The Mediating Effect of Work Motivation on the Influence of Technical Reward against Job Satisfaction in Vietnamese Monopoly

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Abstract

The purpose of this study is to apply Herzberg's motivation hygiene theory to the relationship among technical reward, work motivation and job satisfaction in Vietnamese monopoly and confirm the validity of Herzberg's motivation hygiene theory. The proposed model was tested using data from 198 electricity employees. The results show that (1) technical reward is positively related to work motivation, (2) work motivation has a positive significant effect on job satisfaction, and (3) work motivation is partially mediating relationship between technical reward and job satisfaction. The implications of findings are discussed for future research and organiations on human resource management.

Key words:technical reward, work motivation, job satisfaction, Vietnamese, organiational behavior

Introduction

State-owned enterprises play an important role in market-based economies (Kowalski*et al.*, 2013), however, they tend to less profitable than private companies (Phi*et al.* , 2019). In Vietnam, (return on assets (ROA) as well as return on equity (ROE) of state-owned enterprises (2% and 7.3% respectively) is lower than ROA as well as ROE of foreign-direct-investment companies (5.8% and 15.4% respectively) (MPI, 2020). Therefore, state-owned enterprises attempt to improve their productivity, that has a link to job satisfaction (Voordt, 2004). Rewards has received much attention from organizational-behavior scholars. Sell and Cleal (2011)argued that monetaryrewards might not ameliorate the effects on job satisfaction whereas Hendijani*et al.* (2016) found external reward is a key determinant of motivation and performance. In addition, Buelens*et al.* (2007) confimred private sector workers were more extrinsically motivated than public sector employees. Nevertheless, little paper considers the relationship among technical rewards, motivation and job satisfaction in public sector workers. Thus, this paper proposes that public sector employees are motivated by technical rewards, and motivation is mediated the relationship between technical rewards and job satisfaction.

This research can contribute to the psychological literature in several ways. First, studying technical rewards that might be ignored by Sherf *et al.* (2019). Second, applying Herzberg's motivation hygiene theory may support to explain the intercorrelation among technical reward, motivation and job satisfaction. Finally, conduct research in Vietnamese monopoly can expand the scope of study field.

Literature review

Technical rewards and motivation

Porter and Lawler (1968) categorize rewards into two groups: intrinsic and extrinsic rewards. Intrinsic rewards are defined as rewards that are derived from the content of the job whereas extrinsic rewards are the tangible benefits that come from a result of doing a job (Porter & Lawler, 1968). However, based on Maslow's hierarchy of needs Guzzo (1979) ditinguishes between intrinsic and extrinsic rewards due to the level of needs. Accordingly, extrinsic rewards refer to satisfy the lower-order needs and intrinsic rewards involve to higher-order needs. Furthermore, Chen*et al.* (1999)classify rewards into monetary (e.i. Pay, bonuses) and non-monetary (e.i. Praise, personal recognition) rewards. Some of non-monetary rewards and monetary rewards may be regarded as extrinsic rewards (Chen *et al.*, 1999). The model presented in this paper considers technical rewards that refer to extrinsic and non-monetary rewards are extracted from Sherf*et al.* (2019)'s research.

Work motivation "refers to how much a person tries to work hard and work well" (Golembiewski, 2000, p. 20). Based on Self-determination theory, Gagné and Deci (2005) argued environmental factors and individual differences are significant determinants of work motivation.

Moreover, Nohria*et al.* (2008) recommend organizations can enhance work motivation through the reward system, culture, job design, resource-allocation processes, and direct manager. In those, the reward system is the easiest method to achive "the drive to accquire" of work motivation due to the sense of well-being (Nohria*et al.*, 2008). Thus, the organizations may improve work motivation by applying appropriate reward system. Simultaneously, many studies found the positive influence of the reward systems to work motivation (i.e. Güngör, 2011; Robbins& Everitt, 1996). Technical reward is a part of reward system, therefore, hypothesis was proposed as follow:

H1: Technical reward has a positive effect on work motivation.

Technical reward, work motivation and job satisfaction

Job satisfaction is defined as one's positive or pleasurable feelings about one's jobs and different aspects of jobs (i.e., Locke, 1969; Armstrong, 2006), Those feelings are caused by a combination of psychological, physiological and environmental circumtances (Hoppock, 1935), that is a process of cognitive, emotional, and behavioral components (Hulin& Judge, 2003). Accordingly, a satisfied employee may perceive a happy work-life that can lead to organization's high efficiancy and effectiveness (Aziri, 2011).

Herzberg's two-factor theory (1959) that is also called the motivation hygiene theoryconsists of hygiene factors (i.e. Avoidance of hazards from environments) and motivation factors (i.e. The need for personal growth). Herzberg *et al.* (1959) found the influence of fourteen factors on job satisfaction and dissatisfaction through interviews and factor analysis. Accordingly, employees suffer strong dissatisfaction when they feel inappropriate organization policy and administration, reward system, and working conditions (Bassett-Jones& Lloyd, 2005; Herzberg *et al.*, 1959). In other way, the optimal reward system (i.e. Technical reward) may support employees motivate to work, then lead to the high job satisfaction. Therefore, the hypotheses were proposed as follow:

H2: Work motivation has a positive effect on job satisfaction

H3: Work motivation mediates the relationship between technical reward and job satisfaction.

Methodology

Participants

Sample in this study contains 198 employees of An Giang Power Company, that is a subsidiary company with 100% charter capital by Vietnam Electricity Corporation (EVN) – the one member limited liability company owned by State. EVN, which is the electricity monopoly, is responsible for investment, operation, and management of the power transmission in the whole country. Questionnaire distributed to all An Giang Power Company 325 people, however the number of questionnaires returned was 198 respondents.

Measure

Technical reward. Technical reward was measured using a five-item instrument developed by Sherf *et al.* (2019). Examples of these items include: "Quality of work output: Meeting your individual work requirements in terms of quality of work"; "Being productive or getting things done". Employees responded on a ten-point scale ranging from "Does not reward" (1) to "Rewards to a very large extent" (10). (α= 0.95).

Work motivation. Respondents rated work motivation on four items (Arvey& Mussio, 1973;Ivancevich, 1976;Kopelman,1979;Landy& Guion, 1970) on a seven-point scale (1 = strongly disagree, 7 = strongly agree). An example item is "When I am highly motivated, I will definitely expend more effort on the job". (α= 0.85).

Job satisfaction. Job satisfaction was adopted from Nagy (2002) through using a five-item instrument on a ten-point scale (1 = strongly dissatisfied, 10 = strongly satisfied). Examples of these items include: "Work itself"; "Promotion". (α= 0.92).

Results

Means, standard deviations, and correlations are presented in Table 1. The mean scores for the three constructs ranged from 5.88 to 6.41. Moreover, one can see from the table that job satisfaction was related to both technical reward and work motivation.

To validate the developed constructs, confirmative factor analysis (CFA) was conducted to estimate the measurements, then each measurement item was loaded on its proposed constructs(Anderson& Gerbing, 1988). The model indices were as follows: $\chi 2$ = 325.396, df = 91, $\chi 2$/df = 3.576, GFI =0.875, CFI = 0.898, RMSEA = 0.068, and indicated the a good-fit model (Hair *et al.*, 2010).

As presented in Table 2, the statistical analysis revealed that technical reward is significantly and positively related to work motivation ($\beta = 0.24$, $p<0.01$). It means that employees, who perceive the appropriate technical reward, are usually motivated to work hard. Therefore, hypothesis 1 is supported.

Similarily, the empirical data indicated that work motivation is positively related to job satisfaction ($\beta = 0.27$, $p<0.01$). These findings showed that motivated workers may be more satisfied with their jobs than the others. Thus, hypothesis 2 is supported.

On the mediating relationships, the direct effect of technical reward on job satisfaction has a value of 0.19 ($p < 0.001$), while the indirect effect via work motivation has a value of $0.24 * 0.27 = 0.06$ ($p<0.05$). Thus, a total effect has a value of $0.19 + 0.06 = 0.25$. Based on Baron and Kenny (1986), hypothesis 3 is partially supported due to partial mediation (i.e. Significantly direct and indirect effects).

Table 1: Means, standard deviations, and correlations of study variables

Variables	**Mean**	**SD**	**1**	**2**	**3**
1. Technical reward	5.883	0.894	1		
2. Work motivation	6.222	1.877	0.053	1	
3. Job satisfaction	6.416	1.733	0.179*	0.795**	1

Note: n = 198; **p < 0.01; *p<0.05

Table 2: SEM results

Relationships	**Standardized estimate**	**T-value**
Technical reward → Work motivation	0.24**	0.78
Technical reward → Job satisfaction	0.19***	0.64
Work motivation → Job satisfaction	0.27*	0.82
Technical reward → Work motivation → Job satisfaction	0.06*	0.75

***p < 0.001; **p < 0.01; *p<0.05

Conclusion

The findings of this study supported the Herzberg's motivation hygiene theory explaining relationships among technical reward, work motivation, and job satisfaction in the monopoly setting. Technical rewards contribute to motivation in that power employees have a sense of achievement, and then lead them to work hard and satisfy their job. Moreover, technical rewards may provide more job resources for them to exploit and use, then enhance their work motivation, and finally the result of job satisfaction. This mechanism confirms the mediating role of work motivation in the relationship between technical reward and job satisfaction.

Buelens and Van den Broeck (2007) argue that public sector employees are less extrinsically of work motivation than private sector ones. However, this study emphasizes the importance of technical reward in the state-owned companies. Therefore, managers should practice more appropriate technical reward to boost employees' work motivation, that can assist company improve performance and job satisfaction.

This research is not free from limitation. First, all model constructs are responded by one person, that may lead to the biases. Thus, future study can divide the model constructs for supervisor and subodinate to score the questionnaire. Second, the questionnaires were collected primarily from one monopoly, therefore the data may not be well representative of all monopoly in different industries. Future research may expand the scope of collecting data that can reduce the biases. Finally, collecting a longitudinal data in a large set of countries may improve the generalizability of findings.

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