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Impact of reward or fringe benefits on employees' job satisfaction in insurance organization in Bihar

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Abstract

Job satisfaction is a fundamental aspect of employee well-being and organizational effectiveness. It is influenced by various factors, including compensation, recognition, job security, and overall work environment. This study examines the impact of reward systems on job satisfaction, with a particular focus on the insurance sector in Bihar, India. The research explores the relationship between monetary and non-monetary rewards and how they contribute to employee motivation, engagement, and retention. In an industry characterized by competitive pressures and target-driven roles, understanding the dynamics of job satisfaction is crucial for improving workforce stability and productivity.

The study employs both qualitative and quantitative methodologies, using structured surveys to collect data from 500 insurance employees in Bihar. The survey aimed to assess employees' perceptions of reward systems, their satisfaction with monetary benefits, and the adequacy of incentives provided by their organizations. Key areas of focus included salary structures, bonuses, promotions, job security, and recognition practices.

The study emphasizes the need for insurance firms to reassess their reward systems to address employee dissatisfaction by implementing transparent, equitable, and performance-based compensation structures that align financial incentives with contributions. Competitive salaries, fair promotions, and meaningful recognition programs can enhance job satisfaction, leading to better retention and productivity. Additionally, a holistic approach to employee well-being is crucial, incorporating non-monetary incentives such as career development opportunities, flexible work arrangements, and a positive work environment. By adopting comprehensive reward strategies that address both financial and psychological needs, insurance companies can ensure a motivated and engaged workforce.

In conclusion this study highlights that inadequate reward systems drive job dissatisfaction in Bihar's insurance sector. Enhancing compensation, transparent promotions, and recognition programs can improve morale, reduce attrition, and boost success. Future research should examine personalized rewards and non-monetary incentives.

Keywords: Reward, fringe benefits and Job satisfaction, non-monetary incentives

1. Introduction

Job satisfaction is an essential factor influencing employee well-being and organizational performance. As companies seek to boost engagement and productivity, the design and implementation of effective reward systems-encompassing both monetary and non-monetary benefits have become pivotal. These systems aim to recognize employees' contributions, fostering a sense of value and fulfillment. Research and practice increasingly emphasize their role in shaping job satisfaction, which reflects an individual's contentment with their work environment, security, work-life balance, and perceived fairness in compensation.

In competitive industries like insurance, job satisfaction directly impacts critical outcomes such as productivity, absenteeism, and employee retention. India's economic growth has been significantly supported by its burgeoning insurance sector, which has generated numerous employment opportunities. However, globalization and privatization have intensified market competition, making it imperative for organizations to prioritize employee satisfaction. While job satisfaction, motivation, and morale are interconnected, they represent distinct concepts. Motivation drives enthusiasm for tasks, job satisfaction reflects a positive mental state, and morale encompasses collective attitudes toward the workplace.

Reward systems typically include monetary components like salaries, bonuses, and incentives, alongside non-monetary elements such as promotions, career development opportunities, flexible work arrangements, and recognition programs.

Recognition through verbal praise, awards, or public acknowledgment plays a vital role in validating employees' efforts. Empirical studies highlight that well-structured reward systems positively influence job satisfaction, thereby enhancing performance. For instance, Baron (1983) ^[4] defines motivation as the psychological force that energizes goal-directed behavior, emphasizing the importance of aligning rewards with employees' needs. Similarly, Hafiza *et al.* (2011) ^[10] identify factors like working conditions, training, job security, and fair reward policies as key drivers of employee performance.

Human resource management serves as the foundation for building a sustainable competitive advantage, particularly in dynamic industries. Organizations must adopt strategies to attract and retain skilled talent, recognizing that employees are their most valuable asset. Reward systems, when strategically designed, not only boost job satisfaction but also drive efficiency and innovation. Research by Qureshi *et al.* (2010) ^[15] underscores the direct correlation between reward structures and employee performance, with satisfaction acting as a mediating factor.

Rewards, as defined by Baraton (1999), encompass all financial returns, services, and benefits derived from employment. Colin (1995) conceptualizes them as the advantages gained from fulfilling job responsibilities, while Searle (1990) categorizes rewards into extrinsic (tangible benefits like pay) and intrinsic (non-tangible elements like recognition). Both forms are critical in shaping employee attitudes. For example, extrinsic rewards address financial security, while intrinsic rewards fulfill psychological needs for appreciation and growth.

This research article reviews existing literature to analyze how reward systems influence job satisfaction within insurance companies. By synthesizing empirical evidence and theoretical frameworks, it explores the mechanisms through which rewards affect employee behavior and identifies contextual factors such as organizational culture and individual preferences that moderate this relationship. The findings aim to guide insurance firms in designing tailored reward strategies that enhance job satisfaction, thereby improving retention and productivity.

The insurance sector's unique challenges including high-pressure targets and client-centric roles necessitate reward systems that balance financial incentives with recognition and career development. For instance, flexible work arrangements can alleviate stress, while performance-based bonuses may drive goal attainment. However, a one-size-fits-all approach is ineffective; understanding workforce diversity and aligning rewards with employee expectations is crucial.

1.2 Objective

1. **Primary Objective:** This study aims to analyze the influence of rewards and fringe benefits, on enhancing job satisfaction among employees.
2. **Relationship Exploration:** The research seeks to evaluate how organizational reward systems correlate with the degree of job satisfaction reported by employees.
3. **Perception Analysis:** A key focus is to understand how employees perceive the value and adequacy of incentives and supplementary benefits provided by their workplace.

2. Literature Review

Highlight the significance of job security in enhancing workplace happiness. Their study reveals that employees in public-sector life insurance firms experience greater job stability compared to private-sector counterparts, enabling them to concentrate on tasks without stress-induced distractions. Despite comparable wage structures across both sectors, private firms impose significantly higher stress levels on employees. The research emphasizes that improving motivation strategies in the insurance industry could elevate workers' job satisfaction.

Yadav and Singh (2015) ^[17], job satisfaction reflects employees' overall and specific feelings about their work. Skilled human capital is vital for organizational success in a competitive economy. Companies thrive by valuing and motivating their workforce, as a driven and efficient team distinguishes one business from another.

A study by **S Irshad and PT (2013)** surveyed employees in Indian insurance firms, revealing key factors influencing job satisfaction: salary, job role, benefits, management effectiveness, and workplace relationships. Satisfaction levels varied by age, experience, and gender. The research noted significant industry transformations over decades, affecting corporate culture and employee morale, with workers generally reporting positive engagement and enthusiasm.

Conducted a study examining employee satisfaction, revealing that a majority of employees expressed contentment with their roles. Key factors influencing workplace satisfaction included job security, compensation, benefits, and professional development opportunities. The research emphasized the importance of adopting tailored human resource management (HRM) strategies aligned with organizational goals to ensure sustained success and employee well-being.

Highlights that effective reward systems enhance employee satisfaction, modify negative behaviors, and foster productivity. Fair compensation structures improve organizational performance by ensuring regulatory adherence, labor cost management, equity, and heightened employee efficiency, ultimately boosting productivity and customer satisfaction.

Zaman *et al.* (2011) ^[10] emphasize human resources as pivotal for competitive advantage through their skills and expertise. Retaining and optimizing talent requires strategies like workplace conditions, leadership, training, culture, reputation, and rewards. Among these, rewards are crucial for motivating employees and sustaining organizational success.

Highlight the necessity of establishing performance-based reward systems to retain top talent, emphasizing that compensation should correlate with employees' productivity levels.

Rewards encompass benefits received for completing tasks, providing services, or fulfilling responsibilities. While compensation is primary, organizations often supplement salaries with bonuses, health insurance, pension plans, profit-sharing, stock options, and other incentives to enhance employee value and retention.

Empirical studies suggest that linking extrinsic and intrinsic rewards to individual performance enhances job satisfaction & productivity. Effective reward policies should align with organizational goals. A strategic reward system boosts employee performance, driving competitive advantage.

Management must carefully design rewards to maximize motivation and ensure long-term success.

This study explores the influence of extrinsic and intrinsic rewards on employee job satisfaction within an insurance organization. Employee job satisfaction serves as the dependent variable, while extrinsic and intrinsic rewards function as independent variables. The extrinsic rewards encompass four key dimensions: salary, bonuses, benefits, and promotions. Meanwhile, intrinsic rewards include recognition, career growth, responsibility, and learning opportunities. The most frequently analyzed extrinsic reward factors are salary, bonuses, benefits, and promotions, while intrinsic rewards primarily consist of recognition, career progression, responsibility, and learning opportunities. This study aims to assess the impact of these extrinsic and intrinsic reward factors on employee job satisfaction.

3. Research Methodology

This section outlines the qualitative & quantitative research methodology employed to investigate the relationship between reward systems and employee job satisfaction, utilizing structured surveys to collect data through a questionnaire developed from validated scales and existing literature. The instrument is organized into four key segments: demographic profiles, perceptions of performance

management systems, motivational factors, and productivity indicators, distributed digitally to ensure accessibility while prioritizing participant confidentiality and anonymity. Data will be systematically analyzed using statistical techniques to identify correlations and trends, aiming to derive actionable insights into how reward mechanisms influence job satisfaction and provide evidence-based recommendations for organizational practices and future research.

4. Findings and Discussion

The study engaged approximately 500 employees across multiple insurance firms in Bihar, utilizing a structured questionnaire administered through digital platforms and in-person interviews. Out of 500 respondents 435 employees completed the survey. According to Sekaran (2001), a response rate of 30% is generally acceptable for most research studies. This study achieved a response rate of 87%. A combination of descriptive statistics and mixed-methods analytical framework incorporating both qualitative and quantitative techniques was applied to assess the empirical relationship between reward systems, fringe benefits, and employee satisfaction. Key findings and their implications are detailed in the following sections.

4.1 Demographic Distributions

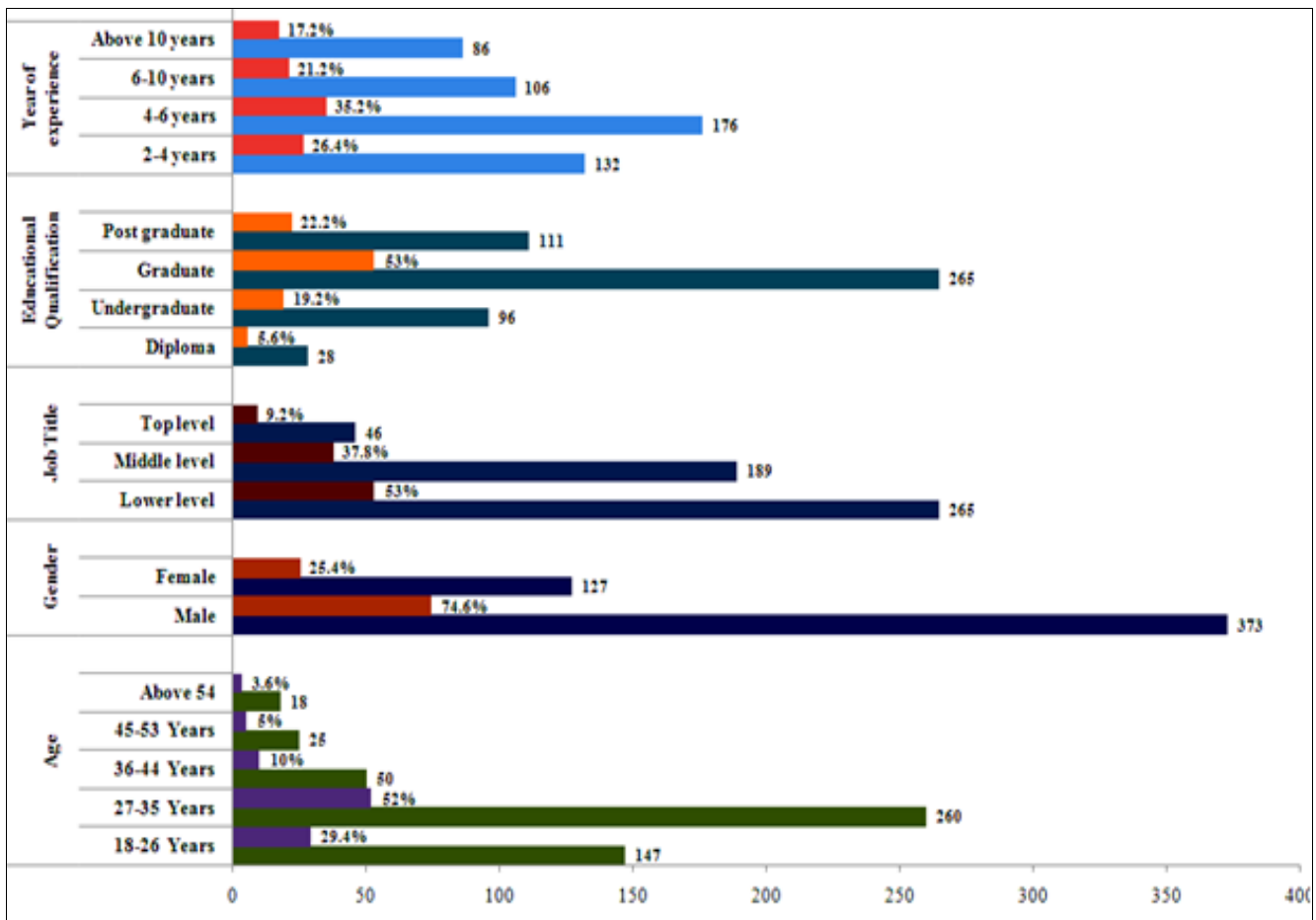


Fig 1: Demographic distribution of respondents

Table 1: Demographic distribution of respondents

S. No.	Variables	Options	Total Respondents	Response %
1	Age	18-26 Years	147	29.4
		27-35 Years	260	52.0
		36-44 Years	50	10.0
		45-53 Years	25	5.0
		Above 54	18	3.60
		Total	500	100
2	Gender	Male	373	74.6
		Female	127	25.4
		Total	500	100
3	Job Title	Lower level	265	53.0
		Middle level	189	37.8
		Top level	46	9.2
		Total	500	100
4	Educational Qualification	Diploma	28	5.6
		Undergraduate	96	19.2
		Graduate	265	53.0
		Post graduate	111	22.2
		Total	500	100
5	Year of experience	2-4 years	132	26.4
		4-6 years	176	35.2
		6-10 years	106	21.2
		Above 10 years	86	17.2
		Total	500	100

A survey of 500 Bihar insurance employees reveals a gender imbalance (74.6% male) and a young workforce (81.4% aged 18-35). High education levels (75.2% graduate/postgraduate) meet industry needs, but mid-career dominance (61.6% with 2-6 years) limits long-term retention (17.2% over 10 years). A hierarchical structure (53% lower, 37.8% middle, 9.2% top) signals challenges in diversity, career growth, and retention. These trends

underscore challenges in gender diversity, career progression, and tenure retention, with implications for fostering inclusive policies, leadership development, and strategies to enhance employee longevity and advancement

4.2 Relationship between monetary reward and employees’ job satisfaction

Table Descriptions

Table 2: Employee Perceptions on Reward Policy Implementation

1. My organization's reward policy and procedures are implemented effectively		
Description	Frequency	Percent
1 Strongly disagree	138	31.7
2 Disagree	257	59.1
3 Neutral	27	6.2
4 Agree	8	1.8
5 Strongly agree	5	1.1
Total	435	100

Table 3: Compensation Based on Workload

2. My compensation is determined by the volume of work I complete		
Description	Frequency	Percent
1 Strongly disagree	212	48.7
2 Disagree	144	33.1
3 Neutral	20	4.6
4 Agree	35	8.0
5 Strongly agree	24	5.5
Total	435	100

Table 4: Salary Increment Satisfaction

3. My annual salary increase meets my expectations		
Description	Frequency	Percent
1 Strongly disagree	184	42.3
2 Disagree	177	40.7
3 Neutral	35	8.0
4 Agree	25	5.7
5 Strongly agree	14	3.2
Total	435	100

Table 5: Competitiveness of Salary Compared to Industry Standards

4. The pay I received is competitive with similar positions in the industry		
Description	Frequency	Percent
1 Strongly disagree	195	44.8
2 Disagree	145	33.3
3 Neutral	55	12.6
4 Agree	23	5.3
5 Strongly agree	17	3.9
Total	435	100

Table 6: Promotion Based on Performance

5. Promotions at my organization are based on job performance		
Description	Frequency	Percent
1 Strongly disagree	201	46.2
2 Disagree	137	31.5
3 Neutral	60	13.8
4 Agree	28	6.4
5 Strongly agree	9	2.1
Total	435	100

Table 7: Employee Satisfaction with Bonuses

6. I am satisfied with the bonus provide by my organization		
Description	Frequency	Percent
1 Strongly disagree	211	48.5
2 Disagree	162	37.2
3 Neutral	26	6.0
4 Agree	22	5.1
5 Strongly agree	14	3.2
Total	435	100

Table 8: Job Security Perception

7. My organization provides guaranteed job security		
Description	Frequency	Percent
1 Strongly disagree	242	55.6
2 Disagree	151	34.7
3 Neutral	25	5.7
4 Agree	9	2.1
5 Strongly agree	8	1.8
Total	435	100

Table 9: Fairness of Employee Recognition

8. My organization fairly recognizes employees for their work.		
Description	Frequency	Percent
1 Strongly disagree	144	33.1
2 Disagree	223	51.3
3 Neutral	51	11.7
4 Agree	10	2.3
5 Strongly agree	7	1.6
Total	435	100

Figure Descriptions

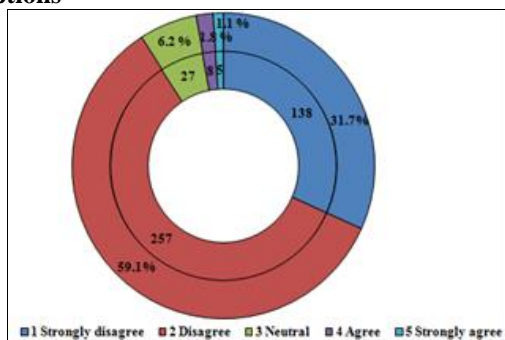


Fig 2: Perceptions on Reward Policy Implementation

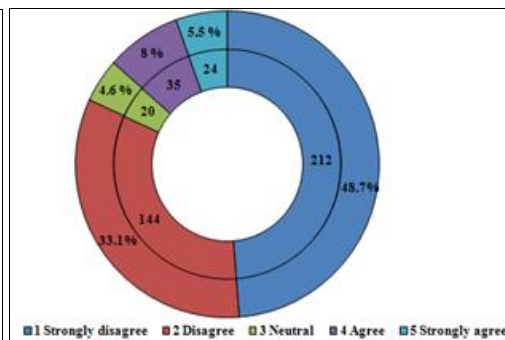


Fig 3: Compensation Based on Workload

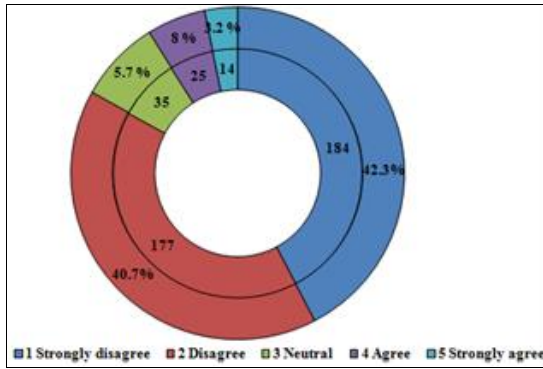


Fig 4: Satisfaction with Salary Increments

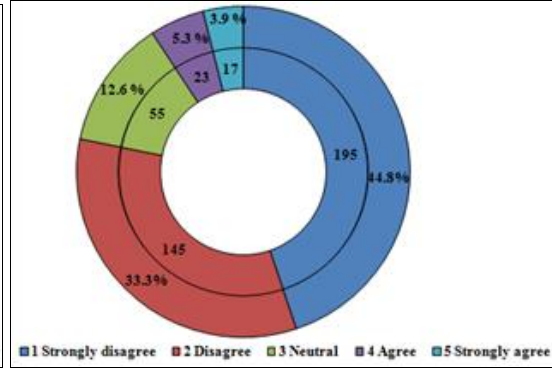


Fig 5: Salary Competitiveness in the Industry

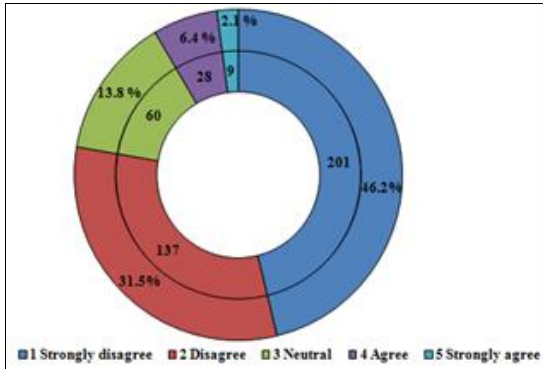


Fig 6: Promotion Criteria in Organizations

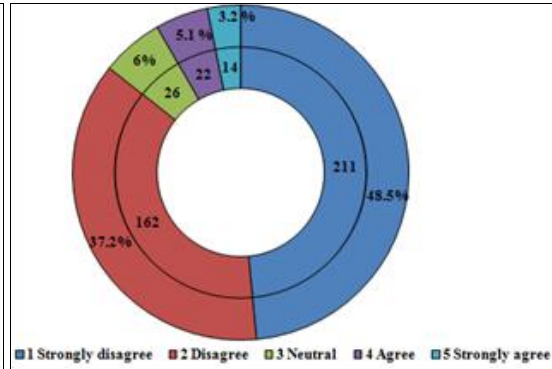


Fig 7: Satisfaction with Bonuses

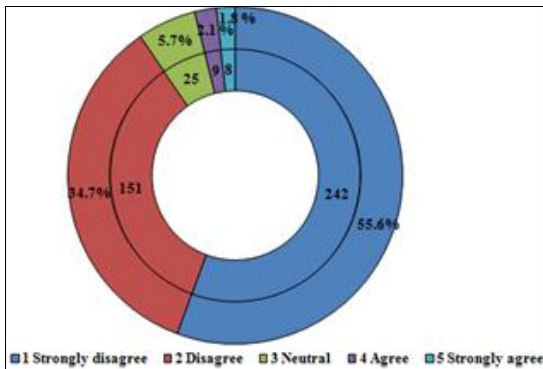


Fig 8: Job Security Perception

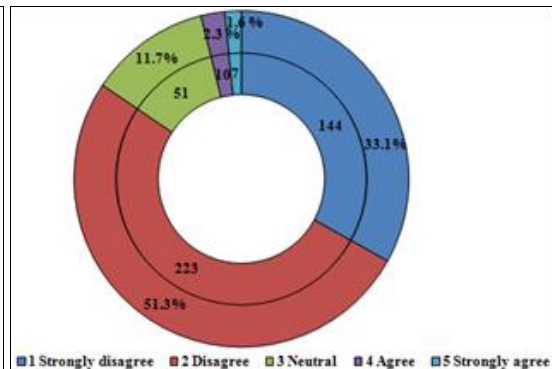


Fig 9: Fairness in Employee Recognition

The survey results indicate a high level of dissatisfaction among employees regarding monetary rewards and job satisfaction in the insurance sector in Bihar. A significant 90.8% of insurance employees in Bihar are dissatisfied with monetary rewards and job satisfaction, citing ineffective policies, lack of transparency, and unfair financial incentives, leading to disengagement and low morale.

Additionally, 81.8% of employees feel their compensation isn't based on workload. In the target-driven insurance industry, this disconnects between performance and rewards may cause frustration, lack of recognition, and decreased motivation.

Salary growth is a major concern, with 83% dissatisfied with annual hikes and 78.1% feeling their pay is uncompetitive. This misalignment with expectations and industry standards may drive high attrition, as employees seek better opportunities in insurance or financial firms offering higher salaries, impacting retention and overall job satisfaction.

Promotions seem problematic, with 77.7% of employees believing they aren't performance-based. In a sales-driven

industry, concerns about favoritism arise. Additionally, 85.7% express dissatisfaction with bonuses, highlighting inadequate financial incentives. This lack of merit-based growth and rewards may impact motivation, productivity, and overall job satisfaction within the organization.

Job security is a major concern, with 90.3% of employees feeling uncertain about their long-term prospects. In Bihar's competitive insurance industry, fluctuating policy sales create instability, leading to anxiety and lower workplace engagement. Economic and market conditions further impact job stability, making employees feel insecure about their future.

Finally, employee recognition appears to be inadequate, with 84.4% of respondents feeling that their hard work is not fairly acknowledged. Since insurance agents and employees play a crucial role in acquiring and retaining customers, the absence of recognition and appreciation can lead to demotivation and decreased performance.

Overall, the data suggests that monetary rewards, including salary, bonuses, promotions, and job security, are significant sources of dissatisfaction among employees at insurance

organization. Addressing these concerns through transparent reward systems, competitive salaries, performance-based promotions, and better recognition practices could improve job satisfaction and organizational commitment.

5. Conclusion

In conclusion, the findings of this study highlight the critical role of reward management systems in fostering employee motivation and Job satisfaction. Organizations should prioritize the design and implementation of effective reward management systems that align with organizational goals, provide meaningful feedback and recognition, and create a supportive work environment.

The findings suggest that monetary rewards, including salary, bonuses, promotions, and job security, are significant sources of dissatisfaction among insurance company employees in Bihar. To improve employee morale and retention, insurance companies should consider revising their compensation structures, ensuring fair promotion policies, providing competitive salaries, and recognizing employee contributions more effectively. Implementing transparent and performance-based reward systems can help create a more motivated and committed workforce, ultimately leading to better organizational growth and success.

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