The Effects of Reward System and Motivation on Job Satisfaction: Evidence from the Education Industry in Malaysia

Anantha Raj A. Arokiasamy, Huam Hon Tat and Abdul Ghani Kanesan bin Abdullah

1Quest International University Perak (QIUP), Faculty of Business, Management and Social Sciences (FBMSS) No. 227, Plaza Teh Teng Seng (Level 2), Jalan Raja Permaisuri Bainun, 30250 Ipoh, Perak, Malaysia
2School of Educational Studies, University Science Malaysia (USM) 11800 Penang, Malaysia

Abstract: This study examines the relationship between compensation, motivation and promotion with job satisfaction of academic staff in three private colleges in Malaysia. Sample was randomly collected through a structured questionnaire distributed to three private colleges at Penang, Malaysia and a total of 75 respondents replied. Data was analyzed using descriptive analysis to describe demographic profile of respondents and Pearson Product Moment Correlation to test the relationship between variables. The results indicated that there was a positive significant relationship between compensation, motivation and promotion and job satisfaction among academic staff at these colleges. Organization should consider these variables in promoting satisfaction among employees in order to enhance organizational citizenship.

Key words: Academic staff • Job satisfaction • Colleges • Compensation and motivation

INTRODUCTION

Job satisfaction is an attitude emanated from employees’ perceptions of their jobs or work environments and refers to the extent to which a person likes his/her job [1, 2]. The level of job satisfaction reflects - and is affected by - one’s work experiences as well as his/her present situation and future expectations. Job satisfaction is an attitude very sensitive to the features of the context in which it is studied. There is no model of job satisfaction applicable to all work settings as there are no general truths regarding the factors and the mechanisms accounting for such an elusive and subjective concept.

Motivation is a factor that exercises a powerful force on our activities and exertion. According to [3], motivation is an accretion of diverse practices which effects and directs our behavior to accomplish certain particular goal. It is like a vigorous in the current environment that clearly produces and incorporates an optimistic influence on job. Motivation relay on a certain intrinsic and extrinsic features that are collaborated with positive results in abundantly devoted employees. Tangible incentives are functioning in growing performance for assignment that not completed earlier, to inspire as thinking smarter and support both quality and quantity to accomplish organizational goals [4]. Moreover, incentives and rewards factors are the most favored factors for the employee motivation.

For more than a decade scientists and managers have struggled to identify the cause and effect of job satisfaction and dissatisfaction of employees. The presumption being that satisfied workers are more productive and retention of such workers are longer and easier in organizations. Whereas, dissatisfied employees will be counterproductive and more inclined to quit [5]. Research in human resource management (HRM) has established that it is in the interest of an organization to retain employees and minimize turnover. However, many organizations have little understanding of how to satisfy their employees and the satisfaction level of these employees influence their intent to leave their positions. One way to address the issue of turnover is to understand

Corresponding Author: Anantha Raj A. Arokiasamy, Quest International University Perak (QIUP), Faculty of Business, Management and Social Sciences (FBMSS) No. 227, Plaza Teh Teng Seng (Level 2), Jalan Raja Permaisuri Bainun, 30250 Ipoh, Perak, Malaysia.
the commitment employees have to their operation and to determine what affects these levels of commitment. Job satisfaction has been recognized as a component of organization commitment [6].

Although there have been several job satisfaction studies, very few of them have focused on the job satisfaction of the university’s employees. Universities are the centers for imparting higher education which is an indispensable developmental cornerstone for any country. Universities in the world over are expected to seek and cultivate new knowledge, provide the right kind of leadership in all works of life and strive to promote equality and social justice. These objectives can be achieved when there is job satisfaction among the staff in the institutions [7]. However, [8] found an elusive difference: respondents who give importance to high income are more likely to prefer private sector employment but less likely to work for the public sector. The unique employees’ rewards, motivation and job satisfaction helps to create unique [9] and vibrant capabilities level to drive competitiveness for public and private organizations [10]. [11] Described that tangible incentives are effective in increasing performance for work assignment that not completed before and encourage effectively thinking which assist both quality and quality in achieving goals. Incentives, rewards and recognition are the major aspects that influence on employee motivation. Today employees are involved in their working activities which are for their benefits and feel intrinsic motivation in their behaviors as their activities are enjoyable and satisfactory [12].

The purpose of this study is to investigate the relationship between compensation, promotion and motivation and job satisfaction of academic staff. This study examines the relationship between compensation and motivation with job satisfaction of academic staff at three private colleges in Penang, Malaysia.

**Literature Review:** Job satisfaction defined as “An attitude that individuals have about their jobs”. It results from their perception of their jobs and the degree to which there is a good fit between the individual and the organization. Job satisfaction is a personal attitude towards work and a positive emotional situation when employees reach their expectation on their work and careers [13]. The attitudinal nature of job satisfaction implies that an individual would tend to stay with a satisfying job and quit a dissatisfying job [14]. In research literature job satisfaction is closely associated with organizational commitment [15-18].

Many empirical researches have shown that job satisfaction has a direct impact on the job performed by employees at various levels in an organization. It is related to employee motivation and performance [19]. For any company or enterprise this job satisfaction of total workforce plays a vital role and with a group of satisfied worker institutions can successfully implement their plan. Job satisfaction is one of the most widely discussed issues in organizational behavior, personnel and human resource management and organizational management. To put it simply, job satisfaction is feeling good about the job performed, being in union with the organizations’ vision and mission and a state of mind [20].

According to [21] job satisfaction is a pleasurable feeling that results from the perception that one’s job fulfills or allows the fulfillment of one’s own job values. An individual’s desire to fulfill their material wealth through the job performed consciously or unconsciously. [22] agreed with this definition of job satisfaction when they wrote that job satisfaction may be viewed as the pleasurable emotional state resulting from the perception of one’s job as fulfilling or allowing the fulfillment of one’s important values, providing these values are compatible with one’s needs. Writing on the feature of the conceptualization of career satisfaction and the role that need fulfillment plays in satisfaction, [23], citing [24] and [25] explain job satisfaction as an indicator of the degree of need fulfillment experienced by an individual.

According to [26, 27], job satisfaction is the degree to which individuals feel positively about their job. It is an emotional response to one’s task as well as the physical and social conditions of the work place. In concept, job satisfaction indicates the degree to which the expectations in someone’s psychological contract are fulfilled. Job satisfaction is likely to be higher for persons who perceive an inducement-contributions balance in their relationship with employing organizations. To sum up, job satisfaction is the result of various attitudes possessed by an employee towards his or her job. These attitudes may be related to job factors such as wages, job security, job environment, nature of work, opportunities for promotion, prompt removal of grievances, opportunities for participation in decision making and other enjoyment of fringe benefits.

The subsequent sections of the paper focus on theoretical and conceptual issues, the methodology and the results. The conclusion is presented in the final section.
Compensation: According to [28], pay is something given in exchange for services rendered in an organization. It has an important role in retaining and rewarding high quality employees but at the expense of the overall labor costs for any organization. Also, by binding pay with performance, an employer can monitor and control specific activities and level of performance. Sourcing specific talents for a niche job can be overcome by recruiting talents across the globe. Conversely, employees need to prove their worth in order to stay longer with the organization by providing quality work or else run the risk of getting terminated. Pay has a strong determination to job satisfaction [29]. There are two categories of pay linked with job satisfaction; one is satisfaction with pay by itself and the other, the prospects of financial rewards in the future for a job performed well. There is a longstanding interest of two items which are correlated with job satisfaction. In order to achieve higher productivity, the influence of pay and job satisfaction as a denominator cannot be over emphasized.

According to the efficiency wage theories which affirms the notion that paying an employee a higher wage can sometime lead to better or higher productivity [30]. The first place assumes that the harder workers work the higher is the cost of being caught shirking and the higher is the probability of being caught shirking. A higher wage increases worker effort due to the greater cost to workers of losing the job (meaning workers want to reduce the chances that they are caught shirking). In other words, the wage or pay practice is influenced employees’ work and turnover as well. Second, a higher wage increases effort by increasing workers' loyalty to the firm [31]. As this point of these theories implies that not easily for the high wage employees to turnover their job. As supported by the following in third channel of these theories, affirm that a higher wage reduces firms' turnover and recruitment costs.

Generally employees’ job description and job specification determines rewards to maintain fairness among employees within an organization and competitive in the marketplace [32]. Organizational rewards mean all the benefits i.e. financial and non-financial that an employee receives through their employment relationship with an organization [33,34]. According to the literature the rewards distinguishes into three main types that individuals seek from their organization i.e. extrinsic, intrinsic and social rewards [35]. Extrinsic rewards are the physical benefits provided by the organization such as pay, bonus, fringe benefits and career development opportunities. Intrinsic rewards refer to the rewards that come from the content of the job itself and encompass motivational characteristics of the job such as autonomy, role clarity and training [36]. Social rewards arise from the interaction with other people on the job and may include having supportive relationships with supervisor and co-workers. [37] Established that there is a substantial affiliation between reward and recognition and similarly in employee motivation and job satisfaction. Study exposed that if rewards and recognition offered to employees then there would be a substantial modification in work motivation and satisfaction.

Motivation: Motivation stems from the Latin word movere, which means to move or to carry. Motivation is the force that constantly induces to move and perform things. The most practical definition proposed by social scientist that, motivation is a psychological processes that origin the stimulation, direction and persistence of behavior [38]. Many authors add a voluntary component or goal directed emphasis to that definition [39]. Thus motivation becomes those psychological procedures that cause the arousal, direction and persistence of voluntary actions that are goal directed. The features such as incentives and rewards are the most favored factors for employee motivation programs. However, the performance of employee job satisfaction is an imperative motivator and an arrangement of psychological and environment circumstances [40]. Motivation programs are the key component of incentives, rewards and recognition as different organizations correlate success factor with employee performance. Employees are completely motivated when they achieved their needs. [41] Described that job satisfaction of the employees’ increase by the rewards they receive from the organizations. Pay and promotion dependents on performance and provide strong motivation for employees to work harder in order to be promoted [42]. In any organization, the exceptional performance is possible with great committed employees that can merely achieved by employee motivation. [43] Highlighted that organization implements merit pay system to reward employees for meeting specific goals, which can affect employee motivation levels. However most of the organizations gained the immense progress by fully complying with their business strategy through a well-balanced reward and motivation programs for the employee. In the existing vibrant environment the extremely motivated employees provide their services as a synergy for achievement of organizational goals.
business strategies, high proficiency, growth and performance. Motivation is similarly compulsory when the employee of an organization has not a good relationship pattern.

Promotion: It has been suggested that how a worker views the opportunity for advancement is important to how satisfied he/she is with the job. Earlier researchers like [44] found considerable evidence to suggest that promotional opportunities are important to a worker’s satisfaction with the job. It is emphasized that job satisfaction is directly related to the extent to which jobs provide individuals with rewarding outcomes. For example when a staff member believes that achievement of University goals will lead to such personal rewards as promotion, then it is likely to affect the his/her job satisfaction. Other researchers like [45] have proved that promotional opportunity is important to job satisfaction. They have concluded that employees who perceive few opportunities for advancement have negative attitudes toward their work and their organizations. It is noted from the above literature that most university employees may consider their present positions as stepping stones to higher ones. The research carried out by [46] also found promotional opportunities to be a predictor of job satisfaction.

All businesses use pay, promotion, bonuses or other types of rewards to encourage high levels of performance [47]. [48] Acknowledged that lack of promotion and mundane work task significantly contributed to employees’ intention to leave an organization. By adopting “job enrichment” programs, many employers were able to retain employees and provide better career advancement opportunities. Besides promotion opportunities, changing the selection and evaluation criteria used to rate promotion and reward systems also had a positive effect on intentions of employees leaving the organization [49]. Ineffective performance appraisal and planning systems contributed to employees’ perceptions of unfairness and they were more likely to consider leaving the organization [50]. Additionally, an emphasis on internal promotion is likely to provide a sense of fairness and justice among the employees who note that organizational tenure is valued in the company [51]. [52] Found a significant and positive correlation between promotion practices and perceived employee performance; however HR outcomes were used as mediating variables.

Research Framework: The research framework in this study is built upon the literature review. It is therefore theorized that each variable in human resource management has an influence on job satisfaction. Fig. 1 below depicts the research framework of this study.

MATERIALS AND METHODS

Research Design and Population and Sampling: This study used a quantitative approach to measure the relationship between compensation, promotion and motivation and job satisfaction. Based on the sampling frame, there is approximately 350 academic staff in the three private colleges located in Penang, Malaysia. A total of 200 structured questionnaires were distributed to academic staff in three private colleges randomly using staff email address located from the colleges’ website. A total of 98 questionnaires were received and out of this, 23 sets of the questionnaires were considered unusable because over 25 percent of the question in Part 1 - Section A of the questionnaire were not answered [53]. It was assumed that the respondents were either unwilling to cooperate or not serious with the survey. Therefore, only 75 usable sets of received questionnaires were used for the data analysis. Thereby, the response rate was 37.5 percent.

Section A collects the respondents’ demographic data which consists of elements such as gender, age, ethnicity, marital status, level of education, occupation and monthly income level. Section B consists of three independent variables, which is of this study’s main purpose: to determine the relationship between pay, promotion and fringe benefits and job satisfaction in the higher education institutions. Each variable comprises of three to ten questions that are required to be answered by the respondents. The respondents were required to provide their rating on their perception using a 5 point Likert Scale measurement that ranged from 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree. Pearson Correlation and Multiple Regression
Analysis tool in Statistical Package for the Social Sciences (SPSS) was used to measure the relationship between variables of interest.

**Data Analysis Technique:** Answers to the questionnaire were coded using the SPSS version 19.0. The results were then summarized using appropriate descriptive and inferential statistics. A reliability test was done by observing the Cronbach’s Alpha value with the cutoff point of 0.60. To test the significance of the relationship among the independent variables and dependent variable, Pearson Correlation Coefficient analysis was used. A regression analysis was conducted to examine the influence of pay, promotion and fringe benefits on job satisfaction of academic staff in the higher education institutions.

**RESULTS**

**Profile of Respondents:** A total of 75 academic staff responded to the survey questions comprising of 37.5 percent response rate. The majority of respondents were male (62%) while their female counterpart constitute to 38%. Almost two third (64%) of the respondents were between 25 to 35 years old while about two third (18.4%) of the respondents were in aged group between 35 to 45 years old. Most respondents had postgraduate degrees (64.8%) while 35.2% had tertiary qualification. A vast majority of the respondents have worked in the present higher education institutions for more than 3 years. Please refer to Table 1 below for the demographics of the respondents.

**Reliability Analysis:** According to [54], reliability is the degree to which measure are free from error and therefore yield consistent results. The reliability of a measure indicates the stability and consistency with which the instrument measures the concept and helps to assess the “goodness” of a measure [55]. According to [56], the closer the reliability coefficient gets to 1.0, the better it is and those values over 0.80 are considered as good. Those values in the 0.70 are considered as acceptable and those reliability values less than 0.60 is considered to be poor [57]. All the constructs were tested for the consistency reliability of the items within the constructs by using Cronbach’s alpha reliability analysis. Cronbach’s Alpha values in respect of each variable are given in Table 2 below. Respondents were also assured the confidentiality as information shared in this regard would be used for academic and research purposes only.

**Pilot Testing of Instrument:** To validate the instrument, a convenience sample of 50 academic staff was selected at the researcher’s university. The Cronbach’s alpha for variables used in the instrument ranged from 0.819 to 0.873. The results reflected adequacy of the questionnaire as recommended by [58].
Descriptive Analysis: Descriptive statistic of means and standard deviation were obtained from the independent and dependent variables. The summary of the descriptive statistics is shown in Table 3 below. All variables were measured using a 5-point Likert scale (1 being strongly disagreed to 5 being strongly agree). The mean values for compensation, motivation and promotion were above 3.5 and for job satisfaction the mean value was 3.74. As far as the mean values are concerned academic staff are satisfied with compensation, motivation and promotion received.

Pearson Correlation Coefficient: Pearson's correlation coefficient (r) is a measure of the strength of the association between the two variables. According to [59], in research studies that include several variables, beyond knowing the means and standard deviations of the dependent and independent variables, the researcher would often like to know how one variable is related to another. While correlation could range between -1.0 and +1.0, the researcher need to know if any correlation found between two variables is significant or not (i.e.; if it has occurred solely by chance or if there is a high probability of its actual existence). As for the information, a significance of \( p=0.05 \) is the generally accepted conventional level in social sciences research. This indicates that 95 times out of 100, the researcher can be sure that there is a true or significant correlation between the two variables and there is only a 5% chance that the relationship does not truly exist. The correlation matrix between dependent variable and independent variables are exhibited in Table 4 below.

As shown in Table 4, all three dimensions have significant correlation with job satisfaction. The highest coefficient of correlation in this study was between compensation and job satisfaction. There was a significant positive relationship between compensation and job satisfaction (\( r = 0.463, p<0.01 \)). The positively moderate correlation were motivation and job satisfaction (\( r = 0.334, p<0.01 \)) and the weakest correlation was for promotion and job satisfaction (\( r = 0.212, p<0.01 \)). In other words, the results indicate that all three variables have significant correlation with job satisfaction.

Regression Analysis: As depicted in Table 5 below, the regression results revealed the R square value of 0.239. This indicates that 23.9 percent of variance that explained the job satisfaction of academic staff in terms of pay, promotion and fringe benefits received in higher education institutions. Further, of the three independent variables studied, pay is the significant predictor of job satisfaction among academic staff.

CONCLUSIONS

The primary objective of this study is to identify the factors that affect job satisfaction of academic staff working in private universities. The study examined the effect of pay, promotion and fringe benefits on the level of job satisfaction among Malaysian private university academic staff. The results of this study show that there is a significant association exists between pay, promotion and fringe benefits on job satisfaction. The present study extends interesting insight into assessing the limited body of knowledge on job satisfaction among academic staff at private universities in Malaysia. However, due to limited sample data collected through this survey, generalization to other sectors or to other government or private universities may not be possible. The goals of wage and salary programs in the organizations are to attract and keep qualified employees, provide equal pay for equal work, reward good performance, control labor costs and maintain cost parity with direct competitors [60]. Efficient systems are thought to lead to satisfied employees who are productive and committed to the organization.

REFERENCES