

EMPLOYEE SATISFACTION WITH TANGIBLE AND INTANGIBLE REWARDS IN HEALTH CARE SECTOR

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Abstract: Satisfaction with the reward systems produces desired employee behaviors that, in turn, may produce high quality of service as well as financial benefits to the organization. This is especially important in sectors that play a major role in society as the public health care, which despite increased demand for staff, is experiencing an outflow of workers. The aim of this paper is to evaluate employees' satisfaction with rewards among employees in a hospital selected from the public health care service in Poland. Results of this study showed what aspects of the rewards system need to be modified and also confirmed that satisfaction with reward is conditioned by demographic characteristics of employees.

Key words: reward system, satisfaction with rewards, total rewards approach, Health-Care Sector

DOI: 10.17512/pjms.2017.16.2.02

Article's history:

Received June 6, 2017; Revised August 23, 2017; Accepted September 10, 2017

Introduction

In the era of Human Capital, effective reward systems and employees satisfaction constitute two of the most important factors in terms of achieving business goals (Armstrong and Brown, 2006). Effective rewards systems help to attract and retain talented employees and create desired employees' behavior. Although employee satisfaction with reward system – both the tangible and intangible rewards – is one of the most important measure of effective rewards. Among the most value benefits resulting from employee satisfaction with the reward system are: positive attitudes toward work, low turnover, loyalty, cooperation, and commitment - all correlated with better employee performance (Shields et al., 2012; Bhatnagar and Srivastava, 2012). Satisfaction with the reward systems produces desired employee behaviors that, in turn, may produce high quality of product and service as well as financial benefits to the organization (Shaw and Gupta, 2015).

This is especially important in sectors that play a major role in society, such as the Health Care sector that improves well-being and health of the workforce and society. The Health Care sector hires over 20% of workforce in Poland and the demand for medical service is expected to increase as the population is aging. Despite increased demand for staff, this field is experiencing an outflow of workers

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in Poland (Report of the European Foundation for the Improvement of Living and Working Conditions, 2009). Moreover, this service has experienced one of the most massive transformations in recent years, due to mergers, reorganizations, a changing workforce, and technological changes (Benson and Dundis, 2003). Designing and implementing effective rewards programs in such organizations is challenging as the reward systems supposed to fit the way organizations, individuals, and society are changing (Lawler, 2000).

Therefore the aim of this paper is to evaluate employees' satisfaction with both the tangible and intangible rewards among employees in a hospital selected from the public health care service in Poland based on the modified Nadler and Lawler model. This study also explores the relationship among selected demographic characteristics (gender, education, work experience, place of residence, and position) and satisfaction with the rewards system.

Such research seems particularly important as rewards systems in the public sector in Poland have often remain unchanged for many years and do not support business goals. While research conducted in the health care field demonstrated that creating employee satisfaction with rewards will help in achieving higher levels of motivation and lead to lower levels of employee turnover (Bhatnagar and Srivastava, 2012). It has also been proved that high employee motivation in the health care sector is connected with patient satisfaction.

Satisfaction with Rewards

Satisfaction with rewards has been studied since the early 70s (e.g., Lawler, 1971; Heneman and Schwab, 1985). It is assumed that employee satisfaction with the rewards can create positive employee behaviors and emotional well-being. This, in turn, drives positive organizational outcomes (Shaw and Gupta, 2015; Gerhart and Fang, 2014; Currall et al., 2005). Research shows that satisfaction with the rewards is positively correlated with lower employee turnover and lower intent to quit (Shields et al., 2012), organizational commitment (Shields et al., 2012), employee motivation and engagement (Bakker, 2011), better cooperation (Shields et al., 2012), and even physical and psychological health (Shaw and Gupta, 2015). All of these influence employee performance and the quality of a product or service delivered (Micei and Mulvey, 2000; Cowherd and Levine, 1992). There is also an emerging body of research confirming the positive correlation between the amount of salary and employee satisfaction (Barber et al., 1992; Gerhart et al., 1992; Cable and Judge, 1994). According to the research, pay differences among individuals at various organizational levels can increase organizational performance (Gerhart and Rynes, 2003). Other researchers have shown that the type of reward an employee receives influences his or her perceived satisfaction. For example, flexible pay and benefits can increase different facets of satisfaction (Igalens and Roussel, 1999). Less explored was the relative difference in satisfaction and motivation an employee perceives by receiving a given reward in a certain manner. In this context, the most important issues are employee understanding of the rewards

programs (Scott et al., 2008), employee fair-perception of the system (Shields et al., 2012) and communication (Shields et al., 2012). According to the research, transparency of the system and understanding of the system are important factors that increase positive attitudinal outcomes (Scott et al., 2008). Furthermore, the perception of the reward as fair in comparison to rewards received by other employees and in relation to their contribution to the firm also increase employee satisfaction (Igalens and Roussel, 1999). And finally, the way the reward or changes in the system is communicated also affects employee perception and satisfaction with the system (Brown, 2014). Other studies have supported earlier reports on employee satisfaction and showed that dissatisfaction with rewards will lead to counterproductive work behaviors, such as lateness, absence, turnover, or even theft (e.g. Werbel and Balkin, 2010) consequently resulting in decreased levels of performance.

Methodology of the Study

To assess the employee satisfaction with both the material and non-material aspects of reward system the modified Lawler and Nadler model was used. This model was selected because it covers the most important aspects of rewards systems: financial and non-financial rewards, development opportunities, and work environment (relations). All of these are important elements of the popular total reward approach (Brown and Reilly 2013; Armstrong and Cummis, 2011). Furthermore, the model combines the most popular measures – the opinions of employees and some objective measures. It also gives the opportunity to test the relationship between satisfaction with the system and some demographic factors. According to Shields et al. (2012), the impact of rewards programs on employee attitudes and behaviors at work depends upon how they are perceived (Shields et al., 2012), and this perception shapes employee behaviors and attitudes. Further, the perception of the rewards systems varies, depending on the personal and socio-demographic characteristics of individuals (Scott and McMullen, 2014). We hypothesize that socio-demographic variables, such as: gender, age, level of education, place of residence, work experience or type of job, influence perceptions of different types of rewards programs (incentives programs, development opportunities, work relationships).

The research was conducted in a large hospital in the Malopolska province of Poland in 2013. The hospital has functioned as a public health care institution since 1999 and is equipped with modern medical equipment. The aim of the hospital is to provide the highest quality of life and help patients, especially in the final stages of disease. Monthly, it cares for about 3,000 patients, and more than 1,700 of these patients use the services of the hospital's emergency department.

The hospital employs approximately 800 people in both medical and non-medical positions. The study used a random selection of the sample. From those employed in the hospital, the survey covered 87 employees, representing over 10% of the total staff. The study involved 61 people employed in medical positions (70.1%) as

well as 26 (29.9%) employed in non-medical positions. Among the participants were 60 (68.9%) women and 27 (31.1%) men. The respondents represented different work experiences, levels of education, and age. Over 50% were representatives from higher education – most often medical students- among them, 10% had received their doctorate degrees. Over 20% had a vocational/technical education with the remaining 29% having graduated from secondary school. More than 80% of respondents lived in cities and less than 20% in the villages. The study was fully anonymous and the results are presented only in the form of indicators and statistics.

Results of the Study

The Lawler and Nadler model was modified and used in this study to evaluate employees' satisfaction with the rewards system. The evaluation is based on the comparison of the reward that an employee received for doing his or her job well with the expected reward for this performance. In the questionnaire, employees assessed both the real work situation and the importance of particular elements of the rewards system to them. The difference in these opinions allows for determining the overall level of satisfaction of the expectations of all employees from the current rewards system in the organization. It shows whether the overall employee level of satisfaction of expectations is higher than expected, at a satisfactory level, or if the level of satisfaction of expectations is lower than expected.

The results showed that the overall level of meeting employee expectations toward the rewards system is unsatisfactory, as they received negative values (Table 1).

Table 1. The Level of Meeting Employees' Expectations

Possibility of occurrence of a given situation, if the work performance is particularly good	Importance of particular element of rewards system to the employee	Level of meeting employee expectations* PZO_i
You receive a bonus or a raise	The level of reward received	-3.41
Your job will be safer in the context of stability of employment	Employment stability	-2.91
For special achievements you will receive a special bonus	Bonus for special achievements	-2.89
You are getting a promotion or you will receive a better job	Promotions or better job	-2,83
Management will provide comfortable physical working conditions	Work in comfortable working conditions	-2.79
You will have the opportunities to develop your knowledge and skills	Development opportunities	-2.52
You will feel that it is valuable to achieve success	Possibility of valuable achievements	-2.28

You will have the opportunity to gain new knowledge	Opportunity of learning	-2.27
You will be officially praised by the management	Receipt of official awards of the management company	-2.18
Your coworkers will be friendlier to you	The kindness of colleagues	-2.16
Your self-esteem will be increased	Doing a job that will increase your self-esteem	-2.08
Your coworkers will highly esteem you	Having high esteem from others	-1.97
You will have greater respect among the people with whom you do a job	Receiving high scores in your evaluation in the appraisal system of your organization	-1.82
Your manager will praise you	Praise from the manager	-1.8
You will receive new decision-making powers and increase your responsibility	A broader range of decision-making powers and responsibilities	-1.51
You will often be invited to work in special teams	Invitation to work in special teams	-1.48
You will have more autonomy in carrying out its work	The level of autonomy at work	-1.47
* The value for the indicator can range from -6 to +6, where +6 means – met expectations		

Evaluation of the level of satisfaction of specific expectations differs. The results in Table 1 show that there are several areas of the system, where employee expectations are not satisfied. The highest level of unmet expectations concerns the amount of financial compensation, rewards, occupational safety/employment stability, and quality of work. Satisfying the expectations related to autonomy and self-realization and the need to work in teams are less important. David Nadler and Edward Lawler suggested that all rated issues should be analyzed together; however, due to the diversity of the various aspects of motivation, they create distinct elements (Table 2). The principal component analysis (factor analysis) based on the relationship between existing factors was used to identify the hidden dimensions (factors) in a set of variables. The analysis distinguished three factors that together explained 68% of the variance of variables and their composition gave the basis for reliable interpretation. The first dimension concerned the shortage of rewards, both in terms of tangible and intangible aspects (incentives, pay raise, bonus, or supervisor's appreciation). The second dimension pointed to the insufficient opportunities for autonomy and self-realization and includes self-esteem, development of qualifications and skills opportunities, increased responsibility, or learning new issues. Finally, the third dimension referred to weak labor relations, relative to friendly colleagues or working in special teams. When discussing the results, we took into consideration only those variables that were

strongly correlated with another variable and poorly or not with others, when considering the value of the factor loadings (Table 2). The method of distinguishing factors used – Varimax method and Kaiser Normalization.

Table 2. Areas of Unmet Expectations in Rewards System (Values of Loading Factors)

Motivation aspects	Deficiency of incentives and awards	Small possibility of self-realization and responsibility	Poor relations
Bonus or a raise	0.654	0,457	0,097
Profitability achievements	0.739	0,409	0,106
Praise from manager	0.680	0,291	0,202
Award by management	0.777	0,078	0,213
Financial bonus	0.839	0,206	0,271
Comfortable working conditions	0.667	0,225	0,361
Self-esteem	0,323	0.718	0,227
Professional development	0,443	0.777	0,049
Higher responsibility	-0,004	0.713	0,445
Learning new knowledge	0,250	0.757	0,199
Friendly coworkers	0,067	0,208	0.803
High score in appraisal system	0,413	0,375	0.575
Work in special teams	0,369	0,052	0.702
Stability of employment	0,549	0,616	0,166
Promotions or better job	0,656	0,523	0,184
Autonomy	0,447	0,469	0,422
Esteem among coworkers	0,313	0,476	0,528
Reliability [Cronbach's Alpha]	0.897	0.855	0.724

Application of the factor analysis has identified weaknesses in the current rewards system. These weaknesses were subsequently used as dependent variables in the models explaining the influence of socio-demographic variables on the assessment of unmet expectations. An important issue was whether employees with various

social and demographic characteristics differed in perception of the rewards system. To explore this issue, three models based on linear regression were designed, where the dependent variables were introduced as: insufficient amount of financial reward and incentives (compensation), small opportunities for development and self-realization, and poor employee relations. The independent variables were respondent features, such as gender, age, level of education, place of residence (urban-rural), job content (medical and non-medical job), and seniority. The reference category was a woman over 60 years old, with higher medical education, living in the city, and holding a position in the medical field for more than 30 years.

The separation of the individual areas (factors) of the rewards system and analysis of each showed only one to be statistically significant. The predictive power of the financial rewards dimension, that also included verbal recognition, was relatively high ($R^2 = 0.395$), which indicates that the assessment of the incentive related to tangible and intangible rewards to a large extent depends on the demographic and social characteristics of respondents. In the case of the other two dimensions, it can be concluded that the satisfaction of employee expectations of the rewards system in the area of self-realization and accountability area, as well as in the area of labor relations, does not depend on socio-demographic characteristics of employees (based on the F-test, $p < 0.05$). In the first important area, factors that influenced the difference in the level of satisfaction of expectations of the rewards system proved to be gender, education, and the type of job (Table 3).

Table 3. Correlation between the Socio-Demographic Characteristics and Rewards Received - Standardized Linear Regression Indicators

Socio-demographic characteristics		Deficiency of incentives and awards [Beta]
Gender	Woman	ref.
	Man	-0.292*
Age	20-30 years	-0.234
	31-40 years	-0.194
	41-50 years	0.035
	Over 50 years	ref.
Education	Doctor medical education	ref.
	Master studies	0.128
	Licentiate studies	-0.052
	Medical education	0.041
	Non-medical education	0.376*
Place of residence	Occupational	0.364*
	City	ref.
Job status	Villages	-0.295*
	Medical	ref.
	Non-medical	0.196*

Work experience	0-10 years	0.147
	11-20 years	0.272
	21-30 years	-0.094
	Over 30 years	ref.
R ²		0.395
* for p<0.05		

Discussions

Results of the study showed that employees are not satisfied with the reward system in public Hospital. The lowest rated elements were from both material and non-material aspects as, for example, rewarding, pay and job security. Moreover, employees opinions showed that the work environment is characterized by a high pressure and stress as well as many organizational changes. However, the common motivators at work like the opportunities for promotion or professional development and content of the work itself, which occurs mainly among hospital medical staff, were positively assessed. These results underlined the low quality of working life and dissatisfaction of employees from the working conditions in Health Care Sector which is consistent with earlier studies in European countries (Kautsch, 2010). The lowest rated aspects of the motivation system are associated with financial motivation as the possibility of getting incentive pay or financial reward.

Compared with women, men perceived the rewards dimension of the motivational system to be less satisfactory. A significantly higher level of satisfaction with the first factor was indicated by people living in a city, when compared with villagers as well as with medical personnel in relation to the non-medical staff members in the hospital. When considering different levels of education, respondents with a higher level of education (master and bachelor degree) and pre-degree medical education do not differ in their perception of the incentive dimension. Interestingly, significantly higher levels of satisfaction in this regard were reported by respondents with a secondary education or non-medical professionals.

The difference between the actual and the expected level of satisfaction in this case is relatively small. This fact can be explained in two ways: employees are satisfied with the incentive system or their expectations due to the positions held are low; therefore, they perceive the incentive system to be satisfactory.

Study Results Implication for Management

Results of the study indicated that the rewards system in public health care in Poland does not meet the expectations of the employees. Although medical employees were satisfied with the content of the work itself and professional development, most employees indicated low quality of working life and dissatisfaction from the working conditions. Results from employees from the public health care sector confirmed that satisfaction with reward is conditioned by

demographic characteristics of employees; however, some aspects of the model were not supported in Polish conditions. Thus, the demographic characteristic did not affect the perception of the development opportunities and satisfaction with workplace relations. Moreover, perception of the system, especially the financial rewards and incentive dimension, differs among different employees. The key positions in the service – medical staff, as well as men and employees living in the suburbs – evaluate the incentive system as far worse than the other respondents (women, workers with lower education levels, non-medical employees, or urban dwellers) did. This could explain why so many women are employed in this sector for non-medical positions in Poland. The research confirmed the weakness of rewards systems in public health care in Poland, which still utilizes traditional solutions that are often inadequate today. Moreover, the level of pay compared with developed economies is much lower – 3 or 4 times, which makes the situation even worse. We can assume that the inefficient reward system may cause the outflow of the workforce in public health care sector.

Conclusions

To meet the challenges that health care in Poland is facing today, changes in the rewards systems must be effected. The study showed which aspects of the rewards systems in the selected hospital need to be modified in order to attract and retain good employees and provide a better quality of medical service. The rewards systems should be developed to fit today's organizations, individuals, and societies (Lawler, 2000). Therefore employee satisfaction with rewards systems seems extremely important measure of rewards effectiveness. Furthermore, it may translates into desirable employee behaviors and high quality of the medical service as well as patient satisfaction and well-being.

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SATYSFAKCJA PRACOWNIKÓW Z WYMIERNYMI I NIEMIERNYMI NAGRODAMI W SEKTORZE OPIEKI ZDROWOTNEJ

Streszczenie: Satysfakcja z systemów wynagradzania powoduje pożądane zachowania pracowników, które z kolei mogą zapewnić wysokiej jakości usługi, a także korzyści finansowe dla organizacji. Jest to szczególnie ważne w sektorach, które odgrywają ważną rolę w społeczeństwie, jak publiczna służba zdrowia, która pomimo zwiększonego zapotrzebowania na pracowników doświadcza odpływu pracowników. Celem niniejszego

artykułu jest ocena satysfakcji pracowników z nagród wśród pracowników szpitala wybranego z publicznej służby zdrowia w Polsce. Wyniki tego badania pokazały, jakie aspekty systemu nagród wymagają modyfikacji, a także potwierdziły, że satysfakcja z nagrody zależy od cech demograficznych pracowników.

Słowa kluczowe: system nagradzania, satysfakcja z nagród, podejście do całkowitej nagrody, sektor opieki zdrowotnej.

员工满意度与卫生保健行业有形和无形的奖励

摘要:对奖励制度的满意度产生了理想的员工行为,反过来又可能为组织带来高质量的服务和经济效益。在社会上发挥主要作用的部门,尤其重要的是作为公共卫生保健的部门,尽管对员工的需求增加,但是正在经历工人外流。本文的目的是评估员工对从波兰公共医疗服务机构选择的医院员工的回报满意度。这项研究的结果表明,奖励制度的哪些方面需要修改,并确认奖励的满意度是由雇员的人口特征决定的。

关键词:奖励制度,奖励满意度,总奖励方式,医疗保健部门。