

Impact of Compensation Factors on the Work-Family Conflict

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Abstract

The study is conducted to identify the impact of compensation factors (salary, extrinsic rewards and intrinsic rewards) on one of the most important issue of now-a-days that is work-family conflict. Aimed at this purpose, data was collected from 64 respondents from MCB Bahawalpur region through convenience sampling technique. Data coding, analysis and interpretation was done through SPSS. Correlation and regression analysis was used to determine the significance and variation of dependent variable due to independent variable of the study. The findings shows that there is an insignificant relationship between salary and work-family conflict while there is a positive significant relationship between extrinsic and intrinsic rewards on work-family conflict. So, first hypothesis is rejected and the remaining two are accepted. Study objectives are also accomplished by analyzing that compensation factors have an impact on work-family conflict and poor compensation leads to increase this kind of conflict. Compensation has an effect on work-family conflict.

Key words: Compensation factors, Salary, Extrinsic rewards, intrinsic rewards, Work-family conflict.

Introduction

In this current world of 21st century employees become the back bone of the organization and to get maximum of the output from employees organizations focus on best compensation management strategies. Compensation is considered to be as a direct or secondary rewards and benefits either in the form of salaries or other non-monetary kind of rewards, based on the job position and performance of employee (Obasan, 2012). Further organizations also focus to solve the problem of work-family conflict because it is the unwanted, unexpected and undesirable result occurs from family and working organizations for the individual (Haslam *et al*, 2014; Yildirim and Ayca, 2008). Work-family conflict is the intervention of work into personal life and vice versa (Qureshi and Sajjad, 2015). There are some researches that has been done on compensation to check its impact on employee performance, job satisfaction, job engagement, employee's leadership, employee productivity, motivation and organizational commitment (Adeoye, 2014; Wekesa and M.A, 2013; Odunlami and Matthew, 2014; Qureshi and Sajjad, 2015; Hameed *et al*, 2014; Vijaya and B, 2015). Other researches has also been done on work-family conflict (Calvo-Salguero *et al*, 2010; Yildirim and Ayca, 2008; Haslam *et al*, 2014).

Study Gap

The research has been done on compensation and work-family conflict separately but negligible research has been done on these two problems simultaneously with the combination of variables use as predictor of compensation management. Variables that are used to find compensation management are salary, extrinsic reward and intrinsic reward to find the relationship of compensation management on the work-family conflict. Dimensions used to measure this conflict are flexible working hours, wage rate, work load, job knowledge, family commitment and job satisfaction.

Problem statement

In the world of business, work-family conflict is becoming avital and emerging issue. It is observed that poor compensation strategies lead people towards longerworking hours, hard work routine and tough work load that have an effect on work-family conflict.

The purpose of study

The study aims at to find the problems which employees are facing in the work-family conflict due to poor compensation management strategies. Employees work for longer working hours to have good salary benefits to fulfil the family's requirements and hence they are even not able to balance a single one from these both (work and family). So the research is being conducted to find which dimension effect employee the most in work-family conflict. The study can be implemented for the organizations who aim to resolve employee's work-family conflict and care about employee; such as their working hours, wage rate and work load. If organizations do not focus on this issue the result will be in the form of job dissatisfaction and turnover (Netemeyer *et al*, 1996). The organizations can make the task and family life easier by offering good compensation packages and flexible working hours. The main benefit of the study is to make organizations and its employees think on the effect of compensation on work-family conflict to take corrective measures.

Scope of the study

The scope of the study is limited to the Bahawalpur region in which all the branches of MCB bank in Bahawalpur region are involved. The respondents of the study are the employees working in the MCB in Bahawalpur sector. The results can be apply in the organizations that have low wage rate and longer working hours such as banks, schools, universities, public and private firms etc.

Significance of the study

The significance of the study is the combination of variables being used and the dimensions used for compensation management (salary, extrinsic reward and intrinsic

reward) and work-family conflict (flexible working hours, wage rate, work load, job knowledge, family commitment and job satisfaction). These dimensions have never been studied simultaneously before this research.

Objectives

- 1) To identify that compensation factors has an impact on work-family conflict.
- 2) To identify that poor compensation can increase work-family conflict.

Literature Review

The previous researches has been done on compensation management and work-family conflict. These both are considered to be important by researchers (Alviet *et al*, 2014; Haslam *et al*, 2014; Obasan, 2012; Qureshi and Sajjad, 2015; Adeoye, 2014). A study by Qureshi and Sajjad (2015) proved that compensation has a positive association with work-family conflict in Saudi Arabia.

Work-family conflict

According to Qureshi & Sajjad (2015) work-family conflict occurs when work life affects the context of family or personal life that may include irregular working hours, job stress, work load etc. or when family life affects the work life. There are two basic dimensions of work-family conflict that have different circumstances and significances which is different from each other but are inter-related. The one dimension of this conflict refers to hindrance of professional life in personal life this is called work-to-family conflict, and the other conflict refers to hindrance of personal life in professional life known as family-to-work conflict (Casper *et al*, 2007; Byron, 2005; Frone *et al*, 1992).

According to Calvo-Salguero *et al*, (2010) men show higher level of job satisfaction than women and association of work-interfere-family on work satisfaction is high in women rather than men. Other researches illustrate that there is an association among work-to-family conflict and lower employment and with the satisfaction of life (Yildirim and Aykan, 2008). It is also proved in a research that the longitudinal predictor of

employee's positive well-being is work-family conflict (Grant-Vallone and Donaldson, 2001).

Compensation

Compensation is defined by Dessler (2005) the combined payments that are being given to employees in return of their employment or work. According to Armstrong (2005, as cited in Odunlami and Matthew, 2014) compensation is the core part of human resource management due to which employees feel themselves secure and mainly employee performance is depend on the compensation packages that organizations pay to them. A fine compensation is paid to those employees who perform well (Hewitt, 2009).

Researchers illustrate through researches that compensation has significant impact on employee performance (Odunlami and Matthew, 2014; Hameed *et al*, 2014; Wekesa and M.A, 2013). Study by Adeoye (2014) elaborates that compensation management has a significant association with employee's leadership. Research also proved that compensation effects the job engagement of the employees (Alviet *al*, 2014). Other studies has also shown that compensation has an influence on motivation and organizational commitment but compensation does not have any relationship with employee performance (Rizal *et al*, 2014).

Salary

According to Yusuf(1984); Robison(1990 as cited in Adeoye, 2014) salary is the most basic and larger dimension of compensation, on monthly basis the money along with the benefits that is paid to the employees for their employment is known as salary and these are a kind of output that the employees have in return of the work to motivate employees. Salary and wages are the crucial factors of compensation management for the motivation of employees and also to increase overall productivity (Adeoye, 2014). According to Hameed *et al*, (2014) if salary is increased then rewards, indirect compensation and performance of employees also increases.

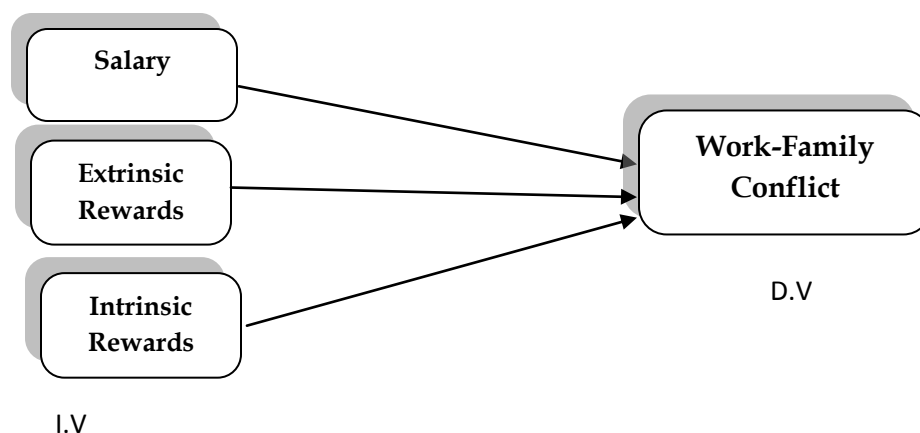
Intrinsic Rewards

Intrinsic reward is the type of reward. These are the non-financial form of rewards that are not been touched and plays an important role for employee motivation (Wekesa and M.A, 2013). Intrinsic rewards includes responsibility, obligation from boss and in short all the characteristics of esteem and actualization (Wekesa and M.A, 2013).

Extrinsic Rewards

Extrinsic rewards are the most common form of rewards that are provided to motivate employees towards productivity and job engagement. These are the rewards that can be touched and utilized like bonuses and financial or other benefits (Wekesa and M.A, 2013). According to Wekesa and M.A (2013) it has been proved that extrinsic rewards motivate employees the most. Research has proved that extrinsic rewards has a positive significant impact on motivation of employee and also on their performance, the problem that employers are facing is that they are not been offered a fair financial rewards (Zamanet *al*, 2011).

Conceptual model



The conceptual model of the study elaborates that compensation is the independent variable that is being measured by its dimensions salary, extrinsic rewards and intrinsic

rewards. Whereas work-family conflict is dependent variable. The model is developed to find the relationship of compensation factors with work-family conflict.

Research Hypothesis

H1: There is a positive significant relationship of salary on work-family conflict

H2: There is a positive significant relationship of extrinsic rewards on work-family conflict

H3: There is a positive significant relationship of intrinsic rewards on work-family conflict

Methodology

Data collection and research instrument

The research is conducted to find the relationship of compensation factors (salary, extrinsic rewards and intrinsic rewards) on work-family conflict. *Population* for this are the employees of MCB Bahawalpur region. The researcher has chosen *descriptive approach* to find the relationship of independent variable on dependent variable. *Primary data* has been collected through survey questionnaire. Research instrument was a structured *questionnaire* which contains 21 items and four nominal items. Respondents used *Likert scale*, 1 for strongly agree and 5 for strongly disagree. Questionnaire was adopted from different studies. Some items were merged, enhanced and self-developed.

Sample size

Convenience sampling technique is use for the data collection from respondents of MCB Bahawalpur. Population was 120 from which sample of 92 is find out (Krejcie & Morgan, 1970). 92 questionnaires were distributed among the respondents, from which 64 were returned

Data Analysis

SPSS (Statistical Package for the Social Sciences) version 20 is used to check the frequency, regression, correlation and multicollinearity among the variables for data analysis.

Response Rate

To determine the impact of compensation factors 92 questionnaires were distributed and 64 were returned which were suitable for computation of further research.

Questionnaires Delivered	Questionnaires Received	Response Rate
92	64	69.56

Response rate is more than 50% in personally administered questionnaire which shows that the research can further be conducted and computed for other analysis and techniques.

Reliability Analysis

Internal reliability is necessary for an instrument to run further tests. Cronbach's alpha is used to for this purpose. Its value should be more than or equal to 0.70 (Nunally, 1978). The inter item reliability of current study is 0.748 which is more than the standard value.

Reliability Statistics

Cronbach's Alpha	N of Items
.748	21

Multicollinearity

To analyze the correlation of independent variables, multicollinearity test is used. The evaluation of multicollinearity is conducted by tolerance and variation inflation factor

(VIF).Collinearity occurs if TOL is less than 0.2 and VIF is more than 5, respectively(Belsely, 1991)

Multicollinearity of Independent Variables

Model	Collinearity Statistics	
	Tolerance	VIF
Salary	.706	1.417
Extrinsic Rewards	.715	1.399
Intrinsic Rewards	.869	1.151

It can be analyzed from the results that these are in favor of the acceptable values. So, collinearity is low in the independent variables of current study.

Correlation Analysis

The relationship of independent and dependent variable is checked through Correlation analysis. In this paper, the researcher finds out the relationship of salary, extrinsic rewards and intrinsic rewards (independent variables) on work-family conflict (dependent variable).

		Correlations			
		SALARY	EXTRINSIC REWARDS	INTRINSIC REWARDS	WORK-FAMILY CONFLICT
SALARY	Pearson Correlation	1	.513**	.323**	.177
	Sig. (2-tailed)		.000	.009	.163
	N	64	64	64	64
EXTRINSIC REWARDS	Pearson Correlation	.513**	1	.305*	.314*
	Sig. (2-tailed)	.000		.014	.011
	N	64	64	64	64
INTRINSIC REWARDS	Pearson Correlation	.323**	.305*	1	.460**
	Sig. (2-tailed)	.009	.014		.000
	N	64	64	64	64
WORK-FAMILY CONFLICT	Pearson Correlation	.177	.314*	.460**	1
	Sig. (2-tailed)	.163	.011	.000	
	N	64	64	64	64

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Results showed that the relationship between salary and work-family conflict is insignificant. Extrinsic rewards has positive significant association with work-family conflict but there is a weak relationship (0.314). Intrinsic rewards has a positive significant association with work-family conflict but relationship is moderate (0.46). It can be written as;

Salary (64) = 0.177, $p=0.163$

Extrinsic Rewards (64) = 0.314, $p=0.011$, **Intrinsic Rewards** (64) = 0.460, $p=0.000$

Hypothesis Testing

	Hypothesis	Results
H1	There is a positive significant relationship of salary on work-family conflict	Reject
H2	There is a positive significant relationship of extrinsic rewards on work-family conflict	Accept
H3	There is a positive significant relationship of intrinsic rewards on work-family conflict	Accept

Regression Analysis

Regression analysis is used to identify the change in independent variable results in increase/ decrease in dependent variable.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.499 ^a	.249	.211	.31466

a. Predictors: (Constant), INTRINSIC REWARDS, EXTRINSIC REWARDS, SALARY

The result elaborates the value of R^2 as 0.249 (24.9%) which means that 24.9% variation in work-family conflict is explained by predictor variable i.e. salary, intrinsic rewards and extrinsic rewards.

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.969	3	.656	6.630	.001 ^b
Residual	5.941	60	.099		
Total	7.910	63			

a. Dependent Variable: WORK-FAMILY CONFLICT

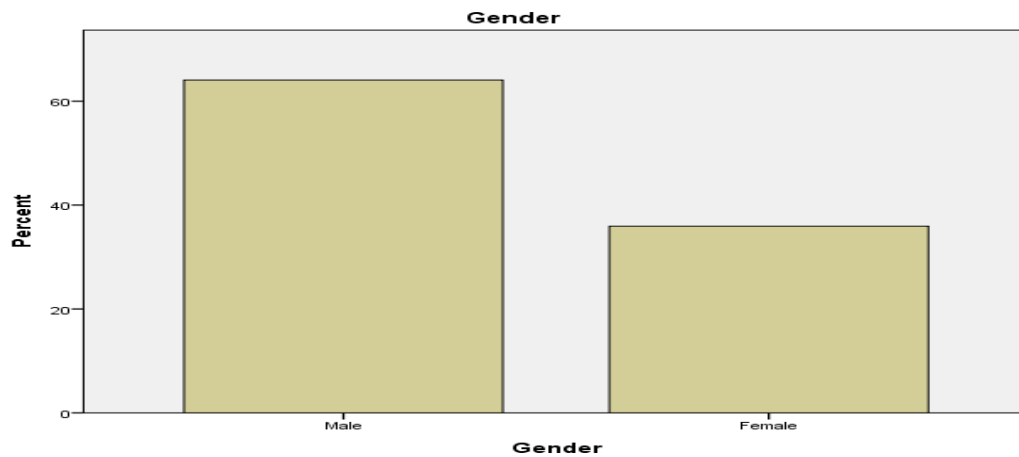
b. Predictors: (Constant), INTRINSIC REWARDS, EXTRINSIC REWARDS, SALARY

The F value in ANOVA table explains that how much the model of the study is fit, so the F value is 6.630 in the current study. The sig value in ANOVA table is less than 0.05 which shows that intrinsic rewards, extrinsic rewards and salary has done a good work in explaining work-family conflict.

Demographics

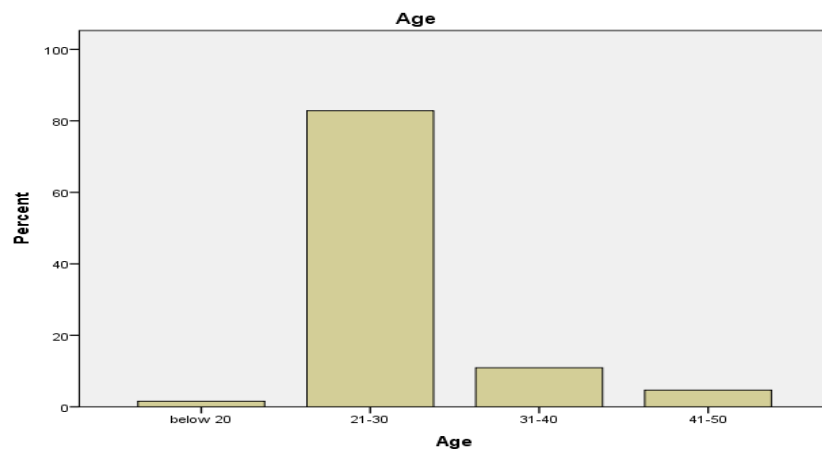
Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	41	64.1	64.1	64.1
	Female	23	35.9	35.9	100.0
	Total	64	100.0	100.0	

Results showed the response rate of male respondents is 64.1% and female respondents is 35.9%. Males are more in number than female. It can also shows that MCB has more male employees than females. The graphical representation of gender is:



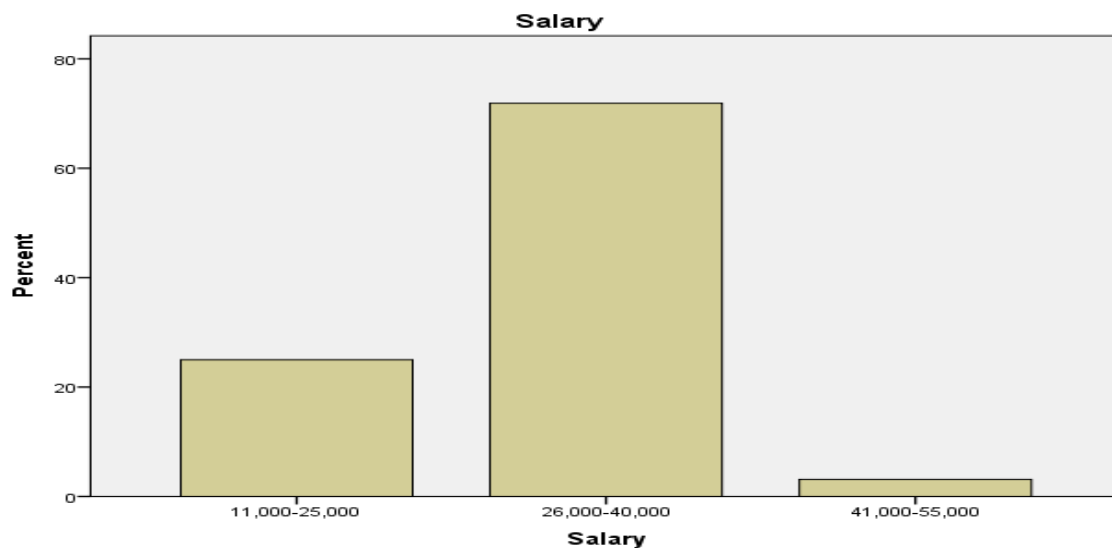
Age				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 20	1	1.6	1.6
	21-30	53	82.8	84.4
	31-40	7	10.9	95.3
	41-50	3	4.7	100.0
	Total	64	100.0	100.0

Table shows that 82.8% respondents were within the age group 21-30. Age of employees between the groups 31-40 is 10.9%. 4.7% of employees are between the age 41-50 and 1.6% of the total respondents are in the age group of below 20. Its graphical representation is:



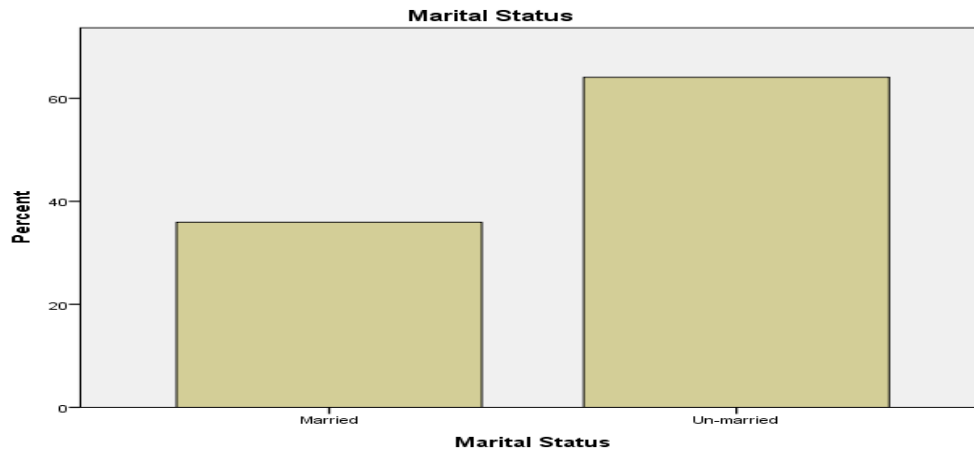
Salary				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 11,000-25,000	16	25.0	25.0	25.0
26,000-40,000	46	71.9	71.9	96.9
41,000-55,000	2	3.1	3.1	100.0
Total	64	100.0	100.0	

The results of the demographic salary shows that salary of 71.9% respondents was 26,000-40,000. 25% respondents were in the group of 11,000-25,000 and 3.1% respondents are in the group of 41,000-55,000. Majority of the respondents and employees of MCB have the salary within 26,000-40,000. Its graphical representation is:



Marital Status				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Married	23	35.9	35.9	35.9
Un-married	41	64.1	64.1	100.0
Total	64	100.0	100.0	

The table shows that 64.1% respondents were un-married and 35.9% respondents were married, which means that majority of the employees in MCB are un-married. Its graphical representation is:



Conclusion

The study identifies the relationship of compensation factors on work-family conflict. Results shows that salary does not influence work-family conflict. Extrinsic rewards have impact on work-family conflict i.e. employees do hard work for the sake of rewards to manage work and family life. Intrinsic rewards also have positive significant impact on work-family conflict which means employees seek for intrinsic rewards to manage their work-family conflict.

As MCB is a reputable institute, employees are much satisfied with the salary that is provided to them hence salary does not affect work-family conflict. This conflict is managed by the rewards. Through rewards employees can stably gone through their lives.

Both the objectives are proved through research. Compensation factors (extrinsic and intrinsic rewards) have impact on work-family conflict, and it is also concluded that poor compensation (lack of intrinsic and extrinsic rewards) will increase work-family conflict.

Recommendations and Suggestions

The research has been done to identify the impact of compensation factors (salary, extrinsic rewards and intrinsic rewards) on work-family conflict but there are some recommendations for future research and suggestions for the organizations to eliminate this kind of conflict:

- Institutes must provide extrinsic and intrinsic rewards in order to lessen these types of conflicts.
- Organizations must reduce work load and provide flexible working hours to their employees.
- Government should take active role to decrease work-family conflict and provide rewards in government as well as private sector.
- As the study is limited within the population of 64 respondents, but when the population will increase the results may be different. For the researchers of future study it is highly recommended that the data of this topic should be collected from the employees who have low salary packages.

Research Limitations

While conducting research, the researcher was bound with some limitations that can be improved in future research:

- Time was limited, the duration was too short to increase the study criteria.
- Variables were only three, there are other factors that can also be studied which have direct impact on work-family conflict.
- Sample size was small, due to small population and short time sample size was only limited to MCB Bahawalpur region.
- For larger sample size more cost would have been incurred so, the cost was also limited in this study.

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