
Employee's Intrinsic and Extrinsic Rewards as Stimulus of Increased Organizational Commitment: A Study of Higher Education Institutions of Pakistan

Dr. Komal Khalid¹, Saima Aftab²

(Assistant Professor (HRM), Faculty of Economics and Administration,
King Abdul-Aziz University, Jeddah)¹

(Lecturer (HRM), Faculty of Management Sciences,
Army Public College of Management & Sciences, Pakistan)²

Abstract: *The purpose of this study was to investigate the influence of intrinsic and extrinsic rewards on different forms of employee's organizational commitment (Continuous, Affective and Normative commitment) in Higher Education Sector of Pakistan. Data was collected regarding impact of intrinsic rewards (Ganzach 1998; Champion, Papper, & Medsker, 1996) and extrinsic rewards (De Beer, 1987) on different forms of organizational commitment (Meyer & Allen, 1997) from Higher Education Institutions of Pakistan. Study sample included 513 faculty members from 34 different universities of Rawalpindi and Islamabad. Reliability statistics, Confirmatory Factor analysis, Descriptive Statistics, Pearson Correlation Analysis and Multiple Regression Analysis were used to analyse the data. Results indicated that intrinsic have a greater effect on affective commitment of faculty members whereas variables of extrinsic rewards have a greater influence on continuous commitment. Study also found out that salary is highly significant for all types of organizational commitment but it is influencing continuous commitment more as compared to other two forms.*

Key Words: Intrinsic & Extrinsic Rewards, Affective Commitment, Continuous Commitment, Normative Commitment, Organizational Commitment, High Performance Workforce (HPW)

Research Area: Social Science

Paper Type: Research Paper

1. INTRODUCTION

To attain and sustain a High Performing Workforce (HPW) has become a challenging task for management concerns in today's highly dynamic and competitive environment. By offering well-conceived reward system organizations are not only attracting the employees but it is also helpful for enhancement of employees' commitment.

Organizations in Pakistan are still undergoing the development phase regarding the Human Resource Systems and processes, resultantly making employees more conscious about their rights and duties. Education sector is developing at a fast pace with employees having high awareness levels, contributing in value creation and development of the country as a whole. There is increased use of international standards and policies for designing motivation and reward systems resulting in increased rate of employment, higher levels of employee commitment and better living standards.

Development of every organization is based on rewards systems. Research has shown a strong relationship between Rewards and Acknowledgment of employees (Ahmed, 2009).

Intrinsic rewards are inherent form of incentives provided to the employee including job autonomy, achievement, variety of tasks, professional growth, responsibility and personal growth. According to researchers' recognition, personal satisfaction, status, honour from co-workers and superiors, feelings of confidence and self-worth are some other intrinsic motivational tools (Mahaney & Lederer, 2006). Extrinsic rewards are substantial form of incentives provided to the employees mainly focusing on pay, fringe benefits, promotions, confidential office room, job security and the collective atmosphere (Mottaz, 1985; Mahaney & Lederer, 2006).

1.2 Sector Background

After the inception of Pakistan in 1947, only 34 universities in the country were established in first 50 years, which included 27 public and seven private sector universities. Until the end of year 2000, same trend was dominated in Pakistan. However, in 21st century higher education sector of Pakistan underwent a remarkable expansion by adding 100 universities and degree awarding institutes. A clear commitment by the Government of Pakistan has observed in recent years to improve higher education. For this Higher Education Commission (HEC) of Pakistan is putting its extreme efforts in polishing universities performance in Pakistan by initiating different programs including national and international scholarships, teachers training, increasing salary packages, revising teaching reward programs and much more. The intentions behind these initiatives are to improve faculty performance by enhancing their commitment, satisfaction and motivation to improve overall higher education standards in Pakistan.

In Pakistan the public and private sector universities have different policies regarding reward systems. Salary structure of employees in public universities is quite challenging. It's difficult for government universities to devise sustainable policies for long run due to ever changing work environment in private sector, which increases competition in the industry. Management tries to retain employees not only by salary, but also by incentives and career growth opportunities for improving overall teaching quality. According to research money is most important element to achieve the desired goals and long-term commitment, but monetary incentives are not the only factor, which can increase the performance or commitment. There are many other factors influencing the overall commitment, which include factors like autonomy and recognition (Rainey, 2001; Fuhrmann, 2006).

1.3 Problem Statement

This research addresses the issue of enhanced development and thorough insight on employee commitment, and reward systems to attain and sustain skilled professionals in higher education sector of Pakistan as qualified employees are becoming scarce due to either external (brain drain) or internal movement (job hopping) of employees.

1.4 Significance

Improving the levels of organizational commitment of employees is crucial for human resource management. Long-term survival of organization is based on retention of its key employees. This research tends to examine the relationship of extrinsic (Salary, Bonus, Promotion, Services/Perks and Preferred Assignment) and intrinsic (job autonomy, growth opportunities, involvement) rewards on the organizational commitment (Continuous, Affective and Normative commitment). This research study addresses the research gap existed in Public and Private Universities in Higher Education Sector of Pakistan for this field of study.

1.5 Research Objectives

- i. To determine the relationship of intrinsic rewards with types of organizational commitment in HEIs of Pakistan.
- ii. To determine the relationship of extrinsic rewards with types of organizational commitment in HEIs of Pakistan.

2. LITERATURE REVIEW

2.1 Organizational Commitment

Organizational commitment is "a psychological state describes an employee relationship with the organization and has influence on his decisions to remain a part of the organization" (Meyer & Allen, 1997). Analogous definitions for organizational commitment presented by different researchers refer to "employee's affiliation and association, devotion and trustworthiness towards their organization". Affective, normative and continuous commitment, are the three general apprehensions which most researchers agree as the forms of organizational commitment (Meyer et al, 2002). A study conducted by Muthuveloo and Che Rose in 2005 provided a theoretical perspective on employee commitment and organizational commitment. They stated that employee commitment consisted of career, work and organizational commitment. Moreover, affective, continuance and normative commitment are subsets of organizational commitment.

2.2 Employee Rewards

Reward is a wide idea that can contain anything an employee may value and wish that an employer is able or keen to offer in return of employee contribution on work place (Henderson, 1989). Employee rewards can be divided in to two subdivisions namely extrinsic rewards and intrinsic rewards. Extrinsic rewards are derived from management or sources present outside the job e.g. salary, bonus, promotion, services and perks. However, source of intrinsic rewards is job itself e.g. empowerment, job involvement, authority, growth opportunities and autonomy (Robbins & Decenzo, 2010).

The purpose of reward strategy is to achieve higher levels of performance collectively from individual, team and organizational level. The essential human resource management functional area is to develop and manage the reward system, which is sustainable and effective for the organization (Schuler & Jackson, 1996; Huselid, 1995). From an organizational point of view, the purpose of a reward system is not only to attract and motivate the employees but also to retain high-quality personals (Mejia & Robert, 2004). While designing the reward system management should consider the reward preference from employee's side (Lawler, 2000). Motivation through rewards is always consider a basic tool to retain employees for longer term. Employees exert their energy, aptitude, abilities, skills and knowledge creating high demand of rewards in return (Bull, 2005).

According to Mottaz, (1985) content of the task itself translate into intrinsic rewards which includes elements like task variety, interest and challenge which provide an opportunity to an employee to use his creativity, self-direction, skills and abilities. Feelings of self-esteem, self-worth and accomplishment can be enhanced through intrinsic reward (Honig-Haftel & Martin, 1993).

Now a day, organizations compete based on their reward systems and career growth of employees. Money is not the only way to gain employee commitment. Incentives should

be meaningful for the employees making them value the tasks they perform while on job (Perry, Mesch and Paarlberg, 2006). Aligned reward systems and organizational strategy leads to high commitment, to understand the strategy of the organization there is need for knowledge, skill and aptitude (Allen and Killman, 2001a). Since last two decades, research on employee commitment and high performance is being increasingly performed, and management is paying attention towards practicing autonomy, role clarity and responsibility, utilizing the resources to get higher organizational and employee commitment (Dorenbosch, *et al.* 2006)

According to Seta *et. al* (2000) employee's organizational commitment will increase if organization not only provides employees with achievement and growth opportunities but also recognize their accomplishments. For organizations it is of critical importance to reward their employees in due time, according to what employees have achieved. Intrinsic rewards develop satisfaction and commitment. Factors like job involvement, achievement of goals, freedom of tasks performed, sense of responsibility of employee's effects employee organizational commitment because every employee do not get satisfaction from financial rewards (Jeffrey, 2008). Evidence from different studies indicates that autonomy, teamwork and characteristics of job, enhance employee performance, commitment and satisfaction and positively correlated to each other (Hunjra *et al*, 2010).

Extrinsic rewards are material rewards and are external to the job or task performed by the employee. Extrinsic rewards comprise of two categories i.e. monetary and contingent. Monetary rewards are directly paid to the employees in the form of salary, bonus, increments and commissions. However contingent rewards are paid indirectly to the employees in the form of entitlement to holidays, sick pay, insurance (Medical, travel or life), pensions, allowances (COLA, travel, residence, danger area) and gratuity (Robbin & Decenzo, 2010).

According to Malkovich & Newman (2008) employees perceive extrinsic reward systems as a return in exchange of relationship between their employer and themselves, as an entitlement for being an employee of the company, or as a reward for a job well done. He further elaborates that employee's approach towards the exchange of extrinsic and intrinsic rewards determines their levels of organizational commitment. Higher level of commitment is influenced by different factors either positively or negatively. This positive or negative behaviour leads to high or low commitment levels, extrinsic and intrinsic rewards paying a vital role in the high commitment. Positive rewards lead to high performance and commitment (Suliman & Iles, 2000).

According to the study conducted by David *et al* (2004), regardless of many positive amendments in the reward systems of academicians, their commitment level is relatively low. For enhancing organizational commitment of academicians, focusing entirely on monetary rewards may not be enough. Moreover, as job of academician require more social skills so offering intrinsic rewards could reinforce his organizational commitment than extrinsic rewards (Malhotra *et al* 2007). Therefore, it is essential, to analyse further not only the extrinsic rewards but also other intrinsic rewards that could help strengthen organizational commitment.

2.3 Theoretical Background

According to Herzberg Theory, employees perform very well if they are fully satisfied with the organization and its reward system. Some employees expect rewards in financial terms and others may expect them to be in non-financial terms. Both ways rewards

help employees to improve their performance. Herzberg divides these rewards in two main elements: Motivators and Hygiene Factors. Motivators are classified as intrinsic rewards and Hygiene Factors are classified as extrinsic rewards. If hygiene factors do not proliferate, employees will not be satisfied for longer periods, for which manager needs to map the need and type of suitable motivational factors (La Belle, 2005).

According to Social Exchange Theory employees form social relationships in expectation of better rewards (intrinsic and extrinsic) or benefits in exchange of their human capital input (effort, status, education, seniority and productivity, experience, skill).

2.4 Hypothesis

H₁: Employee rewards have a significant influence on organizational commitment of employees in HEIs of Pakistan.

H₂: Intrinsic rewards have significant influence on organizational commitment of employees in HEIs of Pakistan.

H_{2a}: Intrinsic rewards have significant influence on affective commitment of employees in HEIs of Pakistan.

H_{2b}: Intrinsic rewards have significant influence on continuous commitment of employees in HEIs of Pakistan.

H_{2c}: Intrinsic rewards have significant influence on normative commitment of employees in HEIs of Pakistan.

H₃: Extrinsic rewards have significant influence on organizational commitment of employees in HEIs of Pakistan.

H_{3a}: Extrinsic rewards have significant influence on affective commitment of employees in HEIs of Pakistan.

H_{3b}: Extrinsic rewards have significant influence on continuous commitment of employees in HEIs of Pakistan.

H_{3c}: Extrinsic rewards have significant influence on normative commitment of employees in HEIs of Pakistan.

3. RESEARCH METHODOLOGY

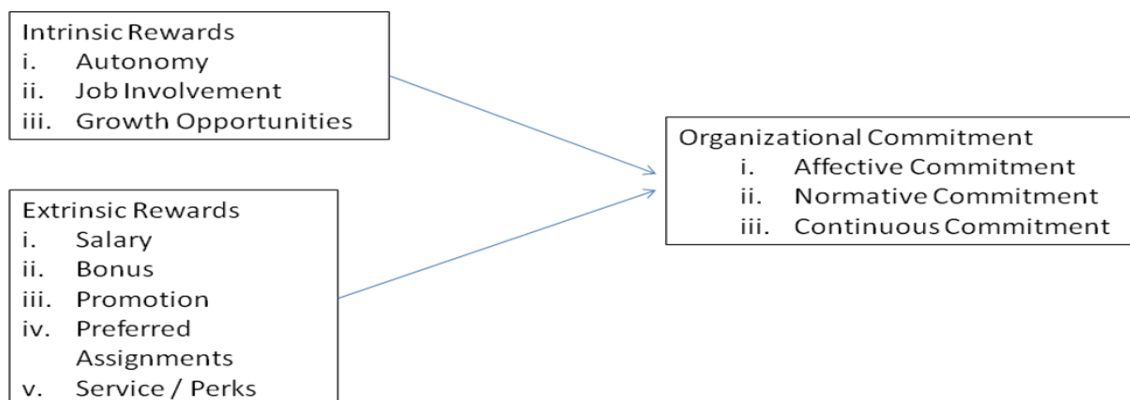


Figure # 1 Research Model

3.1 Sample and Procedure

For the purpose of this research study, primary data on two independent and one dependent variable was collected from faculty members of different HEIs of Pakistan through questionnaires. Questionnaires were distributed to 600 faculty members of different HEIs of

Rawalpindi and Islamabad region. No other supporting staffs were targeted, as universities are ranked on basis of faculty so this research is focused on the commitment level of faculty members. Six hundred questionnaires were distributed through personally administered survey, email and postal mail; out of those 513 completed questionnaires were returned, constituting a response rate of 85.5%. For the purpose of this research study scales of Ganzach (1998) and Champion et al (1996) were used to measure intrinsic rewards variable. The scale included 11 items measured by on five point Likert scales, ranging from strongly disagree (1) to strongly agree (5). Cronbach alpha value of intrinsic reward was 0.85. The 17-item scale of extrinsic rewards (De Beer, 1987) was used to measure extrinsic reward. Cronbach alpha value of extrinsic reward was 0.92. A construct of Meyer and Allen (1997) was used to measure organizational commitment. Its overall Cronbach alpha was ($\alpha = 0.87$).

Factor analysis for Intrinsic Rewards, Extrinsic Rewards and Organizational Commitment showed that all of the survey items have extraction of more than 0.42. The cumulative percentage of extraction for intrinsic rewards showed variance 53% for Autonomy, 67% for Growth opportunities and 59.8% for Job Involvement in the variables. The cumulative percentage of extraction for extrinsic rewards showed variance 65% for Salary, 52% for Bonus, 61% for Promotion, 49% for Preferred Assignment and 44% for Services/Perks in the variables. The cumulative percentage of extraction for Organizational Commitment showed variance 62% for Affective commitment, 54% for Continuous Commitment and 48% for Normative Commitment in the variables. The principal component analysis and higher Eigen values shows the major dependency on the principal components. Decreasing values of Eigen with the decreasing reliability of principle components showed the components validity as the function of interrelated components.

4. DATA ANALYSIS

4.1 Descriptive Statistics

Table – 1 below shows the values for the descriptive mean and standard deviations of the study variables. The mean values of the extrinsic reward measure range from 3 to 4, which shows that most of the employees agree with the statements. For intrinsic rewards, the mean values range from 1 to 4.67 for growth opportunity, for Job Involvement from 2 to 5 and for Autonomy from 1.50 to 5. For organizational commitment, the mean values range from strongly disagree to strongly agree. Maximum values are 4.50, 5 and 4.17 for affective commitment, continuous commitment and normative commitment respectively. Mean and standard deviation values for all types of organizational commitment show that respondents were either neutral or agreeing with the statements.

The result of correlation analysis show that, out of selected Extrinsic reward variables, Salary is highly significant and positively correlated with Affective Commitment ($r = 0.26$, $p < 0.01$). Results further reveal that Job involvement and Autonomy are not highly significant but positively correlated with affective commitment ($r = 0.15$, $p < 0.05$). This divulges that due to increase in levels of Salary, Services / Perks, Preferred Assignments, Growth Opportunities, Job Involvement and Autonomy employee feels high emotional attachment with the HEIs, resulting in increased levels of Affective Commitment.

Results of Table # 1 indicate a strong and highly significant positive correlation between continuous commitment and variables of extrinsic and intrinsic rewards. Correlation

values of this relationship were Salary ($r = 0.49, p < 0.01$), Promotion ($r = 0.29, p < 0.01$), Services/Perks ($r = 0.42, p < 0.01$), preferred assignments ($r = 0.27, p < 0.01$) and Growth Opportunity ($r = 0.30, p < 0.01$). Whereas a weak but significant relationship exists between continuous commitment and bonus ($r = 0.14, p < 0.05$). The results indicate that Continuance Commitment of employee with the organisation is because of Salary, bonus, promotion, services/perks, preferred assignments and growth opportunity in the HEIs. These are the main reasons resulting in employee to be committed to retain in the HEIs.

Normative commitment has a positive and significant relationship with Promotion ($r = 0.10, p < 0.01$), Services/Perks ($r = 0.27, p < 0.01$) and Preferred Assignments ($r = 0.18$), whereas weak and significant relationship exists with Salary ($r = 0.37, p < 0.05$), Bonus ($r = 0.13, p < 0.05$), Growth Opportunity ($r = 0.23, p < 0.05$) and Autonomy ($r = 0.18, p < 0.05$). The variables that significantly affect normative commitment are Salary, Bonus, Promotion, services, preferred assignments, Growth Opportunity, Autonomy. The results indicate that the employee's normative commitment with the HEIs is because of higher Salary, bonus, promotion, services/perks, preferred assignments, autonomy and growth opportunity in the HEIs, indicating the core reasons for working in HEIs.

4.2 Multiple Regression Analysis

The regression results were explained in three-dimensional forms including the results of ANOVA test, impact analysis and regression result comparison among types of organizational commitment.

4.2.1 Regression Equation 1.

Results of regression model 01 reveal the effect of employee rewards (both intrinsic and extrinsic rewards) on employee's organizational commitment. Results show that model was statistically significant ($F = 43.76, p < 0.00$). All the intrinsic rewards (growth opportunities, job involvement, autonomy) and extrinsic rewards (salary, bonus, promotion, preferred assignment, services/perks) explain 57% variance in the employee organizational commitment ($R^2 = 0.62; R^2_{\text{adjusted}} = 0.57$). Results revealed that if there is 1% increase in the (extrinsic rewards) can increase 0.49%, 0.18%, 0.33%, 0.21% and 0.15% of their organizational commitment respectively. Results of table # 2 also show that if there is 1% increase in the employee growth opportunities, Autonomy and Job Involvement (intrinsic rewards) can increase 0.23%, 0.24%, and 0.14% of their organizational commitment respectively. All of the independent variables are statistically significant in this table. Result of Durbin Watson statistics (1.91) showed that there exists, no autocorrelation among the observations.

4.2.2 Regression Equation 2.

Table # 3 show the results of regression equation # 2, 2a, 2b and 2c, i.e., the individual impact of intrinsic reward variables on organizational commitment, affective commitment, continuous commitment and normative commitment. Results show that intrinsic rewards influence affective commitment of the employee more as compared to continuous commitment and normative commitment.

Results of model # 2 shows statistically significant results ($F = 14.42, p < 0.01$). In this model 25% variance in the organizational commitment is explained by all independent variables ($R^2 = 0.30; R^2_{\text{adjusted}} = 0.25$). Among variables of intrinsic rewards, Autonomy seems to have greater effect on organizational commitment ($\beta = 0.65, p < 0.05$), as compared

to other variables growth opportunities ($\beta = 0.23$, $p < 0.01$) and job involvement ($\beta = 0.10$, $p < 0.05$). Results of model 2a indicate statistically significant results ($F = 14.05$, $p < 0.01$). In this model 34% variance in the affective commitment is explained by all independent variables ($R^2 = 0.37$; $R^2_{\text{adjusted}} = 0.34$). Among variables of intrinsic rewards, Autonomy seems to have greater effect on affective commitment ($\beta = 0.85$, $p < 0.05$) and is moderately significant, as compared to other variables growth opportunities ($\beta = 0.29$, $p < 0.01$) and job involvement ($\beta = 0.17$, $p < 0.01$) which is highly statistically significant. Results of model 2b indicate statistically significant results ($F = 20.83$, $p < 0.01$). In this model only 9% variance in the continuous commitment is explained by all independent variables ($R^2 = 0.15$; $R^2_{\text{adjusted}} = 0.09$). Among variables of intrinsic rewards, only growth opportunities seem to have highly significant influence on continuous commitment ($\beta = 0.19$, $p < 0.01$) and other two variables autonomy and job involvement were non-significant. Results of model 2c indicate statistically significant results ($F = 25.39$, $p < 0.01$). In this model 18% variance in the normative commitment is explained by all independent variables ($R^2 = 0.22$; $R^2_{\text{adjusted}} = 0.18$). Among variables of intrinsic rewards, Autonomy seems to have greater effect on normative commitment ($\beta = 0.35$, $p < 0.05$) and is moderately significant, as compared to other variables growth opportunities ($\beta = 0.18$, $p < 0.01$), which is highly significant and job involvement which is non-significant. Result of Durbin Watson statistics showed that there is no autocorrelation among observations.

While comparing the results of equation 2a, 2b and 2c, it seems that affective commitment (34%) is highly affected by types of intrinsic rewards as compared to continuous commitment (9%) and normative commitment (18%). Autonomy has a moderate influence on affective and normative commitment but is non-significant on continuous commitment. Job involvement only influences affective commitment but growth opportunities are highly influences all forms of organizational commitment.

4.2.3 Regression Equation 3.

Table # 4 shows the results of regression equation # 3, 3a, 3b and 3c. Results of this table show the individual impact of extrinsic reward variables on organizational commitment, affective commitment, continuous commitment and normative commitment. Results show that extrinsic rewards influence continuous commitment of the employee slightly more as compared to affective commitment and normative commitment.

Results of model 3 indicate statistically significant results ($F = 20.04$, $p < 0.01$). In this model 45% variance in the organizational commitment is explained by all independent variables ($R^2 = 0.49$; $R^2_{\text{adjusted}} = 0.45$). Among variables of extrinsic rewards, Employee salary seems to have greater effect on organizational commitment ($\beta = 0.43$, $p < 0.01$), as compared to other variables like Bonus ($\beta = 0.21$, $p < 0.05$), Promotion ($\beta = 0.52$, $p < 0.05$), Services/Perks ($\beta = 0.24$, $p < 0.01$) and Preferred Assignment ($\beta = 0.12$, $p < 0.01$). Results of model 3a indicate statistically significant results ($F = 17.87$, $p < 0.01$). In this model 43% variance in the affective commitment is explained by all independent variables ($R^2 = 0.46$; $R^2_{\text{adjusted}} = 0.43$). Among variables of extrinsic rewards, Employee Salary ($\beta = 0.37$, $p < 0.01$) and Services/Perks ($\beta = 0.32$, $p < 0.01$) seems to have greater effect on affective commitment, as compared to other variables like Bonus ($\beta = 0.12$, $p < 0.05$), Promotion ($\beta = 0.08$, $p < 0.05$) and Preferred Assignment ($\beta = 0.16$, $p < 0.01$).

Results of model 3b indicate statistically significant results ($F = 18.84$, $p < 0.01$). In this model 48% variance in the continuous commitment is explained by all independent

variables ($R^2 = 0.51$; $R^2_{\text{adjusted}} = 0.48$). Among variables of extrinsic rewards, Employee salary seems to have greater effect on continuous commitment ($\beta = 0.54$, $p < 0.01$), as compared to other variables like Bonus ($\beta = 0.25$, $p < 0.05$), Promotion ($\beta = 0.31$, $p < 0.01$), Services/Perks ($\beta = 0.21$, $p < 0.05$) and Preferred Assignment ($\beta = 0.19$, $p < 0.05$).

While comparing the results of equation 3a, 3b and 3c, it seems that Continuous commitment (48%) is highly affected by types of extrinsic rewards as compared to Affective commitment (45%) and normative commitment (31%). Employee salary is highly statistically significant for all types of organizational commitment but it is influencing continuous commitment more as compared to other forms. Bonus only has the non-significant influence on normative commitment but it has moderate influence on rest on two forms. In a comparison of results of tables # 3 and # 4, it is observed that variables of intrinsic rewards have a greater effect on affective commitment of employees whereas variables of extrinsic rewards have a greater influence on continuous commitment. Result of Durbin Watson statistics in equation 3, 3a, 3b and 3c showed that there is no autocorrelation among observations.

5. DISCUSSION, IMPLICATIONS AND CONCLUSION

5.1 Discussions

Three main multiple regression equation were used for HEIs to determine the strength of impact of the both independent variables (Extrinsic Rewards and Intrinsic Rewards) on forms of organizational commitment (Affective, Normative and Continuous). During the data analysis, especially Pearson correlation analysis it is observed that all forms of employee rewards (Both extrinsic and intrinsic) have a significant and positive relationship with all forms of Organizational commitment. So for enhancing employee's emotional attachment, their moral commitment and specially retaining them within the organization, employers have to design both forms of employee rewards carefully and keeping in view their importance for the employees.

Results of table # 2 and 3 shows that variables of intrinsic rewards have a significant influence on employee's organizational commitment are consistent with the study conducted by Cohen (1993) which states that intrinsic rewards are important for the development of organizational commitment in the employees. Organizations when fulfils employee's needs by providing them with growth opportunities and involving them in decisions related their job, employee commitment level towards the organization increase. Therefore, organizations and its managers should develop intrinsic rewards that emphasize on employee's personal preferences of rewards and integrate them with organizational goal.

In Higher Education Institutions (HEIs), all independent variables (extrinsic and intrinsic rewards) have significant influence on affective commitment. These results are similar to the study of Choong, Wong & Lau (2011) which they performed in education sector of Malaysia and with the study of (Anvari, Mansor, Rahman, Abdul Rahman, & Chermahini, 2014).

In HEIs 34%, variation in affective commitment is due to factors of intrinsic rewards, while because of extrinsic rewards the variation in faculty's affective commitment in HEIs 43% is recorded while rest of the variation in AC is caused by some other organizational and employee related factors. In the faculty of Higher education institutions continuous commitment is more influenced by extrinsic rewards (48%) than intrinsic rewards (15%). This is because of the reason that in countries like Pakistan where inflation rate is high and

economic situation is also not very good, monetary rewards especially employee salary could be a greater source of employee retention as compared to as another factor as shown in table # 2.

In HEIs, all components of intrinsic and extrinsic rewards have significant impact on normative commitment except Job Involvement and Bonus. Results of this study are parallel to the study of Rasheed, Hassan, Aslam , & Sarwar (2010) that was conducted on Higher education institutions of Pakistan, which showed intrinsic rewards, caused motivation and creates organizational commitment. According to Gakure, Kamau, & Waititu (2013) recognition, appreciation, participation in decision-making, financial rewards, and autonomy cause high performance and commitment, that provides support to the current study.

5.2 Implications of the Study

In this current study, intrinsic and extrinsic rewards can be used to predict the organizational commitment in higher education institutions. This study would provide an insight for Human Resource Consultants to retain high quality faculty members. By using the results of current study, HR officials of different universities can modify their strategies in order to retain high quality faculty members. Along this, current study is also helpful for Human Resource consultants to design such reward system which could create commitment and loyalty in employees, because if these both component absent from employee's attitude then such employees would be great threat for organization itself.

For HEIs, this study is more effective because turnover rate in HEIs is more than in organizations of other sector (Oil and Gas, Banking, Telecommunication). This study gives new patterns to HEIs to modify their reward system and strategies in order to overcome this problem. As this research indicates that salary, promotion, services, and benefits have significant impact on organizational commitment so HEIs need to implement such type of rewards to enhance organizational commitment and loyalty.

Another burning issue with high-qualified faculty members is to sustain them when they came back to Pakistan after getting their higher education. As one gets higher degree like doctorate or post doctorate, they expect more from their organization. They demand more salary, more bonuses, better services, more job involvement and autonomy. However, HEIs from both sectors (Public and Private) are unable to facilitate them. With the help of this study human resource managers and higher authorities would be able to design such schemes which will able them to accommodate and sustain such high qualified faculty with in Pakistan.

This study is also helpful for both public and private sector HEIs to create such a system in which their faculty members could put maximum in order to give good output, in such a way universities could find good category on HEC rank list. Finally, this study also gives latest information to HEC officials who will able HEC to update its data regarding those factors, which affect the behaviours and attitudes of faculty members. On the bases of that higher education commission also make reforms in order to make betterment in higher education sector.

5.3 Conclusion

The main hypothesis of this study was to investigate the influence of employee intrinsic and extrinsic rewards on forms of organizational commitment of faculty members of higher educational intuitions in Pakistan. After interpretation of results, hypothesis 1, 2 and 3

it is observed that a significant relationship has been found between both types of employee rewards (extrinsic and intrinsic) and three forms of organizational commitment (affective, normative and continuous). As per the results of the study employers or management of higher education institution (HEIs) should design an effective reward system that could encourage the high performing faculty members to remain part of the HEIs, while causing the poor performer faculty members to leave. To accomplish this, the rewards system should perceive as equitable for all the faculty members of the HEI. Moreover, employee reward system should use to enhance faculty outcomes. Higher education institutions could use both extrinsic and intrinsic rewards to motivate faculty member for better job performance.

5.4 Limitation and Future Directions

Due to time and budget constraints, the researcher utilized a limited sample size. More generalized results could draw by covering a larger portion of the population. In this study only one method of data collection is utilized, which is survey forms other methods like focus groups, interview and observation methods could also be applied to further strengthen our study. Further research should do in this sector regarding the impact of extrinsic and intrinsic rewards on employee outcomes including turnover intention. Other theoretical models in which employee's organizational commitment could use as mediator or moderator with employee's rewards influence on other employee outcomes.

REFERENCES

1. Ahmed & Ahmed (2009). The Impact of Reward and Recognition Programs on Employees' Motivation and Satisfaction: An Empirical Study. *International Review of Business Research Papers*, 5(4), 270- 279.
2. Allen & Meyer (2001a). The Role of the Reward System for a Total Quality Management Based Strategy. *Journal of Organizational Change Management*, 14(2), 110-127.
3. Anvari, et al. (2014). Mediating Effects of Affective Organizational Commitment and Psychological Contract in the Relationship between Strategic Compensation Practices and Knowledge Sharing. *Social and Behavioral Science*, 129, 111 - 118.
4. Armstrong, M. (1999). *Human Resources Management Practice*. . London: Kogan Page.
5. Bull, I. H. (2005). The Relationship between Job Satisfaction and Organizational Commitment amongst High School Teachers in Disadvantaged Areas in the Western Cape. . *University of the Western Cape*. Cape Town: Unpublished Masters Dissertation.
6. Champion, Papper, & Medsker (1996). Relations between Work Teams Characteristics and Effectiveness: A Replication and Extension. *Personnel Psychology*, 49, 429-452.
7. Chan, H. (2003). The Civil Service Under One Country, Two Systems: The Cases of Hong Kong and the People's Republic of China. *Public Administration Review*, 64, 405-417.
8. Choong, Wong & Lau, (2011). Intrinsic Motivation and Organizational Commitment in the Malaysian Private Higher Education Institutions: An Empirical Study. *Journal of Arts, Science & Commerce*, 2(4), 40 – 50.
9. Cohen, A. (1993). Organizational Commitment and Turnover: A Meta-Analysis . *Academy of Management Journal*, 36(5), 1140-1157.
10. David, Yaacob& Wood, (2004). Attitudes towards Pay and Promotion in the Malaysian, Higher Educational Sector. *Employee Relations*, 26(2), 137-150.

11. De Beer, M. (1987). *An Investigation into the Role of Labor Turnover in the Industry with Specific Reference to Job Satisfaction and Work Motivation*. Bloemfontein.: University of the Free State.
12. Dorenbosch, Luc; de Reuver, Renee; Sanders, Karin (2006). Getting the HR Message Across: The Linkage between Line-HR Consensus and Commitment Strength among Hospital Employees. *Management Revenue*, 17(3), 274-291.
13. Fuhrmann, W. L. (2006). The Self-Concept and Self-Esteem of Early Adolescents. *Theory into Practice*, 22, 91-97.
14. Gakure, Kamau, & Waititu. (2013). Reward Systems as Determinant Of Talent Management in Public Universities in Kenya. *Journal Of Humanities And Social Science*, 18(2), 41-47.
15. Ganzach, Y. (1998). Intelligence and Job Satisfaction. *Academy of Management Journal*, 41(5), 526-539.
16. Gomez-Mejia, Balkin & Robert, (2004). *Managing Human Resources* (4th ed.). USA: Prentice Hall.
17. Henderson, R. (1989). *Compensation Management: Rewarding Performance* (5th ed.). Englewood Cliffs: Prentice-Hall.
18. Honig-Haftel, S., & Martin, L. (1993). The effectiveness of reward systems on innovative output: an empirical analysis. *Small Business Economics*, 5, 261-269.
19. Hunjra, et al. (2010). Factors Effecting Job Satisfaction of Employees in Pakistani Banking Sector . *African Journal of Business Management*, 10(4), 2157-2163.
20. Huselid. (1995). Impact of Human Resource Management Practices on Turnover, Productivity and Corporate Financial Performance. *Academy of Management Journal*, 38, 635, 672.
21. Jeffery (2008). Intrinsic Job Rewards in the United States. Annual Meetings of the American Sociological Association.
22. La Belle, J. (2005). The Paradox of Safety Hopes and Rewards: Are You Rewarding the Right Behaviour? *Professional Safety*, 50, 37-39.
23. Lawler, E. E. (2000). *Rewarding Excellence: Pay Strategies for the New Economy*. San Francisco: Jossey-Bass.
24. Mahaney, C., & Lederer, A. (2006). The effect of intrinsic and extrinsic rewards for developers on information systems project success. *Project Management Journal*, 37, 42-54.
25. Malhotra, N., Budhwar, P., & Prowse, P. (2007). Linking Rewards to Commitment: An Empirical Investigation of Four UK Call Centres. *International Journal of Human Resource Management*, 18(12), 2095–2128.
26. Mathieu, Zajac. (1990). A Review and Meta-Analysis of the Antecedents, Correlates, and Consequences of Organizational Commitment. *Psychological Bulletin*, 108(2), 171-194.
27. Meyer JP, Stanley DJ, Herscovitch L, Topolnysky L. (2002). Affective, Continuance, and Normative Commitment to the Organization: A Meta-Analysis of Antecedents, Correlates and Consequences. *Journal of Vocational Behavior*, 61, 20-52.
28. Meyer, J. P.&Allen, N. J. (1997). *Commitment in the Workplace: Theory, Research, and Application*. London: Sage Publications.
29. Milkovich, G.T. & Newman, J. (2008). *Compensation* (9th ed.). USA: McGraw Hill International Edition.
30. Mottaz, J. (1985). The relative importance of intrinsic and extrinsic rewards as determinants of wok satisfaction. *Sociology Quarterly*, 26, 365-385.

31. Muthuveloo & Che Rose (2005). Typology of Organisational Commitment. *American Journal of Applied Science*, 2(6), 1078-1081.
32. Perry, Mesch & Paarlberg (2006). 'Motivating Employees in a New Governance Era: The Performance Paradigm Revisited. *Public Administration Review*, 66(4), 505–514.
33. Rainey, G. P. (2001). *Achieving Emotional Literacy*. London: Bloomsbury Publishing.
34. Rasheed, I., Hassan, D., Aslam , & Sarwar, S. (2010). Motivational Issues for Teachers in Higher Education: A Critical Case of IUB. *Journal of Management Research*, 2(2), 1-10.
35. Robbins and Decenzo, (2010). *Fundamentals of Human Resource Management* (10 ed.). New York: John Wiley and Sons.
36. Schuler, R. S. (1996). *Human Resource Management: Positioning for the 21st Century* (6th ed.). New York: West Publishing Company.
37. Seta, C.E., Paulus, P. B & Baron, R. A (2000). *Effective Human Resource Relations: A Guide to People at Work* (4th ed.). United State of America: Allyn and Bacon.
38. Suliman, A. & Iles, P. (2000). Is Continuance Commitment Beneficial to Organizations? Commitment-Performance Relationship: A New Look. *Journal of Managerial Psychology*, 15(5), 407-426.

APPENDIX

Table # 1: Descriptive and Pearson Correlation Analysis

	M	S. D	Age	G	Sal	B on	Pro	S/P	PA	G O	JI	A	A C	C C	N C
Age															
Gender			0.26												
Salary	3.66	0.45	0.32**	0.35*											
Bonus	3.82	0.56	0.30*	0.19	0.29**										
Prom	3.79	0.41	0.27*	0.21	0.08	0.14*									
S/P	3.48	0.30	0.16	0.24*	0.17	0.29**	0.35**								
PA.	3.74	0.43	0.22*	0.31	0.33**	0.42**	0.25**	0.36**							
GO	3.65	0.36	0.34*	0.26*	0.17*	0.27**	0.12	0.37**	0.33**						
JI	3.64	0.52	0.23	0.31*	0.22**	0.30**	0.20*	0.24*	0.21*	0.23*					
Auto	3.86	0.67	0.27*	0.12*	0.28**	0.12	0.21*	0.13	0.03	0.04	0.35**				
AC	3.46	0.36	0.33*	0.27*	0.26*	0.10*	0.07*	0.33*	0.42**	0.39*	0.15*				
CC	3.47	0.26	0.12*	0.24*	0.49**	0.14*	0.29**	0.42**	0.27**	0.30**	0.12	0.07	0.20*		
NC	3.69	0.39	0.22*	0.34*	0.37**	0.13*	0.10*	0.27**	0.18**	0.23**	0.12	0.19*	0.48**	0.18*	

*. Correlation is significant at the 0.05 level (2-tailed)
 **. Correlation is significant at the 0.01 level (2-tailed).
 Note: Sal: Salary, B: Bonus, P: Promotion, PA: Preferred Assignment, S/P: Services/Perks, GO: Growth Opportunities, JI: Job Involvement, A: Autonomy, AC: Affective Commitment, CC: Continuous Commitment, NC: Normative Commitment

Table # 2 Regression Results of Model 01

Model 01 Organizational Commitment				
Variables	Coefficient	t-value	Model Specifications	
Constant	1.68	7.03**	R	0.69
Growth Opportunity	0.23	2.77**	R ²	0.62
Job Involvement	0.14	1.60*	R ² _{adj}	0.57
Autonomy	0.24	1.98*	F	43.76
Salary	0.49	2.94**	F-sig	0.00
Bonus	0.18	2.12*	N	513
Promotion	0.33	2.69*	DW	1.91
Services/Perks	0.21	1.07**		
Prefer. Assign.	0.15	1.53**		

*.t- value significant at the 0.05 level (2-tailed), **. T-value significant at the 0.01 level (2-tailed).
 Note: Independent Variables: Growth Opportunities, Job Involvement, Autonomy (Intrinsic Rewards), Salary, Bonus, Promotion, Services/Perks, Preferred Assignments (Extrinsic Rewards)
 Dependent Variable: Organizational Commitment

Table # 3 Regression Results of Model 2, Model 2a, Model 2b and Model 2c

Variable s	Model 2 Organizational Commitment		Model 2a Affective Commitment		Model 2b Continuous Commitment		Model 2c Normative Commitment	
	Coeffici ents	t- val ues	Coeffici ents	t- val ues	Coeffici ents	t- val ues	Coeffici ents	t- val ues
Constant	2.09	6.68* *	1.44	4.25* *	2.45	7.64* *	2.37	7.06* *
Growth Opportunit y	0.23	5.32* *	0.29	4.95* *	0.19	3.40* *	0.18	3.19* *
Job Involveme nt	0.10	2.10*	0.17	2.53* *	0.04	0.65	0.08	1.33

<i>Autonomy</i>	0.65	1.32*	0.85	1.25*	0.05	0.77	0.35	1.85*
Model Specification	R	0.39	R	0.48	R	0.24	R	0.29
	R²	0.30	R²	0.37	R²	0.15	R²	0.22
	R²_{adj}	0.25	R²_{adj}	0.34	R²_{adj}	0.09	R²_{adj}	0.18
	F	14.42	F	14.05	F	20.83	F	25.39
	F-significance	0.00	F-significance	0.00	F-significance	0.00	F-significance	0.01
	N	513	N	513	N	513	N	513
	DW	1.80	DW	1.88	DW	1.70	DW	1.91

**.t- value significant at the 0.05 level (2-tailed), **. T-value significant at the 0.01 level (2-tailed).*
Note: Independent Variables: Growth Opportunities, Job Involvement, Autonomy (Intrinsic Rewards)
Dependent Variable: Organizational Commitment, Affective Commitment, Continuous Commitment, Normative Commitment

Table # 4 Regression Results of Model 3, Model 3a, Model 3b and Model 3c

<i>Variable s</i>	Model 3 Organizational Commitment		Model 3a Affective Commitment		Model 3b Continuous Commitment		Model 3c Normative Commitment	
	<i>Coefficients</i>	<i>t- val ues</i>	<i>Coeffici ents</i>	<i>t- val ues</i>	<i>Coeffici ents</i>	<i>t- val ues</i>	<i>Coeffici ents</i>	<i>t- val ues</i>
<i>Constant</i>	2.02	11.46**	1.49	5.89*	1.98	8.12*	2.60	9.91*
<i>Salary</i>	0.43	3.12*	0.37	3.13*	0.54	1.87*	0.31	3.19*
<i>Bonus</i>	0.21	0.30*	0.12	0.05*	0.25	1.60*	0.18	0.84
<i>Promotio n</i>	0.52	1.18*	0.08	1.51*	0.31	1.54*	0.29	1.49*
<i>Services/ Perks</i>	0.24	5.14*	0.32	4.80*	0.21	3.38*	0.17	2.58*
<i>Prefer. Assign.</i>	0.12	3.54*	0.16	3.60*	0.19	2.17*	0.18	1.65*
Model Specification	R	0.64	R	0.52	R	0.59	R	0.43
	R²	0.49	R²	0.46	R²	0.51	R²	0.36
	R²_{adj}	0.45	R²_{adj}	0.43	R²_{adj}	0.48	R²_{adj}	0.31
	F	20.04	F	17.87	F	18.84	F	16.38
	F-significance	0.00	F-significance	0.00	F-significance	0.00	F-significance	0.00
	N	513	N	513	N	513	N	513
	DW	1.86	DW	1.98	DW	1.79	DW	1.85

**.t- value significant at the 0.05 level (2-tailed), **. T-value significant at the 0.01 level (2-tailed).*
Note: Independent Variables: Salary, Bonus, Promotion, Services/Perks, Preferred Assignments (Extrinsic Rewards)
Dependent Variable: Organizational Commitment, Affective Commitment, Continuous Commitment, Normative Commitment