)), but the underlying categorization principle appears to be quite similar. In this study, we focus on two major categories of rewards, that is, financial and psychological rewards. Because several authors have long noted that not the working conditions themselves, but rather how these are experienced and valued ([Porter & Lawler, 1968](#); [Vroom, 1964](#)) are more influential ([Steel, 2002](#)), we study the satisfaction with these two types of rewards, rather than the rewards themselves.

1.2. Individual differences in the link between job rewards and job satisfaction

While there are studies on the relationship between job rewards and employee behaviors and attitudes, they focus almost exclusively on general (or average) patterns. In other words, they do not take individual differences in this relationship into account. The few exceptions that have studied individual differences in (the perception of) job rewards have limited themselves to comparisons between a priori defined groups, such as men and women (e.g., [Buchanan, 2005](#); [Graham & Welbourne, 1999](#); [Keaveny & Inderrieden, 2000](#)), people from different cultures (e.g., [Fong & Shaffer, 2003](#)), with different educational levels ([Klein & Maher, 1966](#)) or from different age groups ([Clark, Oswald, & Warr, 1996](#)). Consequently, our understanding of individual differences in the link between reward satisfaction and job satisfaction is limited at best.

At the same time, traditional theories on job satisfaction and motivation do not agree on the role of various categories of rewards. In particular, for equity theory ([Adams, 1965](#)) and the discrepancy model of [Porter and Lawler \(1968\)](#) both financial and psychological rewards are expected to relate to job satisfaction, whereas [Herzberg's \(1959\)](#) two-factor theory and self-determination theory ([Deci & Ryan, 1985, 2002](#)) state that financial rewards do not satisfy people. We believe that this theoretical disagreement does not imply that one theoretical proposition has to be rejected in favor of the other. Rather, we believe that different theories may hold for different individuals. Therefore, we expect that financial reward satisfaction relates to job satisfaction for only a subset of employees (as there is disagreement as to the impact of this type of reward), whereas the relationship between psychological reward satisfaction and job satisfaction holds for every employee. In other words, we hypothesize that two person types exist, for the first person type both financial and psychological reward satisfaction relate to job satisfaction, whereas for person type two only psychological reward satisfaction does.

1.3. Work values as antecedents of individual differences in the reward satisfaction–job satisfaction relationship

The literature on work values provides us with a framework to explain why the link between reward satisfaction and job satisfaction varies from individual to individual. Values are criteria or goals that serve as guiding principles in people's life, thereby transcending specific situations ([Schwartz, 1999](#)). Work values are more specific than general values in that they refer to people's working life. As such, they can be considered general and stable goals employees want to realize through working ([Nord, Brief, Atieh, & Doherty, 1988](#)). Because work values are relatively stable across time and situations, and because they differ between individuals by definition (e.g., [De Cooman et al., 2008](#); [Kalleberg, 1977](#)), they affect the way in which people differentially perceive their working situation. As such, work values can be conceived as antecedents of the predicted individual difference pattern.

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