

Organizational Reward System and Job Satisfaction among Non-Academic Staff at Universiti Malaysia Sabah

By

Dean Nelson Mojolou, Helmina Thomas, Toh Pei Sung, and Faerozh Madli
Faculty of Business, Economics & Accountancy
University Malaysia Sabah (UMS)
Malaysia

**Corresponding Author: deannelson@ums.edu.my*

Received date: 30.6.2023 | Revised date: 20.7.2023 | Accepted date: 22.8.2023

ABSTRACT

The paper aims to investigate the relationship between intrinsic and extrinsic reward systems and job satisfaction among non-academic employees at the University of Malaysia Sabah. The researchers used survey questionnaires and secondary data to collect and gather information. The response rate was 51.4% (n=72), and the questionnaire was usable. The data were collected using a convenient sampling technique and analyzed using SPSS 23.0 and smart PLS (Partial Least Square) version 2.0. The result indicates that 0.615 (61.5%) of the variance in job satisfaction is explained by all the two constructs of intrinsic and extrinsic. There were three hypotheses tested. All hypotheses were strongly supported. The result shows that this organization's relationship between the reward system and job satisfaction is significant. The extrinsic reward system has the greatest influence on job satisfaction. Extrinsic rewards such as yearly bonuses can make the workers feel happy and motivate them to work harder in the future. Any organization should be more concerned with extrinsic reward systems such as salary, bonuses, and any outdoor activity that can show appreciation to the employees to boost their job satisfaction.

Keywords: Organizational Reward System, Extrinsic, Intrinsic, Job Satisfaction

INTRODUCTION

To improve employee satisfaction and productivity, an organizational reward system is vital in all business sectors nowadays, especially in public universities. Jehanzed and Bashir (2013) have mentioned that, for the organization to retain competent employees, the organization should highlight the satisfaction and retention of their employees. Most researchers investigate the relationship between intrinsic and extrinsic and highlight the influence on job satisfaction. For instance, a study conducted by Khairunadia (2015) among non-executive employees at

Kementerian Perdagangan Dalam Negeri Sarawak, Malaysia, shows that intrinsic and extrinsic reward systems are positively related to employee job satisfaction. Competitive business requires the employee to perform well in their job. Employees should understand the value of their benefits, but they are not competitive enough with similar organizations because they do not fully participate in reward development and initiative. A few types of research focus on the job satisfaction of university employees. According to Anantha Raj *et al.* (2013), universities are the centers for imparting higher learning education, an indispensable development cornerstone for any country and the world over. They are expected to seek new knowledge and provide the right kind of leadership in all works of life. Employees are the most important assets in organizations and greatly impact the organization's process and goal. Therefore, top management should be concerned about their job's needs and satisfaction. Job satisfaction may also build motivation and individual performance and reduce absenteeism and turnover. There are a lot of extrinsic factors that may affect job satisfaction. Studies by Harackiewicz and Manderlirk (1984) have shown that feedback alone can positively affect performance. However, other studies have shown that positive feedback can affect intrinsic motivation. Positive feedback, as a form of recognition, is found to be more effective during the task process than affect the task completion. Pritchard (1989) showed from their research results that better rewards such as monetary, recognition, or verbal feedback and satisfaction. The reward system is an ingredient of organizational productivity and success. Therefore, this paper investigates the influence of intrinsic and extrinsic reward systems on job satisfaction among non-academic employees at the University of Malaysia Sabah.

RESEARCH GAP

It is recognized that extrinsic factors ensure employees' satisfaction with their job. Bart Cambré Evelien Kippers Marc van, Veldhoven Hans De Witte (2012) proposes that from the perspective of human resources managers, there is also a positive relationship between status and job satisfaction. For instance, in the organization, the company gives the authority or empowerment to make decision-making. If the employees show good cooperation in their job, the manager feels a positive impact, including physical and psychological. A negative impact on this will lead to poor employee performance and high turnover. Employee performance will be reduced due to low job satisfaction. They will feel a lack of sense of belonging to the organization and reduce their motivation for the job. According to Mobley (1997), cited in Jehanzeb, Abu Bakar Abdul Hamid, & Rasheed (2015), employees who leave the organization are dissatisfied with their jobs compared to satisfied employees. A lack of budget will contribute to a poor reward system, especially for intrinsic rewards. Corruption may be one factor that impacts any country's reward system. It may lead to gender bias, self-serving bias, and fraud. Another review by Gomez-Mejia and Balkin (1992) contends that the old compensation model (with pay structures based on job analyses, descriptions, specifications, and classifications) is no longer effective in today's business environment. They conclude that modern organizations must align their reward system practices with their organizational strategy to achieve higher performance levels at both the individual and organizational levels. According to Sarwar and Abugre (2013), from 110 questionnaires, 104 respondents showed high employee dissatisfaction because of their pay and work.

LITERATURE REVIEW

A. Intrinsic Reward System

A reward system refers to the policies that provide guidelines on managing rewards, as they are practices that provide financial and non-financial rewards and processes concerned with evaluating the relative size of jobs and assessing individual performance (Chepkwony, 2014). She further stated that the reward system is concerned with formulating and implementing strategies and policies that reward people fairly and consistently following the organization's values. Intrinsic reward is one type of reward system that organizations should not overlook. An intrinsic reward does not involve direct payments and often arises from the work itself; for example, achievement, autonomy, the scope of use and development skills, training, career development opportunities, and high-quality leadership (Chepkwony, 2014). As stated by Mike (2001), an intrinsic reward is an award that is tangible or physically given to accomplish something. It is a tangible recognition of one's endeavor. According to Self-determination theory, intrinsic motivation is the prototype of autonomous motivation (Deci & Ryan, 1985). In general, a person is intrinsically motivated if she/he performs an activity for his/her benefit and obtains pleasure and satisfaction. Rewarding employees with such appreciation will boost their motivation and increase job satisfaction. Besides that, according to Stephan (2013), intrinsic rewards are based on employees getting a positive value experienced from doing their work. He also supported the idea that high intrinsic rewards may lessen the demand for more extrinsic rewards, reducing the organization's need to adjust salaries and benefits upwards to retain a quality workforce. A focus on an intrinsic reward highpoint that works can be its reward, contributing to a sense of growth, fulfillment, and empowerment. Therefore, an intrinsically motivated employee is working for his or her satisfaction and may value challenging work that he or she perceives to be meaningful to the organization (Molly, 2013).

B. Extrinsic Reward System

Extrinsic factors are important in employees' ability to compete and achieve organizational goals. Employees spend many hours in the workplace as they perform their jobs. It can be defined as external to the job and includes fringe benefits, pay, promotions, private office space, the social climate, and job security. Therefore, the organization must consider extrinsic factors to ensure employee job satisfaction. The employees should be satisfied with the salary they receive to increase their job satisfaction. Besides that, supervision also plays an important part in supervising each employee. The well-supervised employee will know their workflow as it helps to increase their motivation in doing those job tasks. This will eventually increase job satisfaction among them. The employee's status has become an important element that can affect job satisfaction among the employee. Status affects employee job satisfaction through the position in which it takes

part in the relationship of one person with another. Besides that, the employee should also be equipped with knowledge in their broad areas to ensure effectiveness in performing their job. Therefore, the organization should provide an effective development program for the employee in order to increase job satisfaction. Thus, effective salary management, excellent supervision, better employee development programs, and status are the factors that constantly affect employee job satisfaction, and how they can influence the level of job satisfaction among the employees should become an organization's most concerning issue.

C. Job Satisfaction

Bradley, Petrescu, and Simmons (2006) defined personal attitude toward work and a positive emotional situation as job satisfaction. This situation occurs when the employees meet their work and career expectations. Furthermore, Job satisfaction is the collection of feelings and beliefs people have about their current job. In addition to job satisfaction, people can also have attitudes about various aspects of their job, such as the kind of work they do, their coworkers, supervisors or subordinates, and their pay (George, 2008). Many empirical studies have shown that employee motivation and job satisfaction directly impact the job performed by employees at various organizational levels (Kiviniemi et al., 2011). Besides that, according to Lewis and Frank (2006), feeling good about the job performed, being in union with the organization's vision and mission, and having a state of mind is simplified as job satisfaction. Additionally, when a worker in a business organization brings together their needs, desires, and experiences, this will determine their missed expectations (Davis, 2005). Job satisfaction is a pleasurable feeling that results from the perception that one job fulfills or allows the fulfillment of one own job values (Steijin, 2002). Cavana, Delahaye, and Sekaran (2001) agree with this definition of job satisfaction. Job satisfaction is viewed as the pleasurable emotional state resulting from the perception of one job as the fulfillment of one important value, providing these values are compatible with one's needs. Other than that, organizational learning is also a vital element that can influence the satisfaction and performance of employees. As stated by Mojolou et al. (2022), organizational learning impacts employee performance in the airline industry of Malaysia. Many studies conducted on job satisfaction have shown a direct impact on the job performed by employees at various organizational levels. Job satisfaction is a pleasurable feeling resulting from the perception that one's job fulfills and allows the fulfillment of one's job values.

D. Conceptual Framework

The study considers the reward system as the independent variable. The Reward system includes intrinsic reward and extrinsic reward. Intrinsic rewards comprise praise, freedom of judgment, the chance to do something, a certificate of achievement, and positive feedback. At the same time, extrinsic rewards comprise salary, overtime pay, fringe benefits, career promotion, annual dinner, and outdoor activity. Job satisfaction is the dependent variable: working environment, enjoyment, strategic direction, and relationship with co-coworker.

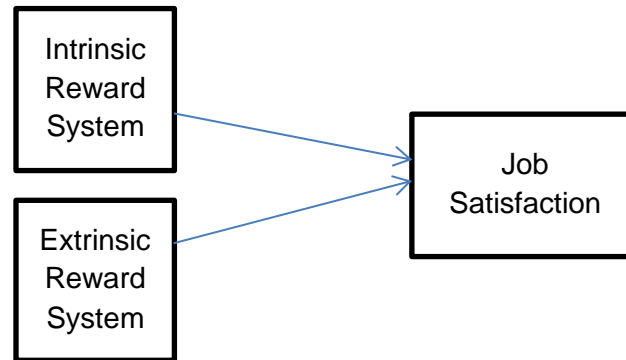


Figure 1: The relationship between the reward system and job satisfaction

RESEARCH METHODOLOGY

The study uses a descriptive research technique. Descriptive studies describe subject opinions, attitudes, and perceptions of people of interest to the researchers. Descriptive studies aim to obtain information from a representative population, and the researcher can generalize the findings to a larger population. The target respondents of the study are the non-academic staff at the University of Malaysia Sabah. The researchers used a questionnaire to collect the required data. The questionnaire includes demographic background, intrinsic and extrinsic reward system, and job satisfaction. A five-point Likert scale has been used in the instrument to measure reward systems and job satisfaction. The reward system's item is adapted from Payam, Akram, and Majid (2013) and job satisfaction by Khalizani, Hanisah, and Siew (2011). Sixty questionnaires and 80 online surveys were distributed in this university's selected departments: the Library Unit, Centre of Postgraduate Student, Centre for Research and Innovation, and Borneo Marine Research Institute of UMS. The response rate was 72 (51.4%), and all questionnaires returned were useable. The data were collected using a convenient sampling technique and analyzed using SPSS 23.0 and smart PLS (Partial Least Square) version 2.0 program. The researchers conduct reliability, factor analysis, Pearson correlation, and multiple regression analysis to answer all the research objectives. There were three hypotheses tested.

FINDING AND DISCUSSION

Normality and Reliability test

The researchers conduct a normality test by looking at the skewness and kurtosis values. The data was found to be normal according to the value suggested by Sekaran and Bougie (2013). No outlier was found in the data. The data was reliable based on Cronbach's alpha value. The Cronbach's alpha value for the extrinsic reward system was 0.75, the Intrinsic reward system was 0.89, and Job satisfaction was 0.88. All the values are reliable within the range Nunnally (1978) suggested.

Demographic Background

Table 1: Gender (n=72)

Gender	Frequency	Percentage
Male	44	61.1
Female	28	38.9
Total	72	100

Table 1 shows the gender of the respondents. Of the 72 respondents, 44 were male, and females represented 28. Male respondents are more than females.

Table 2: Job Status (n=72)

Job Status	Frequency	Percentage
Full Time	67	93.1
Part-Time	5	6.9
Total	72	100

Table 2 shows the job status of the respondents. Most respondents are full-time workers, 67 respondents, and only five are part-time.

Table 3: Working Experience (n=72)

Working Experience	Frequency	Percentage
Less than one year	10	13.9
2-5 years	23	31.9
6-10 years	25	34.7
11-20 years	10	13.9
More than 20 years	4	5.6

Table 3 shows the working experience of the respondents. The highest frequency is 6-10, 25 respondents, followed by 2-5, 23 respondents. Respondents with less than ten years and 11 to 20 years of experience account for about 13.9%, and only four have worked more than 20 years.

Table 4: The Influence of Reward System on Job Satisfaction

	Cronbach's Alpha	AVE	R Square
Extrinsic	0.745	0.494	
Intrinsic	0.885	0.591	
Job Satisfaction	0.883	0.591	0.615

H1: Reward System Significantly Influence Job Satisfaction.

Table 4 shows the influence of the reward system on job performance among non-academic staff at UMS. The result indicates that 0.615 (61.5%) of the variance in job satisfaction is explained by all the two constructs of intrinsic and extrinsic. Based on the result, H1 was supported. According to Lewis and Frank (2006), feeling good about the job performed, being in union with the organization's vision and mission, and a state of mind is simplified as job satisfaction. This result is supported by (Wang & Feng, 2003) stated that the higher the job satisfaction, the more likely worker would hold a positive attitude toward their jobs.

Table 5: Results of Direct Relationship

	Std. Beta	Std. Deviation	t- value	Result
Extrinsic-> Job Satisfaction	0.483	0.110	4.385**	Supported
Intrinsic -> Job Satisfaction	0.370	0.133	2.767**	Supported

H2: There is a Relationship between the Extrinsic Reward System and Job Satisfaction.

H3: There is a Relationship between the Intrinsic Reward System and Job Satisfaction.

The findings in Table 5 suggested that hypotheses 2 and 3 were supported. For H2, the relationship between the extrinsic reward system and job satisfaction was significant, with $\beta=0.483$ and $t=4.385$, indicating that the extrinsic reward system has a direct relationship with job satisfaction. For H3, the relationship between the intrinsic reward system and job satisfaction was significant, with $\beta=0.370$ and $t=2.767$. This result was supported by Nor Izwanilee (2015), who states that the reward system element that has a greater influence on employee job satisfaction is extrinsic reward. It encourages a positive attitude toward work and will generate more creative output and job satisfaction. According to Peggy Olsen (2012), extrinsic rewards are physical benefits to motivate employees and reinforce performance and behavior. She further stated that extrinsic rewards such as yearly bonuses can make the workers feel happy and motivate them to work harder. It is important to give workers extrinsic rewards such as bonuses, promotions, and good salaries to motivate them to perform their jobs. This will lead to better job satisfaction among the non-academic staff in this organization.

Table 6: Summary of Hypothesis Results

	Hypothesis	Result
H1	Reward systems significantly influence job satisfaction	Strongly Supported
H2	There is a relationship between extrinsic reward and job satisfaction	Strongly Supported
H3	There is a relationship between intrinsic reward and job satisfaction	Strongly Supported

RECOMMENDATIONS

This study will give any organization awareness that they should be more concerned with extrinsic reward systems such as salary, bonuses, and any outdoor activity that can motivate employees to boost their job satisfaction and increase their corporate profits. Top management should design an effective reward system that can give employees satisfaction because it will motivate them. A good reward system will motivate people to work harder and increase production. Employees should understand the value of their benefits and work harder to feel a sense of belonging to the organization. Giving the two reward systems more often is recommended to impact the organization positively.

For future research, this study should focus on academicians in universities because they hugely impact the learning process. The study also should look at the moderating or mediating factors such as gender or organizational culture. Finally, the study should be expanded to service industries such as banking, insurance, and transportation. It is recommended that future researchers adapt other related theories of reward systems, such as expectancy theory, equity theory, reinforcement theory, or two-factor theory, to learn better about this field.

CONCLUSION

In conclusion, this study found a significant relationship between the reward system and job satisfaction. Extrinsic and intrinsic reward systems prove that these variables greatly impact the employees, especially working productivity. Any organization in this country should apply the appropriate reward system to enhance their employee's job satisfaction. The reward system, such as salary and bonuses, is very suitable because the employees prefer a useful reward in their daily lives. They feel more motivated if given extrinsic rewards, which can directly increase their job performance. The organization's success depends on its worker's commitment and productivity. A reward system will be a good ingredient in helping the organization achieve its goal and mission.

REFERENCES

- Allen, S. R. and Kilmann, H. R. (2001). The Role of the Reward System for a Total Quality Management-based Strategy. *Journal of Organizational Change Management*, 14 (2): 110-131.
- Anantha Raj. A, Huam Hon Tat and Abdul Ghani Kanesan bin Abdullah (2013). The Effect of Reward System and Motivation on Job Satisfaction: Evidence from the Education Industry in Malaysia. *World Applied Science Journal*, 24 (12), 1597–1604.
- Bart Cambré Evelien Kippers Marc Van Veldhoven Hans De Witte. (2012). Jobs and Organizations, *Personnel Review*. 41 (2): 200 – 215.
- Bradley, S., A. Petrescu & Simmons, R. (2006). The Impact of Human Management Practices and Pay Inequality on Workers' Job Satisfaction. *Paper Presented at the Western Economic Association 9th Annual Conference Vancouver*.
- Cavana, R. B., Delahaye and Sekaran, U. (2001). *Applied Business Research*. Qualitative and Quantitative Methods. New York, NY: John Wiley and Sons.
- Chepkwony, C. C. (2014). The Relationship between Rewards Systems and Job Satisfaction: A Case Study at Teacher Service Commission-Kenya. *European Journal of Business and Social Science*, 3(1), 59-70
- Davis, G. F. (2005). Firm and Environments. N. Smelser, R. Swedberg. Eds. *Handbook of Economic Sociology*. 2nd ed. Russell Sage/ Princeton University Press, Princeton, NJ: pp. 478–502.
- Deci, E. L., & Ryan, R. M. (1985). *Intrinsic Motivation and Self-determination in Human Behavior*. New York: Plenum.
- Garcia-Chas, R., Neira-Fontela, E. and Varela-Neira, C. (2016). High-Performance Work Systems and Job Satisfaction: A Multilevel Model. *Journal of Managerial Psychology*, 31 (2): 451-466.
- George, J. M. (2008). *Understanding and Managing Organizational Behaviour*. 5th ed, Pearson/Prentice Hall.
- Gomez-Mejia, L. R. and Balkin, D. B. (1992). *Compensation Organizational Strategy and Firm Performance*. Cincinnati: South-Western.
- Harackiewicz, J. M., and Manderlink, G. (1984). A Process Analysis of the Effects of Performance-Contingent Rewards on Intrinsic Motivation. *Journal of Experimental Social Psychology*, 20, 531-551.
- Jehanzeb, K., Abu Bakar Abdul Hamid, & Anwar Rasheed. (2015). What is the role of training and job satisfaction in turnover intentions? *International Business Research*, 8(3): 208–220.
- Kiviniemi, M. T., Snyder, M. and A. M. Omoto. (2011). Too Many of a Good Thing? The Effect of Multiple Motivation on Stress, Costs Fulfillment and Satisfaction. *Personality and Social Psychology Bulletin*, 28: 732-743.
- Lewis, G. B., & Frank, S. A. (2006). Who Wants to Work for the Government? *Public Administration Review*. 62 (4): 395-404.
- Mike, W. (2001). The Changing Distribution of Job Satisfaction. *The Journal of Human Resource*, p. 36.

- Mobley, W. H. (1997). Intermediate Linkages in the Relationship Between Job Satisfaction and Employee Turnover. *Journal of Applied Psychology*, 62: pp. 237–240.
- Molly, J. C. (2013). Models of Morality. *Trends in Cognitive Sciences*, 17 (8): 363–366.
- Nor Izwanilee Binti Mohd Izwan Lee. (2015). *Organizational Reward System as a Contributor to Employee's Job Satisfaction among Non-Executive Employees at Jabatan Kerja Raya, Kota Samarahan*. Universiti Teknologi Mara.
- Nunnally, J. C. (1978). *Psychometric Theory*. 2nd ed. New York: McGraw-Hill.
- Pritchard, R. D. (1989). *Enhancing Work Motivation Through Productivity Measurement and Feedback*. In U. Kleinbeck, H. Thierry, H. Hacker, and H. H. Quast (Eds). *Work Motivation*, pp. 119–132. Hillsdale, NJ: Lawrence Erlbaum.
- Sarwar, S. and Aburge, J. (2013). The Influence of Rewards and Job Satisfaction on Employees in the Service Industry. *The Business and Management Review*, 3 (2):23.
- Sejjaaka, K. S. and Kaawaase, K. T. (2014). Professionalism, Rewards, Job Satisfaction and Organizational Commitment amongst Accounting Professionals in Uganda. *Journal of Accounting in Emerging Economies*, 4 (2): 134-157.
- Sekaran, U. and Bougie, R. (2013). *Research Methods for Business: A Skill-Building Approach*. 6th ed, Wiley: New York.
- Serena Akhtar, Md. Zia Uddin and Muhammad Kamruzzaman Sachu (2013). The Impact of Reward on Job Satisfaction and Employee's Performance in Bangladesh: A Comparative Analysis between Pharmaceutical and Insurance Industry. *International Journal of Business and Management Invention*. 2 (8), 1–8.
- Siti Khairunadia Binti Ab Nasir. (2015). *Organizational Reward System as a Contributor to Employees Job Satisfaction among Non-Executives Employees at Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan in Kuching, Sarawak*. Universiti Teknologi Mara.
- Steijn, B. (2002). HRM and Job Satisfaction in the Dutch Public Sector. *Paper Presented at the EGPA Conference in Potsdam*, Study Group on Public Personnel Policies.
- Stephan, A. (2013). Employee and Change Initiative: Intrinsic Rewards and Feeling Valued. Retrieve from <http://www.60.homepage.villanova.edu/steve.stumpf/bio.ml>
- Wang, H.M. and Feng, W.W. (2003). "Review on Employee Job Satisfaction." *Commercial Research, China*, 9: 43-5.