



## **The Role of Rewards and Job Satisfaction in Predicting Employee Commitment to Performance in Service Organizations.**

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### **Abstract**

Rewards and job satisfaction are often cited as critical processes in HRM. Nonetheless, research has not provided conclusive confirmation or disconfirmation on rewards and job satisfaction as influencing organizational performance. Thus, this study investigated the predictive roles of rewards and job satisfaction in employee's commitment to performance of service firms in sub-Saharan Africa. The study adapted a quantitative methodology by drawing a sample of respondents from two multinational service firms in Ghana. Both multiple regression and descriptive analysis were employed as the basis for the study investigation. Findings showed that rewards induced positive job satisfaction of employees. Additionally, findings showed that job satisfaction of employees stimulated employee commitment to performance. However, a very high level of employee dissatisfaction was recorded for employees pay and the amount of work they do which could negate their commitment to performing well in service firms. The study results add to the evidence that good HR practices influence business outcomes rather than the other way around. Thus, the contribution of this paper identifies the roles that management and organizational leadership can play in enhancing HRM and best practices of employee rewards and job satisfaction in the service industry.

**Keywords:** Job satisfaction, commitment to Performance, Rewards, Sub-Saharan Africa.

## **Introduction**

For the past years, research work has concentrated on rewards and job satisfaction on employees' outcomes in work organizations. While Job satisfaction is expressed as the affective response of an employee's work ensuing from a comparison between the actual outcomes and the expected outcomes (Cranny et al., 1992), rewards on the other hand, have been described as the financial and non-financial benefits, derived from the employment relationship and obtained by employees (Bratton and Gold 1994). Rewards and job satisfaction are critical human resource (HR) variables in work organizations. Deficiencies in these variables can jeopardize the health of an organization by opening pathways to absenteeism (Lambert et al., 2005), and staff turnover (Dennis 1998). Most organizations have thus suffered from employees' loyalty and commitment to perform better in their work due to the ramifications of poor rewards and job satisfaction issues (Aletraris, 2010). More importantly is the unsteadiness of employees' attitude to work in most Sub-Saharan African organizations due to low reward issues leading to job dissatisfaction of employees and noncommittal to organizational performance (Abugre, 2014). Consequently, both research and anecdotal accounts demonstrate the power of employee rewards and job satisfaction to be linked to organizational performance resulting from employee commitment. In fact, organizational rewards schemes have a critical role in influencing the organization's ability to attract and retain high performing employees, and also motivate all employees to achieve greater levels of performance (Thompson, 2001). Thus, an organization's reward system is increasingly viewed as a strategic tool in aligning the interests of workers and management and improving their commitment to firm performance. This means, organizations may use their pay system to motivate strategic behaviors (Milkovich and Newman, 2008), by making it essential that employees are satisfied with their pay. Extant literature suggests that rewards and job satisfaction are linked to HR strategies, and the effective implementation of these strategies can lead to higher performance especially in service organizations. For example, Singh and Loncar (2010) argue that the development and implementation of long term retention strategies such as pay and job satisfaction are critical in ensuring that service institutions are able to provide access to the variety of service delivery. Successful HR strategies need to address rewards and job satisfaction issues that can trigger employee commitment to organizational performance, and this accomplishment will depend essentially on the extent to which the integration of rewards policies and the management of employees are intrinsically consistent with each other. In fact, Fay and Thompson (2001) assert that the alignment of rewards programs to organizational strategy provides a motivational boost to employees. Additionally, greater job rewards induce greater employee satisfaction, and greater job commitment is encouraged by higher rewards, lower costs, and greater investment of resources (Rusbult and Farrell, 1983) leading to increase organizational or firm performance.

While the studies cited above have demonstrated that rewards systems can have a positive impact on employees' conditions for organizational success, HR researchers and practitioners are still left uncertain about the joint impact of rewards and job satisfaction on successful HR strategies leading to commitment to performance in service organizations. Similarly, researchers and practitioners are uncertain about filling the existing gaps with regard to knowledge of the specific effects of the role of organizational rewards and employee job satisfaction in service organizations in Sub-Saharan Africa (Sarwar and Abugre, 2013). Significantly therefore, this work attempts to fill these gaps, and to contribute to the paucity of literature in HRM rewards systems and job satisfaction leading to commitment to perform particularly in service organizations in Sub-Saharan Africa. Second, the study goes beyond the underlying components of job satisfaction to unearth new insights of worker satisfaction variables as best practices of organizational HRM in the service industry. Third, reward systems

impact strongly on organizational setting, and rewards and job satisfaction both provide a wealth of knowledge for management and academics to understand the significant dynamics that impacts on employees' stress and well-being (Ganster et al., 2011) and development at work. Consequently, this paper examines the predictive roles of rewards and job satisfaction of employees' commitment to firm performance of two multinational service firms in Ghana, posing two key questions:

1. To what extent does employee rewards predict their commitment to firm performs in service organizations?
2. How can service firms build and sustain employee commitment to performance output through their reward strategies and employee job satisfaction in service organizations?

Accordingly, we empirically tested the role of rewards and job satisfaction of employees in order to establish their predictive outcomes or otherwise on their commitment to firm performance. The rest of the paper is organized as follows: First, we analyse the literature that informs our theoretical deliberations, and then formulate the hypotheses that guide this study. Second, we describe the research design, data analysis, and the results of the study. Lastly, we discuss the results of the study, and provide recommendations and implications and then the study conclusion.

## **Theoretical Considerations and Hypotheses Development**

### ***Human Resource Management and Service Organizations***

Research in strategic human resource management has made considerable progress in documenting the link between organizational performance and human resource (HR) strategies that invest in the human capital of the workforce (Becker and Gerhart, 1996). These strategies are basically those that include coherent sets of HR practices that enhance employee skills, participation in decision- making, and motivation (Appelbaum et al. 2000). HRM is particularly about gaining the employees' commitment and adaptability, and about standardizing employee contracts and wages (Storey et al., 1991). It involves selecting the best ways to manage people, their skills and knowledge through established rules, regulations, procedures and techniques (Kunda, 1992). HR benefits occur when firms build and sustain competitive advantage substantially through the quality of their human capital and organizational processes (Boxall, 1996).

The match or fit between competitive strategy and HR strategy is greater in services than it is in manufacturing (Boxall 2003). The term 'service sector' is used here to refer to all economic activities other than those in agriculture, mining, and manufacturing. Thus, it includes retail and wholesale trade, domestic service, general government employment, the professions, personal services, banking and insurance, construction, transport and communications.

Literature on HRM in service organizations has equally argued that it takes only a moment's thought to recognize that employee reward is a major motivator for employees as well as an essential tool for organizations performance (Ou and Wang, 2007; Petra and Dorata, 2008). Likewise, several studies have reported that one of the most important determinants of employees' compensation is their commitment to perform on the job (Hakes and Sauer, 2007; Ou and Wang, 2007). If compensation is closely tied to key performance measures, it is reasonable to expect that employees will work to maximize those performance measures and consequently maximize their pay level (Yilmaz and Chatterjee, 2003). For these reasons, it is logical to expect that rewards and job satisfaction of employees are linked to HR strategies and organizational performance. This is because, employees work hard to maximize performance

measures and consequently maximize their pay level (Yilmaz and Chatterjee, 2003) if these performance measures are controllable from the perspectives of employees.

In most developing countries in Africa, the service sector has become the main economic contributor for most nations in the area of employment. This is due to the liberalization policies which encouraged private investment persuaded by institutional reforms from the Breton woods (World Bank and IMF) institutions, and the need to make state owned companies in Africa self-reliant and viable. As a result, the organizational structures and HR skills in the service sector have undergone a major change from the traditional structure of organizations, which were based on technical requirements. According to Lindsay (2005), the growth of the service sector must be understood as an opportunity for employment but also as a threat. Polarization of wage and job-related skills and the increase in fixed-term employment are linked to the expansion of the service sector (Sassen, 1996). These tendencies also imply changes in reward systems because; constant personal redefinition is viewed as necessary in a competitive and unstable environment (Sennet, 1998). The traditional reward system has thus changed to prioritizing certain social profiles above others in performance processes. As Thompson *et al.* (2001) point out; the traditional model is being changed by the interactive service work model, which depends upon each worker's tacit skills (quality of verbal communication, interaction and relational skills etc.). Therefore, effective rewards systems have a critical role in determining the organization's ability to attract high potential employees, to retain high performing employees, and to motivate all employees to achieve greater levels of performance (Bartol and Locke, 2000; Thompson 2001). This work takes this opportunity to test the predictive roles of rewards and job satisfaction in employee commitment to firm performance of service organizations in a Sub-Saharan African context.

### ***Rewards and Job Satisfaction as HR Processes***

It has been widely argued in management, total quality management, operational sciences and service literatures that improving job satisfaction leads to higher productivity and profits (Silvestro, 2002). In particular, the HRM and Organizational Behavior (OB) theories suggest that the appropriate use of people enhances organizational effectiveness. This is especially so when employees enjoy both intrinsic and extrinsic rewards since they are sure of achieving a global satisfaction (Tsui et al., 1997; Aletraris, 2010).

In the service sector, employees are regarded as the source of differentiation and competitive advantages (Barney and Wright, 1997; Bartlett and Ghoshal, 2013). The emergence of different schools of thought on worker satisfaction have been able to link employees' job satisfaction with service quality perceptions, customer satisfaction and display of loyalty over long term outcomes (Dessler, 2011). Yet employees continue to be viewed and treated by many organizations as disposable resources. This appears to be true in some Sub-Sahara African organizational context, where little theoretical understanding in human resource management exists concerning the antecedents and service behaviors of job satisfaction of contact employees (Abugre, 2014). However, high performing organizations are those likely to envisage fairness of their relationships with their employees as a precursor to customer satisfaction and increased staff commitment to perform their work (Snipes et al., 2005). This also involves rewarding the positive behaviour which is likely to ensure reinforcement and long-lasting performance of the contact employees. Hence, the importance of investigating how these HR processes (rewards and Job satisfaction) could predict employee commitment to service firm performance is worthy and necessary.

## **The Link between Rewards and Job Satisfaction and Employee Commitment to Performance**

Rewards have been defined as the financial and non-financial benefits, derived from the employment relationship and obtained by employees (Bratton and Gold, 1994). Both financial and non-financial rewards as HR processes have been associated with employee commitment to work performance (Becker et al., 1996). There are three main categories of rewards as specified in the literature: social, extrinsic, and intrinsic rewards (Williamson et al., 2009). Social rewards refer to those that are obtained as a result of the interactions with others at workplace and may involve having conducive or supportive relationship with colleagues or supervisors. Extrinsic rewards refer to the total package of financial benefits that an employee obtains from the organization, and includes base pay, performance related pay, accommodation allowance, transport allowance, social security provision and medical insurance. Finally, intrinsic rewards are those that arise from the job content itself and have been labelled as 'job characteristics' in the Job characteristics theory (JCT) (Hackman & Oldham 2010). They include motivational aspects such as role clarity, skills variety, autonomy and feedback. Jobs that are crafted well in terms of clarity and skills required to do them would excite employees' commitment to performance (Berg et al., 2010; Hackman and Katz, 2010).

Consequently, the employment relationship has been described as a social exchange relationship, given that it includes a mutual exchange of benefits between the employee and the employer (Aryee et al., 2002). Looking at the norms of reciprocity which explain the theory of social exchange (Cropanzano and Mitchell, 2005), it is suggested that employees exhibit greater satisfaction with their jobs, in return for the receipt of rewards from the organization (Settoon et al., 1996; Aryee et al., 2002). This satisfaction of employees derived from organizational rewards would in turn lead to increased commitment of employee and firm performance as employees may give of their best which would benefit the employer or the organization as a whole. Hence, we hypothesize that:

***Hypothesis 1:** There is a strong positive relationship between employee rewards and employee commitment to performance in the service industry*

***Hypothesis 2:** Higher employee rewards in service firms is positively related to employee job satisfaction in the service industry*

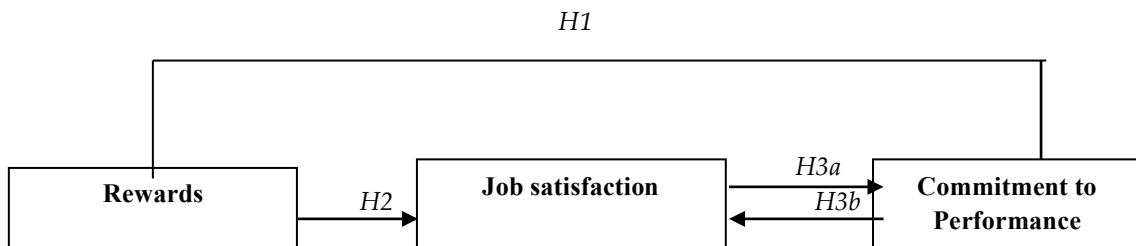
## **The Link between Employee Satisfaction and the Commitment to Firm Performance**

Globalization and increased competition continue to change the business environment. The service sector is a highly competitive industry; therefore, amid the need to stay above rival companies, and to deliver satisfactory financial returns to stakeholders, it is vital that management remains agile which depends on how quickly and effectively it can response to the ever – changing customer demands (Gursoy and Swanger, 2007). More importantly, customer satisfaction in services such as tourism, hospitality and retailing, has become one of the most frequently examined concepts in the job satisfaction literature (Chi and Gursoy, 2009). This is because in the service industry, both products and services are often highly complex and present a totality of exchange, commitment, performance, satisfaction and an encounter between customers and employees (Bitner et al., 1990). Since the intangible benefits of most businesses reside in employees' skills and know-how, the level of satisfaction which a customer may experience, is directly related to the level of satisfaction which that employee has with his or her job in the organization and will be committed to go the extra mile. This is in line with Matzler and Renzl (2007)'s work which argues that employee retention and satisfaction have become one of the most critical issues facing the tourism and hospitality firms, and the service

sector in general. In recent years, more service organizations have been acknowledging employees by giving them rewards and allocating significant resources which have not only led to lower turnover rates but, it has also likely impacted the bottom-lines margins of the firms significantly due to commitment. Literature further suggest that employees who are happy and satisfied with their work environment are less likely to leave the organization and tend to stay longer (Chi and Gursoy, 2009; Shuck 2011). Additionally, current research indicates that organizational rewards have a significant influence on the employees’ behavior towards their work and the employing organization (Miao et al. 2013). Thus, it is plausible that a direct link may exist between employee levels of satisfaction and his/her commitment to firm performance in the service management literature (Silvestro, 2002). Consequently, this study hypothesizes that:

**Hypothesis 3a:** *There is a strong positive relationship between employee job satisfactions and employee commitment to performance in the service industry*

**Hypothesis 3b:** *High employee commitment to performance is positively related to employee job satisfaction in the service industry*



**Figure 1: An Outline of the Study Model**

The Figure 1 above illustrates our study model and summarizes the hypotheses pathway of the study.

**Research Methodology**

*Sample and Procedure for Data Collection*

We conducted our study in the service sector of Ghana. We first sampled two medium to large scale organizations which provide services to the Ghanaian population. The two organizations were purposively chosen for the study. The organizations are subsidiaries of multinational companies providing services to the Ghanaian population. However, in line with social science research, and for the sake of this research we have christened the two organizations as Org 1 and Org 2. We then randomly selected 120 employees from these two organizations based on the total number of employees available to each organization given to us by the respective HR managers. Initial letters of introduction and declaration of interest to survey the employees for a research were given to the HR managers of the two organizations for permission. Hence, a self-administered questionnaire was given to each participant to complete, with a specified time period of four months. The actual data collection was carried out between July and December, 2012. The questionnaire was initially screened by the HR managers of the two organization in line with their organizational ethics and codes of providing information to external source. A total of 110 filled questionnaires were delivered to us after the two months period. After excluding the questionnaires that had missing data and outliers, a total of 104 useable questionnaires were finally obtained for the research, yielding an overall response rate of 86.7

percent which is very good. A comprehensive information about the organizations and the respondents for the study is provided in Table 1.

**Table 1: Characteristics of Respondents and Sample Firms**

Description	Frequency	Percentage	Description	Frequency	Percentage
<i>Gender</i>			<i>Firm Type</i>		
Male	53	51.0%	Organization 1	56	53.8%
Female	51	49.0%	Organization 2	48	46.2%
<i>Age</i>			<i>Sector of Organization</i>		
26-35	60	57.6%	Organization 1	Telecommunication	
36-45	40	38.5%	Organization 2	Financial Services	
46-55	3	2.9%			
56 or above	1	1.0%			
<i>Education</i>			<i>Country of Origin</i>		
Higher Diploma	26	25.0%	Organization 1	South Africa	
University Degree	61	58.6%	Organization 2	United Kingdom	
Specialized Certificate	14	13.5%			
Masters	3	2.9%			
<i>Job Position</i>			<i>Subsidiary Employees</i>		
Senior Managers	23	22.1%	Organization 1	Less than 200	
Middle Managers	69	66.4%	Organization 2	Less than 100	
Junior Managers	12	11.5%			
<i>Work Experience</i>			<i>Capital of Subsidiary (US Dollars)</i>		
0-5 years	90	86.5%	Organization 1	50-200 million	
6-10 years	14	13.5%	Organization 2	200-400 million	
11 or above	-	-			

*Instrument and Scale Measurement of Variables*

A questionnaire comprising 26 questions relating to participants' biographical information, and Job satisfaction variables was developed. The biographical section (gender, education, tenure, and job rank) were collected using a nominal scale with pre-coded options. The job satisfaction variables included 18 items which were measured using a five - point scale rating instrument, and also measured using closed and open-ended answers. The open-ended questions were meant to enable employees offer their own lived experiences or opinions on aspects of rewards and job satisfaction and commitment to performance. The open-ended questions were also meant to offset any common method bias since the questionnaires were left with them to complete. The advantage of incorporating these open-ended questions in the instrumentation is an attempt to overcome some of the previously reported measures or scale weaknesses.

Job satisfaction was adapted and modified from Quinn and Staines' (1979) items on job satisfaction. In all 9 items out of the total 18 items on job satisfaction mentioned above were measured with first set of 4 questions using a five point scale with 1= Very Dissatisfied to 5= Very satisfied, and second set of 5 questions with 1= Strongly agree to 5=Strongly Disagree. Examples include; "How satisfied are you with your job?" "Higher rewards will induce higher job satisfaction?" the aggregate internal reliability is .82

To measure employee commitment to performance, we modified Farrell and Rusbult (1981) items on organisational commitment and performance with five point scale 1= Very likely to 5= very unlikely. Examples of items include: Firm performance will increase as a result of higher pay of employees; Job satisfaction will motivate employees to be more committed towards organisational goals, and job satisfaction and higher rewards will give high employee commitment to performance. The total reliability coefficient of  $\alpha = .75$ .

Rewards on job satisfaction and firm performance was measured with five point scale from 1=Very likely to 5= Very unlikely, adapted from Farrell and Rusbult (1981) example of items include: Job commitment and performance is said to increase with increases in organizational rewards; performance of employees will increase with increase employee rewards; firm performance will increase when employees receive higher rewards. The aggregate reliability coefficient is  $\alpha = .82$ . All other remaining questions were measured with a simple 'yes and no answer', 'give reasons for this', or 'in your opinion, mention some of the factors you think constitute job satisfaction'. Answers to these questions provided individual respondent's opinions which were then summed up for this work. In fact, these open-ended questions provided a more qualitative information that is productive for explanatory and confirmatory of our study findings.

The survey instrument was pre-tested with ten people before we sent them to the field. This was to get a feedback to refine the content and the structure of the survey questionnaire, and also to enhance the internal validity of the instrument. To further enhance its content validity, the questionnaire was subjected to an initial scrutiny by the two HR managers of the organizations.

### **Data Analysis**

The data collected for this study were coded and analysed using SPSS 16.0. Descriptive and correlation analysis were also used to interpret the data by providing percentages and numeric values of times each value was obtained since most of the questions were opened ended to provide participants' views and explanations. Additionally, the use of regression analysis to test the hypotheses is very appropriate since multiple regression is good at exploring the relationships between predictive and outcome variables. Hence, the combination of multivariate and descriptive analyses for this study uniquely explains and reveals the conceptual understanding of the predictive and outcome variables used for the study, and the accurate portrayal of the frequency of sampled results respectively.



**Table 2: Correlations and Descriptive Analysis of the Variables**

Variables	Mean	Std	1	2	3	4	5	6	7
1. Gender	1.5	.50	-						
2. Education	3.3	.83	.10	-					
3. Tenure	2.3	.80	.07	.08	-				
4. Job Rank	3.1	.1.4	.06	-.11	.04	-			
5. Job Satisfaction	10.0	2.0	-.19	.13	-.00	.16	<b>(.82)</b>		
6. Commit to Perform	9.5	4.2	-.06	.18	.02	-.04	.51**	<b>(.75)</b>	
7. Rewards	13.1	3.8	.04	.17	.06	.11	.34**	.69**	<b>(.82)</b>

Note: \*\* ≤ .01 (2-tailed).

## Results

Table 2 presents the correlation matrix of the means, standard deviations of the dependent and independent variables of the study. Figures in brackets show Chronbach alpha ( $\alpha$ ). From the table, the low intercorrelations figures between the independent variables explain the absence of multicollinearity, and therefore indicating the strength of our analysis. Additionally, an examination of the variance inflation factors (VIFs) in Table 3 revealed that multicollinearity did not misrepresent the results. A VIF above 10 is often interpreted as an indication of multicollinearity (Stevens 2002). The VIFs for job satisfaction, rewards, and employee commitment to firm performance all indicate figures below 2. Table 3 presents a three-step regression analyses to assess the test of the hypotheses. Model 1 presents results for the null model, which includes the control variables of gender, education, organizational tenure and job rank. Results from model 1 show that all four control variables are found not to influence the results. Model 2 presents results of the two main independent variables (IVs) Job satisfaction and rewards on the dependent variable (DV) – employee commitment to firm performance, all two IVs show a strong positive relationship with employee commitment to firm performance. In model 3, we used Job satisfaction as the DV this time round while rewards and employee commitment to performance served as IVs, the analysis show that rewards and employee commitment to firm performance are positively related to job satisfaction. Thus, all four hypotheses (that is *H1, H2, H3a and H3b*) suggests strong positive relationships between all the predictive variables and the outcome variables. Consequently, and as predicted, results from model 2 indicate that *H1*, which states that: *‘There is strong positive relationship between employee rewards and employee commitment to firm performance in the service industry’* is accepted ( $\beta = 0.601$ ,  $p < 0.001$ ), at the same time, *H2* which states that: *‘higher rewards in service firms is positively related to employee job satisfaction in the service industry’* is accepted ( $\beta = 0.309$ ,  $p < 0.01$ ). Equally, *H3a*, which states that: *‘There is a strong positive relationship between employee job satisfactions and employee commitment to firm performance in the service industry’* is accepted ( $\beta = 0.312$ ,  $p < 0.001$ ). Finally, *H3b* which states that: *‘higher firm performance is positively related to employee job satisfaction in the service industry’* is accepted ( $\beta = 0.713$ ,  $p < 0.001$ ).

In general, both model 2 and 3 emerged significantly strong outcomes on our data analysis at ( $F = 22.846$ ,  $p < 0.001$ ;  $F = 25.342$ ,  $p < 0.001$ ) respectively. Thus, all four hypotheses are supported by the results and accepted with strong and positive beta values. Additionally, our study

models have demonstrated a robust predictive analysis by accounting for 54.7% and 46.1 % of the variance explained in the criterion variables respectively.

**Table 3: Regression Analysis of Rewards and Job satisfaction in predicting employee commitment to Performance**

Variables	Commitment to Perform Model 1	Commitment to Perform Model 2	Job Satisfaction Model 3	t-values	VIF
<i>Predictors</i>					
Job Satisfaction	-	.31***	-	4.34	1.22
Rewards	-	.60***	.31**	8.49	1.17
Commitment to Perform	-	-	.71***	8.59	1.38
<i>Control</i>					
Gender	-.08	-.02	.15		
Education	.19	.03	.18		
Tenure	.01	-.01	.06		
Job rank	-.01	-.14	.13		
<b>Regression Statistic</b>					
F	.98	22.9***	25.3***		
Adjusted R <sup>2</sup>	-.00	.56	.49		
Δ Adjusted R <sup>2</sup>	.04	.55	.46		

Note: \*\* ≤ .01, \*\*\* ≤ .001 (2-tailed).

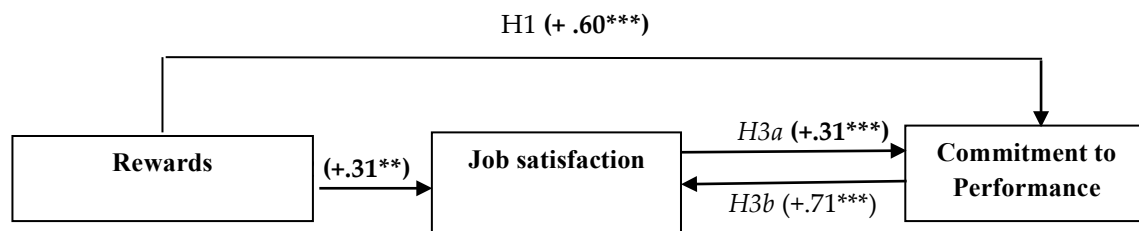
Apart from testing our four hypotheses above using multivariate analysis, we also explored additional descriptive analysis on the overall impact of rewards and job satisfaction as HR strategies that can influence the commitment and performance of employees leading to overall performance of service organizations. Hence, we identified 90.3 percent of respondents indicating that job satisfaction leads to higher job performance in organizations. Similarly, 58.6 percent stated that job satisfaction stimulates workers' enthusiasm to work even at abnormal times, while 53.8 percent were of the view that work will be done more accurately and expediently when employees feel satisfied with their jobs. In addition, 26.9 percent indicated that job satisfaction guarantees good customer service, whilst 15.4 percent indicated that organizational innovations results from employees who experience job satisfaction because they become committed to their work.

In the next step of our descriptive analysis which was to determine the percentage impact of rewards on employee performance, we identified 95.2 percent of respondents indicating that higher rewards will induce employee's job satisfaction, while only 4.8 percent of respondents stated that rewards cannot induce employee's job satisfaction. As a follow up question to determine the kinds of rewards employees believe would induce job satisfaction, 74 percent of the respondents indicated 'allowances and increases in salaries', 60.6 percent of respondents indicated 'incentive package like accommodation', 43.3 percent of respondents indicated 'promotion of employees in organizations', 41.4 percent of the respondents indicated 'employee training', and 28.8 percent of respondents indicated 'continuous appraisal of workers'.

In order to determine the level of satisfaction of employees with regard to recognition they (employees) get from management, results showed that 35.6 percent were dissatisfied with recognition they get for the work they do, while 25 percent indicated neutral. Only 24 percent of

them (participants) indicated satisfied. In benchmarking employees' salaries within the service industries, our results showed that 38.5 percent and 24 percent of respondents were dissatisfied and very dissatisfied respectively with their current pay as compared to their colleagues in similar jobs of analogous organizations while, only 6.7 percent of respondents said they were satisfied with their pay.

On Current Aspirations of Employee Job Satisfaction, our results showed that 60.6 percent wanted their managers to provide fair opportunities for all categories of staff in the organization while, 38.5 percent required management to demonstrate transparency in leadership activities through regular staff meetings. Equally, 27.9 percent and 26.9 percent indicated regular training to sharpen employees' skills and regular salary increase respectively would boost job satisfaction of employees.



Note: \*\* ≤ .01, \*\*\* ≤ .001

**Figure 2: Final Study Model with Performance indices**

The Figure 2 above illustrates our Final study model and specifies the performance indicators of the study constructs.

### **Discussions and Conclusion**

A significant contribution of this research is the confirmation of a common set of reward plans and a common set of conditions that are associated with successful rewards initiatives and job satisfaction in the service sector within sub-Saharan Africa. We found that good financial compensation, employee satisfaction, leadership and employee interpersonal relationship serve as critical criteria for success on rewards and worker satisfaction initiatives in service organizations. More specifically, the results of the study suggest that higher rewards and satisfied employees in service organizations play a major role both in the promotion of employee job satisfaction and consequently employee commitment to perform in service organizations. This is supported by as many as 90 percent of respondents who indicated that employee job satisfaction leads to improved job performance, and consequently increased organizational profit margins. In addition, more than half (58.6 percent) of participants said that job satisfaction stimulates employees' interest on work, while 53.8 percent said that organizational tasks are done accurately and expediently when employees experience job satisfaction. These findings reveal the critical role job satisfaction of employees can play in the overall organizational strategy and performance in the service industry. Thus, our findings are consistent with Wang and Feng (2003)'s assertion that the more employees experience job satisfaction, the more they (employees) would have a positive outlook on their jobs. The explanation of these findings are that organizational leaders in the service industry particularly those in Sub-Saharan Africa must see employee work performance as a kind of feedback on effective organizational rewards. When workers feel that their efforts are being rewarded in like terms, their perceived satisfaction for the effort increases leading to enhanced service delivery and subsequently the overall firm performance because they become committed to their work. Hence, organizational rewards and employee job satisfaction are undeniably linked to HR

strategies and organizational performance. Without a doubt, the confirmation of our findings is very significant to the acceptance of our hypotheses H1 and H3a which state that 'there is a strong positive relationship between employee rewards and employee commitment to performance in the service industry' and 'there is a strong positive relationship between employee job satisfactions and employee commitment to performance in the service industry' respectively. Similarly, our H2 and H3b show that higher rewards in organizations are mutually linked to job satisfaction and firm performance of service firms. The strength of the relationship between the test variables is confirmed by the positive t-values (the t-value or test values are statistical analysis showing additional contribution to prediction accuracy of the variables) of fit in Table 3. Consequently, our study findings established that; first, when service firms use rewards as an effective HR policy, the relationship between rewards and employee job satisfaction is positive and second, when employees in service firms enjoy higher employee satisfaction, the relationship between satisfied employees and their commitment to firm performance is positive. Similarly, our analysis suggests that majority of service employees are not pleased with the current salary they receive from their organizations. Generally, employees try to compare what they get as salary to what their colleagues earn from analogous organizations. They are therefore less likely to give off their best when they perceive great disparities in the salaries. This calls for HR strategy in wage standardization within the service industry. If not, the intention to leave among service employees will rise. Equally, recognition for work done through praises and acknowledgement should be encouraged in service organizations. This is likely to motivate employees who go the extra mile in their work and, may offset the insufficient wages in most Sub-Saharan African organizations. The overall findings of this work thus provide distinctive answers to our research questions which state that: 1), to what extent does employee rewards predict their commitment to firm performs in service organizations, and 2), how can service firms build and sustain employee commitment to performance output through their reward strategies and employee job satisfaction in service organizations. The findings have equally helped to build a strong model that guides service organizations by presenting a conceptual clarification of rewards and job satisfaction as predictors of service firm performance (see Fig 2).

### **Theoretical Implications**

The present research has a number of theoretical implications regarding organizational reward system, employee job satisfaction, and employee commitment to firm performance. To begin with, our findings have important theoretical contributions for the rising research in identifying organizational reward systems as an effective HR strategy that will induce employee job satisfaction, and consequently their commitment to performance of service organizations. Managing employees is a difficult task particularly in Sub-Saharan Africa where there is perceived insufficiency in wages and salaries, organizational resources for work, and good management practices. Thus, our findings revealed the current aspirations of employees as what makes them satisfied with their jobs as follows: that organizational management must grant fair and equal opportunities to each and every worker in the organization, that management must demonstrate concern for workers through regular meetings and durbars, that training and seminars should be a hallmark for organizational policy so that employees' skills could be sharpened and also, there should be a regular review of salary of employees. The above outcomes (a plethora of social, extrinsic and intrinsic rewards) form the core desires of employees in the service organizations, and therefore make a strong contribution to human resource management theory and practice in the area of extrinsic and intrinsic reward systems. Thus, this work theorizes that job satisfaction and high rewards for employees can be associated with employee commitment to work performance.

A third theoretical implication from this study is the validation of employee job satisfaction and organizational reward systems as a process of employee commitment to perform in our study model (figure 2). The literature generally shows job satisfaction as a means (Silvestro 2002; Wang & Feng 2003; Abugre 2014) to organizational performance. However, by showing the relationship between rewards, job satisfaction and employee commitment to perform, we provide additional evidence on the view that organizational rewards and employee job satisfaction are processes. The process begins with the presence of organizational rewards system and goes through the intrinsic and extrinsic actions that constitute satisfaction of the employee before emerging as an outcome of commitment to perform and the individual's job satisfaction.

### **Managerial Implications**

Practically, our findings provide important implications for managers and human resource development Practitioners. First, participating workers in this study generally complained of low incomes and anticipated rewards in their organizations. Extant literature suggests that employees' expectations of desired income and rewards play an important role in worker motivation, job satisfaction and performance in organizations. Consistent with our results which indicate a similar link between expected rewards and worker satisfaction and service performance, it is clear that enhancing employee satisfaction, and consequently their commitment to perform, hinges on providing rewards and incomes that workers desire. Second, our findings suggest that satisfied employees resulting from paying competitive rewards, and instituting international best practices in terms of HR strategies that motivate workers extrinsically and intrinsically would build employee satisfaction and commitment and consequently enhance organizational output.

### **Limitation and Future Research**

Despite these contributions and implications, the study has a few limitations that can be corrected in future. First, the findings of this study though very important to service organizations in Ghana, the overall findings may not necessarily be generalized to other developing organizations due to contextual demands and differences. Our study is equally limited in the sample sizes of the organizations and participants. We believe that more organizations and participants for an important study like this could have resulted in a better generalization of the study. Replication of this study in other geographical areas with larger sample sizes is suggested for further validation.

Our third possible limitation is the measurement of organizational performance. Though we measured commitment to performance, measuring performance has always been challenging to many researchers as investigation of firm performance entails that it be defined by a set of stakeholders. This study used performance measures that relate to both internal and external organizational outcomes using subjective managerial perceptions on commitment. This is because organizations are reluctant to disclose exact performance records or indices. Therefore, future studies may explore specific organizational performance mechanisms in more detail.

Notwithstanding these limitations, the findings of this study are expected to provide both theoretical and practical inputs to the HRM literature in service organizations.

### **Conclusion**

Organizational rewards and other quality organizational practices and processes appear to affect the work experience from the beginning of employment onward. The impact of job costs on satisfaction and commitment may initially be low and unrecognized at early stages of

employment but this may pay off as time goes on because, satisfied employees will keep their performance level high due to commitment as they feel part of the organization. This assertion is consistent with intuition and with direct evidence from previous research (Bartol and Locke, 2000; Thompson, 2001; Abugre, 2011).

To date, it appears many companies in the service sectors particularly developing countries in Sub-Saharan Africa have not considered the impact of HR factors in driving service climate and employee commitment to performance. Our study confirmed these HR-based drivers, namely employee rewards and Job satisfaction as competitive forces in service organizations in Sub-Saharan Africa.

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