

Reward management and employee job satisfaction in Nepalese commercial banks: An integrated analysis of financial and non-financial rewards

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Abstract

Employee job satisfaction is an important issue in the commercial banking industry, since the effectiveness of organizations is highly determined by their employees' motivation, commitment, stability, and performance. Additionally, reward management is a key human resource management technique, which makes it possible for organizations to impact employees' behaviours and attitudes toward their duties. While remuneration and other forms of financial rewards play a vital role in the process, more attention is currently paid to non-financial aspects of reward management, including promotion, acknowledgment, and job security. The paper is aimed at analyzing the impact of reward management on employee job satisfaction in the commercial banks of Nepal. The research investigates five elements of reward management, such as salary, bonus, promotion, recognition, and job security. The theoretical background of the study is based on the theories of Herzberg, Vroom, Adams, and Job Characteristics. In this study, a quantitative research design was utilized within the framework of positivism and deduction. Primary data were gathered from 250 employees of commercial banks in Nepal through a structured questionnaire. Descriptive statistics, reliability analysis, correlation analysis, and multiple regression analysis were used to analyze the data. Job security has been identified as the strongest determinant of job satisfaction ($\beta = .324$), followed by salary ($\beta = .281$), recognition ($\beta = .238$), bonus ($\beta = .196$), and promotion ($\beta = .142$). The results of the research suggest that all five reward components have a positive and statistically significant impact on employee job satisfaction. Employees' job satisfaction appears to be influenced by the combination of individual rewards types – financial, professional, psychological, and employment-related.

Keywords: Reward management, employee job satisfaction, salary, bonus, promotion, recognition, job security, commercial banks, Nepal

Introduction

The topic of employee job satisfaction is a key issue in the field of organizational and human resource management. In the industries with high level of competitiveness, fast technology changes, customer pressure, and a lot of responsibilities connected with regulation, the attitude of employees matters for organizational effectiveness. For example, banking services are highly impacted by human resources qualities. The way in which organizations manage rewards system is one of the main tools which helps organizations to manage employee attitudes. Rewards compensate employee contribution, inform what values the organization represents, influence the perception of fairness, and lead to higher performance.

The research of today has increasingly found out that employees assess their employment based on a variety of financial and non-financial criteria such as recognition, career advancement, job safety, and fairness of business practices. Relationship between reward systems and job satisfaction is very important in the banking industry. Employees are supposed to do various tasks, such as carrying out financial operations, fulfilling the criteria of performance, serving clients, adapting to innovations, and fulfilling the requirements. Thus, it is not surprising that employment conditions and reward schemes are vital for financial organizations. Studies conducted in the banking sphere show that remuneration, recognition, promotions,

and job security are indicative of their workers' job satisfaction, but the degree of significance of different rewards may vary according to the context (Bhardwaj *et al.*, 2021; Singh & Kaur, 2009) ^[2, 13].

It is crucial to look into the commercial banking sector in Nepal. It has been found from the earlier studies that job security is one of the important factors influencing job satisfaction in Nepalese commercial banks (Pathak, 2016) ^[11]. The other more recent studies have covered the significance of non-monetary rewards and recognition practices in Nepalese commercial banks to understand the functioning of reward systems in the attitude formation of employees (Chand, 2025; Gnawali, 2024) ^[3, 4]. In this regard, the current research will assess the relationship between the particular five dimensions of rewards (which refer to salary, bonus, promotions, recognition, and job security) and job satisfaction of the employees of Nepalese banks in the commercial sector. An integrated approach has been formed for this purpose in order to identify the real reasons for the lowest employee satisfaction and the impact of the economic, occupational, psychological, and job security aspects on the employee satisfaction level.

Reward Management and Employee Job Satisfaction

The concept of reward management denotes a systematic approach to the implementation of organizational strategies intended to provide compensation in financial and non-

financial forms for employees' contributions. Reward systems can play a key part in the way people are motivated and perceive fairness at work and their commitment. The most obvious form of the organizational reward is pay. Employees often assess pay by comparing their payment with their duties, qualifications, experience, performance, and payment received by peers. As a result, an employee may perceive pay inequity leading to a feeling of dissatisfaction, whereas pay fairness can boost positive attitudes towards work.

In the context of their study on job satisfaction of employees at Indian universal banks, Singh and Kaur (2009) ^[13] identified pay and other facilities, and transparent pay structures, among other variables as key determinants of job satisfaction. Bhardwaj *et al.* (2021) ^[2] also obtained evidence of the positive correlation between salary and job satisfaction among bank employees. Bonuses are viewed as additional monetary payments awarded for the performance of an individual, team, or organization. However, the motivational value of bonuses depends on employees' perceptions of the relationship between performance and reward. Thus, the effectiveness of bonuses depends not only on their monetary value but also on the credibility of the reward process.

Advancement in the workplace gives employees chances to progress in their careers, take on higher responsibilities, gain recognition in their profession and receive higher compensation too. For this reason, the prospects of promotions can affect employees' attitudes towards their future prospects in the organization. Numerous studies have revealed a positive link between promotion prospects and job satisfaction in the banking sector. Naqvi *et al.* (2013) ^[9] state that promotion prospects have a great impact on the job satisfaction of bank employees in Pakistan. It has been found out that while the influence of promotion on job satisfaction may differ across time periods (Otto *et al.*, 2022) ^[10]. Recognition means acknowledgment and valuing of employees' efforts and contributions to the work process. The psychological aspect of recognition differentiates it from a pure financial incentive. It signifies that the employees' work is appreciated and acknowledged. There is a positive relationship between recognition and job satisfaction proven in various researches, including those conducted in the banking sector (according to Humayun *et al.*, 2014) ^[7]. Job security refers to the employees' belief in being employed and not losing a job. This is especially important in the times of layoffs, restructurings, and changes in the employment formation system. The job security can affect the job satisfaction through economic as well as psychological aspects. If the employees are sure in having a stable job, they will have less anxiety about the possibility of losing it. Pathak (2016) ^[11] proved that it is considered the most influential factor in the job satisfaction among commercial bank employees. This finding looks like an important contextual support for the present study's identification of job security as the strongest predictor of employee job satisfaction.

Theoretical Foundation

The concept of the association between reward management and job satisfaction is studied via four theoretically related

theories. Herzberg conveys that there is a distinction between dissatisfaction factors and motivating factors. Pay and security can serve as conditions which induce dissatisfaction while recognition and promotion can provide motivation. Herzberg's study was crucial in terms of examining the connection between work-related factors and motivation and therefore is the basis for the work connected with the research of employees' job satisfaction (Herzberg, 1965) ^[6]. This theory is applicable for this research due to the fact that it proves that job satisfaction cannot be explained solely with the help of financial rewards. Pay and security will act as desirable employment conditions, while recognition and promotion will lead to positive feelings of achievement and advancement.

Expectancy theory illustrates that employees are motivated if they see a connection between effort and results. Employees are more motivated when they have the belief that effort yields performance and performance yields rewards. Research dedicated to expectancy theory has explored its impact on motivation and performance (Reinhardt and Wahba, 1975; Kopelman and Thompson, 1976) ^[8, 12]. The theory is pertinent to the current research into bonuses and promotions, as they can play their role in motivation only if employees see a link between their performance and encouragement received. Equity theory indicates employees' how fair they regard their exchange. In this case, employees have a performance comparison with other employees and have a feeling of dissatisfaction.

All of these rewards – salary, bonuses, promotions and even recognition – can be assessed comparatively, making Adams' theory very relevant. Pay level and ratio to contributions and return to others (Adams, 1965) ^[1] are two other factors that are likely to be the basis for employees' responses to a reward. As shown in job characteristics model, motivational aspects of job design such as meaningfulness, responsibility, and feedback. Hackman and Oldham (1976) ^[5] consider that the attributes of work can affect the psychological states that they find important and the internally driven work behaviour. If this model is accurate, then recognition and promotion should be part of the current model as employees will feel more satisfied with their job when they feel what they do is worthwhile, that they are contributing to something and that they can see a lot of opportunities for them. The aim of all of these theoretic lenses is to give an integrated framework to address the study of reward management. They appear to suggest that withholding of a reward can impact satisfaction in multiple ways: by changing the economic value of the job, the expectations of the person about how well they will perform, perception of fairness, psychological recognition, career trajectory, job security, etc.

Conceptual Framework and Hypotheses

The conceptual framework points out reward management as the independent variable and employee job satisfaction as the dependent variable. Reward management is going to be represented through these five dimensions:

1. Salary
2. Bonus
3. Promotion
4. Recognition
5. Job Security

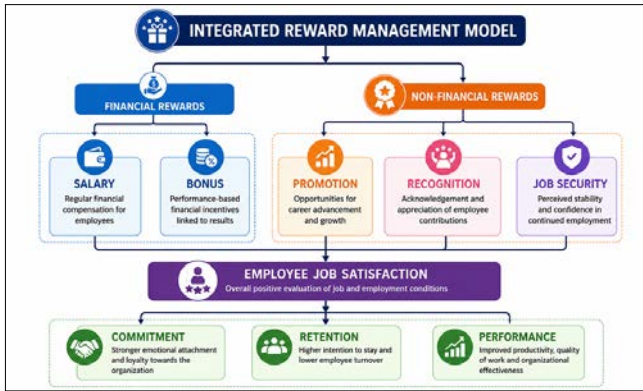


Fig 1: Integrated Reward Management Model

It looks like that the framework proposes that each and every dimension has a positive influence on employee job satisfaction. These are hypotheses that were tested in this research:

H1: Reward management seems to have a significant positive influence on employee job satisfaction.

H1a: Salary looks like to have a significant positive influence on employee job satisfaction.

H1b: Bonus significantly influences employee job satisfaction.

H2a: Promotion looks like to have a significant positive influence on employee job satisfaction.

H2b: Recognition is considered as one of the important factors for employee job satisfaction.

H2c: Job security seems to be extremely crucial when it comes to employee job satisfaction.

The study also tries to consider age, gender, educational qualification, work experience, monthly income, and organizational position as relevant demographic characteristics.

Table 1: Operationalization of Study Variables

Variable	Dimension/Construct	Conceptual Meaning	Measurement Focus
Reward Management	Salary	Regular financial compensation	Perceived fairness and adequacy of salary
Reward Management	Bonus	Performance-related financial incentive	Relationship between performance and bonus
Reward Management	Promotion	Career advancement opportunity	Fairness and availability of promotion
Reward Management	Recognition	Appreciation of employee contribution	Formal and informal acknowledgement
Reward Management	Job Security	Perceived stability of employment	Confidence in continued employment
Job Satisfaction	Employee Job Satisfaction	Overall positive evaluation of employment	Satisfaction with job and employment conditions

Methodology

The research implemented a quantitative research methodology based on a positivist paradigm. The deductive methodology was adopted since the research established hypotheses from theory and then tested them with the help of empirical data. Primary data was collected through a structured questionnaire from employees of Nepalese commercial banks. The questionnaire was used to measure employee perceptions regarding salary, bonus, promotion, recognition, job security, and job satisfaction. The research achieved 250 usable responses. Different methods of data analysis employed in this research included descriptive statistics, reliability statistics, correlation analysis, multiple regression analysis, and hypothesis testing. Reliability

statistics allowed measuring consistency of scales used in the research while correlation statistics enabled examining the direction and strength of the relationships among the variables. Multiple regression allowed assessing the predictive value of five reward aspects on employee job satisfaction.

Findings

The empirical findings try to convey that all five-reward dimensions have positive and statistically significant relationships with employee job satisfaction which seems clear through the correlation analysis that results in the following relationships with job satisfaction:

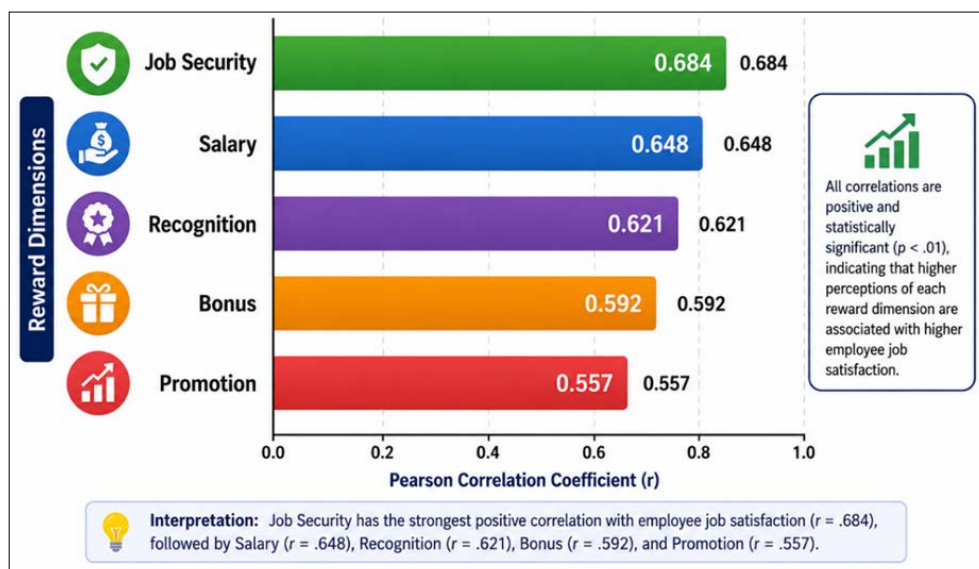


Fig 2: Correlation of Reward Dimensions with Employee Job Satisfaction

Based on the results of this research, the correlation that is significantly related to the researcher is job security—job satisfaction. It can also be said to have moderate strong positive relationship with salary, followed by recognition,

bonus and promotion in the professional life of any employer. The regression analysis also hints towards the differences in the relative predictive strength of the reward dimensions as the pie chart shows below:

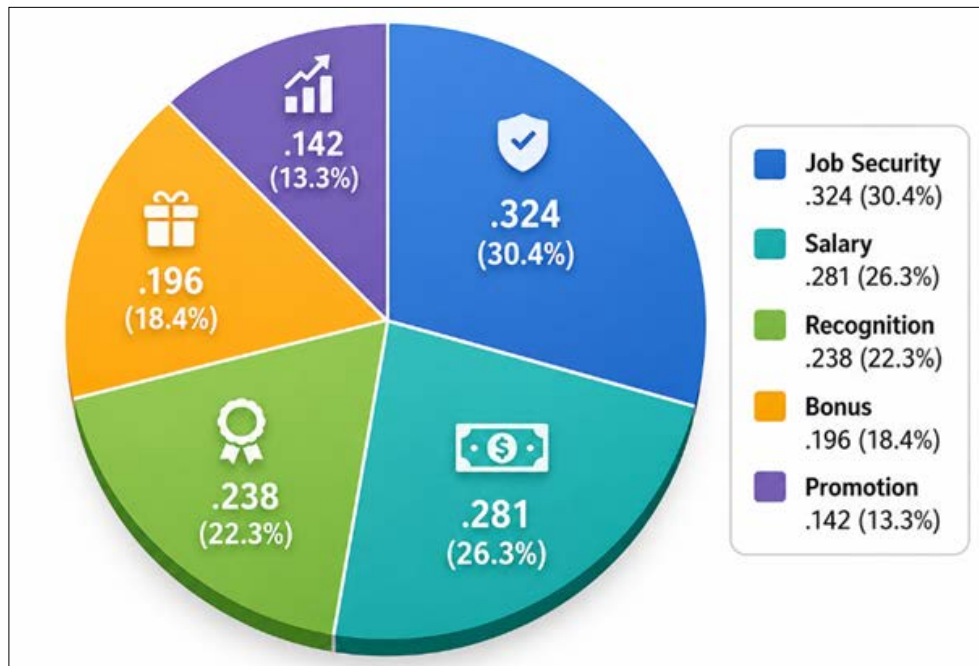


Fig 3: Relative Influence of Reward Dimensions on Employee Job Satisfaction

The above pie chart suggests that overall, the job security is the highest among the several determinants of job satisfaction while pay comes next, followed by recognition, bonus, promotions, and so on. The results obtained are similar to the earlier research happenings with reference to the commercial banking set up in Nepal. As example, the researcher Pathak (2016) ^[11] in his research article talks

about the job security factor which is particularly important for employees' general job satisfaction in case of commercial bank employees in Nepal. Moreover, the current study also aims at corroborating this context evidence through cross verification of job security with salary, bonus, promotion and recognition in the context of integrated reward management of banks in Nepal.

Table 2: Comparative Ranking of Reward Dimensions According to Their Relationship with Job Satisfaction

Rank	Reward Dimension	Correlation (r)	Regression Coefficient (β)	Interpretation
1	Job Security	.684	.324	Strongest predictor
2	Salary	.648	.281	Second strongest predictor
3	Recognition	.621	.238	Strong positive influence
4	Bonus	.592	.196	Positive influence
5	Promotion	.557	.142	Positive but comparatively weakest predictor

Discussion

Of particular interest to the study is the ability of job security to predict. The results make it clear that for employees at commercial banks in Nepal, having a stable position is key to their satisfaction on the job. It's clear to see how this feeling of security translates into both economic and psychological confidence. It is significant that no mention of job security was found, not a lot of rewards management. Notable – as it is relatively regarded as something of a background condition to employment rather than matters of reward management. It would be one of our data's for an integrated reward system. Next up is satisfaction as predicted by salary, which is unsurprising, highlighting the longstanding power of money to contribute to satisfaction. Employees will want to know their pay equates to their input. However, because otherwise job security won the battle, it's clear that all an employee can be content with is not money.

The 3rd was recognition, indicating that a psychological acceptance was necessary. An employee will appreciate being valued points regarding his / her job, and recognition can boost needs for status and achievement that cash can't. The results indicated there were also significant positive effects between bonus and expectancy theory, which is one of the theories in motivation. If staff see that the organisation operates successful systems that reward to them a fair and credible way, this will be embraced by them. Out of the five dimensions, the standardized beta coefficient for promotion was the smallest, but still positive and significant. Not that the prediction power of promotion is unimportant, but the predictive factor is not as strong as security, salary, bonus or recognition. Overall, the results suggest a newer complex reward management perspective. There's a combination of the tangible and the intangible there that inspire satisfaction. It is not just the economic or work-related aspect that needs to be considered if you are to

have a complete system; there will be a psychological side to everything, so there will also be a desire for stability.

Practical Implications

These findings have implications for HRM in the commercial banking industry of Nepal. First of all, banks need to create fair and competitive salary structure that appropriately matches the individual's performance, experience and qualifications and the nature of their job/work. There is also a need for bonus systems to be open and well explained; that staff are left in no doubt as to the criteria by which their performance is rewarded. The same rule goes for promotion. Banks have the opportunity of granting formal career ladders to their staff if they have established a clear set of standards and they enforce them uniformly.

Furthermore, a more systematic way of recognition is advocated. This could be in the form of formal recognition, or feedback from a supervisor; an opportunity for employees to show off their work. Security of employment should be considered a reward strategy. It shows predictive value, so employees value the confidence they can have in the position's stability. Reward management shouldn't be a fragmentation exercise, in total. The constituents of a better salary value proposition to the employee are bonuses, promotions, look good jobs. Bonuses, promotions, look good jobs are best considered as parts of a larger value proposition to the employee.

Theoretical Contribution

This study contributes to the literature, in three critical ways. For starters it provides a holistic view on both financial and non-financial benefits, instead of focusing on a single aspect, such as salary, it sets five dimensions on a merry trip down to the lamp to be analyzed through a single empirical lens. Then there's that of context. The current study builds on existing research in Nepal that has reported on the significance of non-financial benefits, but extends the scope of comparison by applying the findings of salary, bonus, promotion, recognition and security from among the commercial banks in Nepal to measure the predictive power of these non-financial benefits. Lastly, the results offer insights on the continued relevance of different motivational theories. They consider that an employee's response to an award is not an isolated event rather multiple factors such as economic-exchange theory, fairness, expectancy theory, and an employee's need for advancement and security are at play.

Conclusion

The present researcher has attempted to investigate the impact of reward management on the level of job satisfaction of employees in commercial banks in Nepal in this study. This research analyzed five different dimensions of reward management, namely salary, bonus, promotion, recognition and job security. The conclusions from the data indicate that there are positive and statistically significant relationships between employee satisfaction and all five areas. But there's one top contender: job security is far and away the biggest factor, followed by salary, recognition, bonus and promotion. The point: You can't measure employee happiness by monetary remuneration alone. Rewards for quality work and compensation for quality work is very important but so is the recognition of them, and

the ability to see how they can move up and a sense of security in the longevity of their career.

These results make the case for an integrated way of handling reward management. There is a need to introduce fair and transparent systems among the commercial banks in Nepal but flexible to performance and geared towards providing staff with some sense of security. But effective reward management isn't simply about giving out rewards like a wage or a bonus. It is an organisational process whereby an employee evaluates both the payment amount and how they are treated appropriately for their work, whether they are recognised for work done or whether there is stability in the bank. With such a holistic perspective, the country's commercial banking industry's human capital should be even stronger.

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