

Performance-Reward Contingencies: The Role and Relationships of Perceived Equity in the Job Performance-Job Satisfaction Question

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Most of the research investigating the job performance-job satisfaction relationship has shown only a slight positive relationship between the two (Fisher, 1980). The original hypothesis explored suggested a positive relationship between satisfaction and performance with satisfaction affecting performance (Brayfield & Crockett, 1955). Later research reversed the hypothesized causality and suggested that performance led to satisfaction, but still major literature reviews reported that the relationships found were slight or non-existent (Lawler, 1973).

One study (Cherrington, Reitz, & Scott, 1971), based on a model of satisfaction presented by Lawler and Porter (1967), found that an important consideration when proposing a relationship between performance and satisfaction was the existence of a performance-contingent reward system. Only under performance-contingent reward systems would employee performance be positively related to satisfaction. This suggested that high performance would lead to high satisfaction if employees perceived that there was an equitable reward system within the organization. This condition has been referred to as a perceived performance-extrinsic reward contingency.

Also included in the Lawler model was an intrinsic reward contingency ("I reward myself when I perform well."). It follows that the performance-satisfaction relationship would also be moderated by this variable. To address adequately the role of the performance-reward contingency in the performance-satisfaction relationship, both types of rewards must be considered. Figure 1 suggests the relationships expected in the study (Van Tilburg, 1986).

Purpose and Objectives

The purpose of the study was to investigate the relationship between reward contingencies and the levels of job performance and job satisfaction of Cooperative Extension Service county agents. Of particular interest was the role that perceived extrinsic rewards played in the job performance-job satisfaction relationship.

The objectives of this study were to:

1. Describe the population on each of the following variables: self-rating of job performance, overall job satisfaction, satisfaction with the pay, satisfaction with promotion, satisfaction with co-workers, satisfaction with the work itself, satisfaction with supervision, agent program area, perceived performance-intrinsic reward contingency, and perceived performance-extrinsic reward contingency.

2. Determine relationships among selected variables.

3. Determine if there were moderating effects of certain selected variables on the relationship between other selected variables.

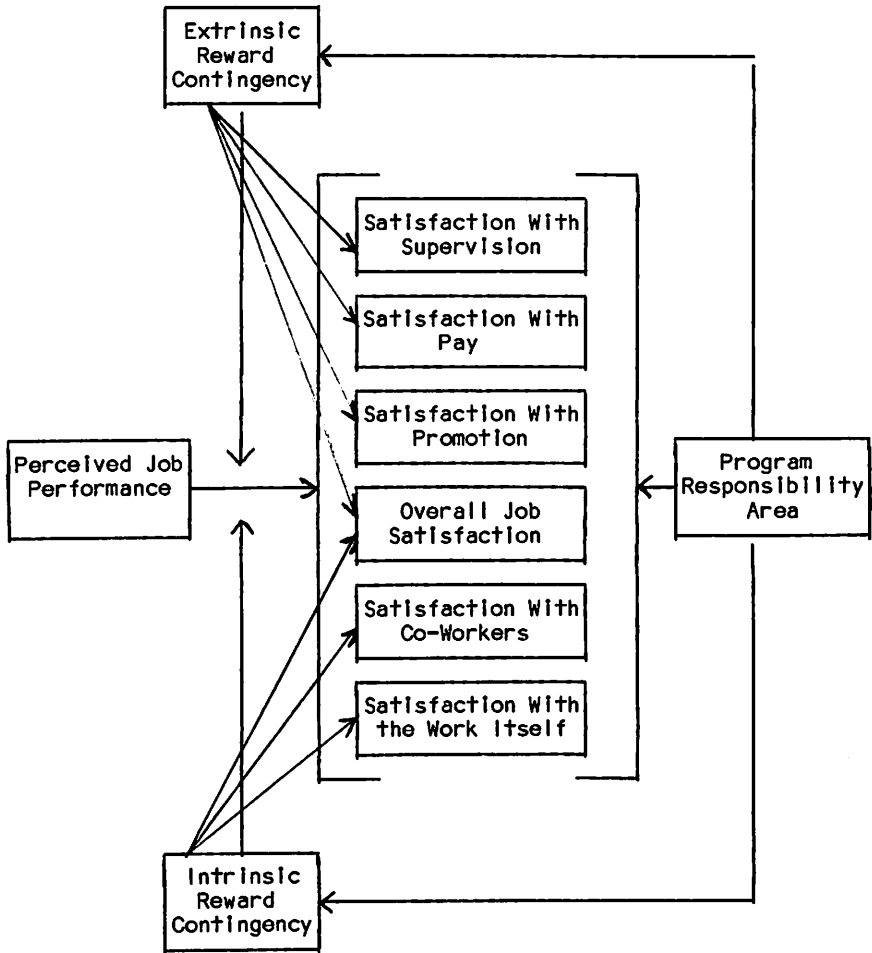


Figure 1. Model suggesting relationships among variables.

The following hypotheses were developed to address Objective 2 and Objective 3:

1. Satisfaction with pay, promotion, and supervision will be positively related to the perceived job performance-extrinsic reward contingency.
2. Satisfaction with co-workers and the work itself will be positively related to the perceived job performance-intrinsic reward contingency.
3. Overall job satisfaction will be positively related to both of the perceived job performance-reward contingency variables.
4. The perceived job performance-extrinsic reward contingency will moderate the relationships between job performance and all job satisfaction variables in the following way:

High performance will lead to high satisfaction and low performance will lead to low satisfaction only when there is a high perceived performance-extrinsic reward contingency. No relationship is expected between performance and satisfaction when there is a low performance-extrinsic reward contingency.

5. The perceived job performance-intrinsic reward contingency will moderate the relationships between job performance and all job performance satisfaction variables in the following way:

High performance will lead to high satisfaction and low performance will lead to low satisfaction only when there is a high perceived performance-intrinsic reward contingency. No relationship is expected between performance and satisfaction when there is a low performance-intrinsic reward contingency.

Procedures

The design of the study was correlational in nature, allowing the researcher to investigate relationships among variables.

Population

The population consisted of all Ohio Cooperative Extension Service county agents under contract March 1, 1985. Names were obtained from a validated list secured from the Ohio Cooperative Extension Service. The validation process controlled for selection and frame error. The population ($N = 244$) included agriculture agents ($n = 94$), home economics agents ($n = 80$), and 4-H youth agents ($n = 70$).

The entire population was used in the study (controlling sampling error) and was referred to as a sample of all populations of Ohio Cooperative Extension Service county agents who might have been employed by the Ohio Cooperative Extension Service at other points in time. This logic permitted the use of inferential statistics in the data analysis.

Data Collection

The data were collected during the month of May, 1985 using a mail questionnaire following suggestions by Dillman (1978). Data for 218 agents were usable (data sample = 89%). Generalizability of the results of the study was determined by comparing early respondents with late respondents (Miller & Smith, 1983) on all variables using t tests ($\alpha = .05$). No differences were found.

Instrumentation

The mail questionnaire contained three parts: (a) Likert-type items scaled very strongly disagree = 1 to very strongly agree = 6, (b) demographic items, and (c) the Job Descriptive Index (Smith, Kendall, & Hulin, 1969) which measures facets of job satisfaction. Content validity was determined using a panel of experts. Reliability of Likert-type items was determined using a pilot test of Ohio Cooperative Extension Service district personnel producing Cronbach's alphas ranging from .70 to .95 and from the data sample .77 to .91.

Data Analysis

Descriptive statistics, multiple regression, moderated regression as recommended by Pedhazur (1982), Pearson correlation coefficients and t tests were used for analysis of the data. Alpha levels were set a priori at .05.

Results

Results are organized by objectives.

Objective 1. Agents reported a moderate amount ($\bar{X} = 4.42$; $SD = .76$; scale 1-6) of overall job satisfaction but had varying amounts associated with specific components of the job depending on the particular facet being measured. Findings suggested that many agents were not satisfied with promotion opportunities ($\bar{X} = 10.96$; $SD = 7.18$, scale 0-27). Similar to those findings were the results of satisfaction with pay ($\bar{X} = 15.26$; $SD = 5.40$; scale 0-27). Agents scored medium to high on the facet, the work itself ($\bar{X} = 39.95$, $SD = 5.70$; scale 0-54). Most agents were even more satisfied with their supervision ($\bar{X} = 41.46$; $SD = 10.72$; scale 0-54). The facet of the job that respondents were most satisfied with was their relationships with co-workers ($\bar{X} = 44.37$; $SD = 9.94$; scale 0-54).

Agents tended to reward themselves intrinsically for good performance (intrinsic reward contingency, $\bar{X} = 4.73$; $SD = .67$; scale 1-6). Forty-two percent of the respondents disagreed, however, that the organization had a performance-contingent reward system with the mean score of 3.65 ($SD = .73$) on the extrinsic reward contingency. Agents rated themselves as moderately high performers ($\bar{X} = 4.73$; $SD = .41$; scale 1-6).

Objective 2. Data for Objective 2 appear in Table 1. Results supported Hypothesis 1. Substantial positive relationships were found between satisfaction with pay and promotion and with the extrinsic reward contingency ($r = .54$, $r = .52$, respectively). A moderate positive relationship was found between satisfaction with supervision and the extrinsic reward contingency ($r = .48$).

Results for Hypothesis 2 were mixed. No relationship was found between satisfaction with co-workers and the intrinsic reward contingency ($r = .04$), but a moderate positive relationship between the work itself and the intrinsic reward contingency was indicated by the .30 correlation coefficient.

Hypothesis 3 was supported with results indicating that overall job satisfaction is positively related to both contingency variables. The relationship was moderate for the extrinsic reward contingency ($r = .36$) and substantial for the intrinsic reward contingency ($r = .50$).

Objective 3. Data for these hypotheses appear in Tables 2 and 3. The job performance-extrinsic reward contingency was not found to be a moderating variable but instead was determined to have a direct effect on satisfaction as indicated by significant variance increments for the contingency variables in all regression models. The hypothesized and actual relationships are pictured in Figure 2.

The only significant interaction (indicating the moderation of a relationship) found was associated with satisfaction with promotion, but the moderating variable appeared to be job performance rather than the contingency variable. The interaction was ordinal and indicated that high performers' satisfaction with promotion increased as perceptions of equity of the reward system increased but at a slower rate than the increase associated with low performers.

The intrinsic reward contingency was also not found to moderate the relationship between performance and satisfaction. The only significant interaction (associated with satisfaction with supervision) was again an indication that job performance moderated the relationship between

Table 1

Pearson Correlation Coefficient for the Relationships Between Variables

	Perceived Job Perform- ance	Overall Job Satis- faction	Satisfaction					Extrinsic Reward Contingency	Intrinsic Reward Contingency
			Pay	Promotion	Work Itself	Co- Workers	Super- vision		
Perceived job performance	1.00								
Overall job satisfaction	.26	1.00							
Satisfaction with pay	-.11	.33	1.00						
Satisfaction with promo- tion	-.09	.22	.28	1.00					
Satisfaction with work itself	.10	.50	.26	.25	1.00				
Satisfaction with co- workers	.04	.23	.22	.31	.27	1.00			
Satisfaction with super- vision	-.05	.24	.27	.35	.26	.28	1.00		
Extrinsic reward contin- gency	.04	.36	.54	.52	.36	.36	.48	1.00	
Intrinsic Reward contin- gency	.35	.50	.05	.04	.30	.04	.14	.11	1.00

Table 2

Results of Moderated Regression of the Interaction of Job Performance-Extrinsic Reward Contingency and Self-Rating of Job Performance in the Prediction of Desirability of Staying Variables

Dependent Variable	Self Rating of Job Performance ^a		Performance-Extrinsic Reward ^a		Interaction ^b	
	Change In R^2	F	Change In R^2	F	Change In R^2	F
Overall job satisfaction	.060	16.10*	.119	31.43*	.002	.48
Satisfaction with promotion	.012	3.55	.277	83.03*	.040	12.67*
Satisfaction with pay	.018	5.37*	.288	93.26*	.003	1.00
Satisfaction with the work itself	.008	1.99	.123	3.058*	.000	.06
Satisfaction with co-workers	.001	.12	.127	31.22*	.001	.12
Satisfaction with supervision	.005	1.36	.234	66.00*	.000	.08

^adf = 1,215. ^bdf = 1,214.

* $p < .05$, $F_{crit} = 3.98$

Table 3

Results of Moderated Regression of the Interaction of Job Performance-Intrinsic Reward Contingency and Self-Rating of Job Performance in the Prediction of Desirability of Staying Variables

Dependent Variable	Self Rating of Job Performance ^a		Performance-Intrinsic Reward ^a		Interaction ^b	
	Change In R^2	F	Change In R^2	F	Change In R^2	F
Overall job satisfaction	.008	2.32	.192	55.66*	.007	2.04
Satisfaction with promotion	.012	2.58	.006	1.34	.008	1.85
Satisfaction with pay	.018	3.86	.008	1.72	.004	.85
Satisfaction with the work itself	.000	0.00	.070	18.26*	.006	1.42
Satisfaction with co-workers	.001	.13	.001	.17	.010	2.13
Satisfaction with supervision	.011	2.44	.028	6.26*	.020	4.62*

^adf = 1,215. ^bdf = 1,214.

* $p < .05$, $F_{crit} = 3.89$

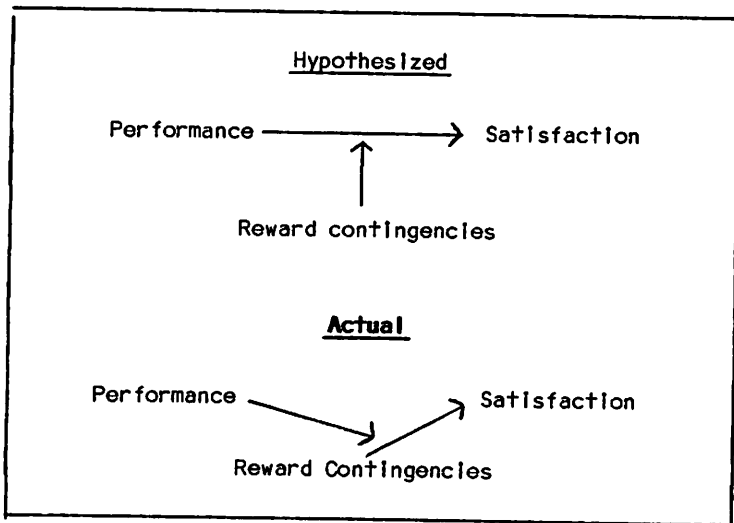


Figure 2. Hypothesized and actual relationships between performance, reward contingencies and satisfaction.

the contingency variable and satisfaction and not the reverse. (The change in R^2 was .02, and again the magnitude suggests the question of practical significance.) This interaction was disordinal and suggested that if agents were high performers, their satisfaction with supervision would increase as their perceptions of the intrinsic contingency increased, but if they were low performers, the opposite relationship was true.

Conclusions and Recommendations

High satisfaction with intrinsic components of the job (co-workers and the work itself) and lower satisfaction with extrinsic components (pay, promotion, supervision) as well as low scores on the extrinsic reward contingency and high scores on the intrinsic reward contingency indicate that agents tend to reward themselves for high performance while they perceive that the organization does not. The extension service should investigate the actual reward contingencies in place to determine equity of the reward system. In addition, importance must be placed on administrative awareness of perceptions and attitudes of employees.

The high correlations between the contingency variables and measures of satisfaction indicate that organizations concerned with satisfaction levels among employees should pay particular attention to perceptions of equity of the reward system. The lack of significant interactions between performance and perceived equity indicate that, generally, if the condition exists (perceived equity or inequity), it exists regardless of performance level.

References

- Brayfield, A. H., & Crockett, W. H. (1955). Employee attitudes and employee performance. Psychological Bulletin, 52, 396-424.

(Continued on page 54)