

## **The Influence of Financial Reward on Job Satisfaction among Academic Staffs at Public Universities in Kelantan, Malaysia**

**Noraani Mustapha, PhD**

Faculty of Entrepreneurship and Business  
University Malaysia Kelantan  
Locked Bag 36, Pengkalan Chepa  
16100 Kota Bharu, Kelantan, Malaysia

### **Abstract**

*Job satisfaction has been tested and proven as one of the factors that glue employees to their organization. The objective of this study is to determine the influence of financial reward on job satisfaction among lecturers in four public universities in Kelantan. The sample was randomly selected through systematic procedure. Data collected from 320 samples using self-administered questionnaires was then analyzed using descriptive analysis to describe the demographic profile of respondents and Pearson Product Moment Correlation to test the relationship between variables. The result indicated that there was a positive relationship between financial reward and job satisfaction and therefore supported the hypothesis. The organization should consider financial reward as one of the factors in promoting job satisfaction among employees.*

**Keyword:** Job satisfaction, financial reward, academician.

### **Research Background**

#### **Introduction**

Universities in the modern world are expected to seek and cultivate new knowledge, provide the right kind of leadership and strive to promote equality and social justice. As Johnes and Taylor (1990) stated, the goals of higher education are to provide an in-depth knowledge, seek academic development, educate students, as well as to coordinate national development demands. In achieving the mission and goals of the university, many factors should be taken into consideration especially the welfare of its human resource: how do they feel about their job? Do they satisfied with the job content, job demand and compensation they obtained as an exchange with their job? In literature there were a lot of studies done in measuring job or employees satisfaction although a study on this issue among lecturers are relatively scarce. The study of job satisfaction among lecturers is vital since understanding of the factors involved in job satisfaction is crucial in improving the happiness of workers (Okpara, Squillace, Erondu 2005) and promoting organizational loyalty. This influences the mental and physical wellbeing of the lecturers in their work, as well as the quality of their teaching, which is important in the attraction of quality students and the quality of the lecturers' research and academic development. Understanding whether academics are satisfied or dissatisfied with their work may also lead to improvements and innovations in their teaching. Furthermore, the understanding about job satisfaction can also helping the university to retain the potential academics, lower absenteeism and turnover rate, as well as attracting new competent staff to the university.

#### **Research Phenomenon**

Job satisfaction can be an important indicator of how employees feel about their jobs and a predictor of work behaviors such as organizational citizenship, absenteeism and turnover. A recent survey on job satisfaction indicated that Asian country like Singapore ranks the second lowest globally in terms of career satisfaction. According to a new global research from Accenture, 76 per cent of respondents from Singapore claimed to be dissatisfied with their jobs. From this research, they found that the Singaporean employees are more emphasized on work-life balance, pay and the availability of opportunities for career advancement as the determinants of their job satisfaction (AsiaOne, 2012).

Most of the past research conducted in the field of job satisfaction was less interest in testing academics of higher education as subject of the study. However, in recent years, a clear increase has been observed in the number of studies related to the job satisfaction among academics. The vast majority of research has been conducted in North America, the UK and other parts of Western Europe. One probable reason for this increasing interest is the reality that the nature of higher education institutes are labour intensive and their budgets are predominantly devoted to personnel and their effectiveness is largely dependent on their employees (Kusku, 2003).

In Malaysia, more higher education institutions (HEIs), both public and private, were established to meet the growing demand for higher education. Today, there are 20 public universities, 25 private universities and 435 private institutions of higher learning offering services for the potential candidates from within and foreign countries. The Ministry of Higher Education (MoHE) was initiated in designing significant changes in higher education by establishing the Malaysian Qualifications Agency (MQA) and the Malaysian Qualifications Framework (MQF). The bodies have been set up to support the goal in providing quality teaching, conducting quality research in higher education and to meet the country's standard of accreditation.

The role of lecturers is very vital to the university in raising corporate image and producing excellent graduates. Lecturers or academicians have their own professional, occupational and personal interests in relation to their universities, including freedom to pursue excellence, the right to make decisions in relation to curriculum and research agenda, ensure a balance between work and family, secure satisfactory pay levels, as well as opportunities for career advancement. Since the role of academicians is very crucial, effort should be taken in promoting loyalty among them. That is why job satisfaction as one of the most important element in inducing loyalty of lecturers should be seriously considered by all higher education institutions. Lecturers who always stressful and unsatisfied with the work will affect the performance and quality of their work. This study measured job satisfaction as a consequence influenced by financial reward among lecturers in Kelantan.

### ***Materials and Methods***

Employee satisfaction is crucial to be studied since it is considered as an important factor in improving organizations' performance and competitiveness. Employees will demonstrate pleasurable positive attitudes when they are satisfied with their job (Jain, Jabeen, Mishra & Gupta: 2007). Thus, high job satisfaction of employees will increase the productivity of an organization in turn will increase the organizational overall performance.

In literature, there was a study done by Roelen, Koopmans & Groothoff (2008) measured satisfaction against workload, work place, task variety, working conditions, work times, salary, supervisor, colleagues, and work briefings. Van Saane et al. (2003) as cited in Roelen et al. (2008) identified 11 factors related to job satisfaction: work content (particularly variety in the skills and complexity of a job), autonomy, growth/development (training or education), financial rewards, promotion (career advancement), supervision, communication, co-workers, meaningfulness, workload and work demands. Whereas Wilson & Hongping (2010) studied the level of job satisfaction as the impact of a number of variables broadly based on Herzberg's two-factor theory such as faculty engagement, performance management, organizational change and general conditions of employment. All studies confirmed the relationship between financial rewards and satisfaction.

The study of job satisfaction in Greek Universities resulted that Greek academics are moderately to quite satisfied with their job, as well as the academics across eight nations (Australia, Germany, Hong Kong, Israel, Mexico, Sweden, UK, USA) (Lacy & Sheehan, 1997) that reported the same levels of job satisfaction (as cited in Platsidou & Diamantopoulou 2009). A majority of researcher's measure job satisfaction on the basis of employee's or workers: attitude to the job, relations with co-workers, supervision, company policy and support, promotion, and pay (DeVane & Sandy, 2003). Kusku (2003) measured the job satisfaction of academics in a university in Turkey using the seven determinants general satisfaction; management satisfaction; colleagues; other working group satisfaction; job satisfaction; work environment and salary satisfaction. The result of the study indicated positive significant relationship between financial reward and job satisfaction.

### **Methodological artifacts of the study**

**Sampling Procedure:** This study was conducted on lecturers in four public universities in Kelantan namely University Science of Malaysia (USM), Universiti Teknologi MARA (UiTM), Universiti Malaya (UM) and Universiti Malaysia Kelantan (UMK).

This study measured job satisfaction among fulltime lecturers who met the criteria of having at least three years working experience in their current position. Samples were identified through lists of faculty members for each institution from their websites. Then the selection process was done by means of systematic random procedure. The data has been collected from 320 respondents using a self-administered questionnaires. This sampling procedure allows an equal chance for lecturers to be selected as samples of the study.

**Instrumentation:** The measurement for financial reward was developed by Zainuddin (2010) to measure the salary/pay as one of the determinants of job satisfaction. There are 5 items altogether for this measurement. The items were formulated to suit the needs of the research. The reliability of the instrument was 0.950.

Meanwhile Job Satisfaction (Dependent Variable) was measured by a 10 items instrument. The items have a reported high alpha reliability of 0.951. Both variables were measured using a Likert scale developed with 10 point scalar ranging from 1 (Strongly Disagree) to 10(Strongly Agree).

**Data Analysis:** In this study, the Pearson Correlation Coefficient was utilized to analyze the data. Pearson Correlation Coefficient is used to find the relationship between variables. Correlation coefficient ( $r$ ) takes a range of between -1.000 to +1.000 that describes the relationship between two variables whereas Guilford Rules of Thumb was used as reference in describing the strength of the correlation.

### ***Theoretical Framework***

In this study, the theory used as backdrop in measuring the relationship between job satisfaction and financial reward is Herzberg's Two-Factor Theory. Psychologist Frederick Herzberg (1966) investigated the question "what do people want from their jobs?" Through this question Herzberg identified the factors lead to extreme satisfaction (motivators) and extreme dissatisfaction (hygiene). Factors leading to satisfaction such as achievement, recognition, responsibility, the work itself, advancement and growth are also called *intrinsic factors*, whereas those leading to dissatisfaction, when not present, such as company policy and administration, supervision, interpersonal relations, and working conditions are called *extrinsic factors*. Herzberg argued that there are two distinct human needs portrayed, namely as physiological needs that can be fulfilled by money, for example, to purchase food and shelter, and the psychological need to achieve and grow, and this need is fulfilled by activities that cause one to grow (NetMBA.com, 2010).

### **The Relationship between Financial Reward and Job Satisfaction**

According to Heathfield, S.M. (2012), salary is a fixed amount of money or compensation paid to an employee by an employer in exchange for a productive work performed. Remuneration system plays an important role in determining an employee's level of job satisfaction. The growing needs of families with higher living costs force workers seeking higher income that can guarantee their future and life satisfaction. If individuals believe they are not compensated well, a state of emotional dissatisfaction will develop. This emotional discrepancy will grow and accumulate over times thus make employees unhappy and unsatisfied working for the organization. Pouliakas (2010) found that there is a significant negative relationship between 'small' bonus payments and the satisfaction of workers with the actual job itself. Monetary incentives have a positive effect on workers' utility and performance as long as they are large enough. As Millán, J. M. et al. (2011) reported that for both employees and the self-employed, having higher work incomes increases the likelihood of being satisfied with the type of work.

According to Bozeman & Gaughan (2011), the perception of being paid what one is worth predicts job satisfaction. The Faculty who agree that they are paid "what they are worth" in the market place tend to have higher levels of job satisfaction than those who do not. While Noordin & Jusoff (2009) studied the levels of job satisfaction amongst Malaysian academic staff that found the salary appear to represent one of antecedent conditions of the general satisfaction. Ssesanga & Garrett (2005) also found that there is a positive significant relationship between salary/remuneration and job satisfaction of university academics of Uganda. Therefore this study proposes that:

Ha: There is positive significant relationship between financial reward and job satisfaction.

### ***Findings and Discussion***

#### **Demographic Profile of Respondents**

From the analysis there were 149 or 46.6 % of female respondents. The highest frequency of respondents were from the age cohort of 31 to 40 years old accounted 126 or 39.4% out of 320 respondents. It was followed by the age of 41 to 50 years old that accounted 84 or 26.3% and the age of 51 and above which accounted 29 or 9.0%. The lowest frequency of respondents were from the age of 30 years old and below which accounted 19 or 6.0%. Based on the result, most of the respondents (78.7%) in this study are married. The majority of respondents (89.9%) is a Malay, 6.6% Chinese and the rest are Indians. There are 26% of the respondents having a doctoral degree followed by masters about 70% and the remaining 4.7% are bachelor degree holders. Most respondents (41.9%) having teaching experience between 6 to 10 years and about 21.7% have 11 to 15 years, 11.2% have more than 16 years and only 8.6 % respondents have experienced three years and below. The highest basic monthly salary was above RM5500 which accounted 89 or 28.0% and followed by RM3501 - RM4500 which accounted 88 or 27.9%. While, 49 or 15.0% of respondents had an income range of RM4501 - RM5500 and 21 or 6.6% earned between RM2500 - RM3500.

### **The Relationship between Financial Reward and Job Satisfaction**

The objective of this study was to test the effect of the financial reward on job satisfaction among respondents. Result from data analysis indicated  $r = 0.206$ ,  $p = 0.000$ . According to Guildford Rule of Thumb, when  $r = 0.206$ ,  $p = 0.000$ , it indicates moderately low correlation between both variables. This result answered the objective and at the same time confirmed a positive significant correlation between remuneration package and job satisfaction. Therefore hypothesis  $H_a$  was supported.

From the analysis, out of 320 lecturers, there are 89 or 27.8 % lecturers have basic monthly income above RM5500. Only 11 or 3.4 % of lecturers have basic monthly salary is below RM2500. The correlation  $r = 0.206$ ,  $p = 0.000$  indicated a positive low correlation between salary and satisfaction.

The finding is consistent with Noordin & Jusoff (2009) indicated that salary appears to represent antecedent conditions of the general satisfaction and it has a significant impact on job satisfaction. Salary seems to have a significant effect on lecturers's level of job satisfaction. Align with previous study done by Yang, Miao, Zhu, Sun, Liu & Wu (2008) stated that the salary increase significantly improved the job satisfaction for Chinese junior military officers.

Zainuddin Awang (2010) in his study entitled modeling job satisfaction and work commitment among lecturers, found that there is positive significant relationship between financial reward and job satisfaction. In another study by Hashim, & Mahmood, (2011) indicated that more than 50 percent of the respondents appeared to be satisfied with all the 16 job aspects, except for salary and policies and procedures. This is proven that financial reward has a positive effect on job satisfaction among workers or lecturers.

### **Conclusion**

This study focused on the relationship between financial reward against job satisfaction among lecturers. This study found that, the financial reward has a positive correlation with job satisfaction. This finding is useful especially in determining job satisfaction among lecturers. High daily expenditure requirements forcing lecturers to find other alternatives in acquiring more income such as making additional classes and accepting talk invitations that may be interfering with their teaching focuses. The most severe impact to the university is that the lecturers will look for other work opportunities which more secure for their future and give them high incomes. The lecturer's income needs to be considered in order to achieve a reasonable satisfaction and to enhance employee loyalty and a promising organizational performance.

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