

# The Influence of Remuneration Package and Promotion Opportunity on Job Satisfaction Among Lecturers in Malaysia

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**Abstract** - The objective of this study is to determine the influence of remuneration package and promotion opportunity on job satisfaction among lecturers in four public universities in Kelantan, Malaysia. Sample was selected through systematic random procedure and data was collected using self-administered questionnaires from 320 samples. Data was analysed using descriptive analysis to describe demographic profile of respondents and Pearson Product Moment Correlation to test the relationship between variables. The result indicated that there were positive significant relationships between remuneration package and promotion opportunity, on job satisfaction. Organization should consider these variables in promoting satisfaction among employees in order to enhance organizational citizenship.

**Keywords** - Job satisfaction, remuneration package, promotion opportunity

## 1.0 INTRODUCTION

The goals of higher education is to provide in-depth knowledge, seek academic development, educate students, as well as to coordinate national development demands. All physical and human factors should be taken into account if higher education institution aim to achieve their goals. Job satisfaction is non-monetary reward, that a worker aimed for apart from his/her direct income as consequence of his productive activity.

Satisfaction has been widely studied in the management literature (Spector, 1997) due to its relevance to the physical and mental well-being of the employee and also its implications for such job-related behaviours as productivity, absenteeism, turnover and employee relations. Job satisfaction also plays an important role in improving the financial standing of organizations (Aronson et al., 2005).

Most researches done in the field of job satisfaction focusing on organization performance were less interest in measuring higher education sectors. However, in recent years, a clear increase has been observed in the number of studies related to the job satisfaction of academics since 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). Additionally, the vast majority of research conducted in the field of job satisfaction has been conducted in North America, the UK and other parts of Western Europe.

The study of job satisfaction among lecturers seems inevitable for several reasons. An understanding of the factors involved in job satisfaction is crucial to improving the happiness of workers (Okpara et al., 2005). 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 towards their work also can lead to improvements and innovations in their teaching. Furthermore, it also help the university to retain the potential academics, lower absenteeism and turnover rate, as well as attracting new competent staff to the university and meeting national demands.

## 2.0 RESEARCH PHENOMENON

Job satisfaction can be an important indicator of how employees feel about their jobs and a predictor of work behaviours 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 in their career (AsiaOne, 2012).

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 was initiated in designing significant changes in higher education

by establishing the Malaysian Qualifications Agency and the Malaysian Qualifications Framework. The bodies have been set up to support the goal in providing quality teaching, conducting 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, and satisfactory pay levels, as well as opportunities for career advancement.

That is why job satisfaction of lecturers should be seriously considered by all higher education institutions to improve the quality of education and thus produce outstanding graduates. Lecturers who always stressful and dissatisfaction with the work will affect the performance and quality of work. Therefore, this study meant to measure job satisfaction among lecturers by analyzing two determinant factors that is remuneration package and job demand.

### 3.0 MATERIAL AND METHODS

Employees' satisfaction is crucial to be studied since it is considered as an important factor in improving organizations' performance and competitiveness. The study of job satisfaction and performance of Government Employees in UAE by Mohamed E Ibrahim, Sabri Al Sejini and Omaina Abdul Aziz Al Qassimi (2004) discovered that self-rated performance, position and nationality were significant factors affecting some job satisfaction facets (i.e., pay and benefits, professional development, and work environment). 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 C. et al.(2008) measured satisfaction against workload, work pace, task variety, working conditions, work times, salary, supervisor, colleagues, and work briefings. Van Saane et al.(2003) as cited in Roelen C. et al.(2008) identified 11 factors related to job satisfaction: work content (particularly variety in 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, M., & Hongping, Z. (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, organisational change and general conditions of employment.

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 reports the same levels of job satisfaction ( as cited in Platsidou, M. & Diamantopoulou, G., 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). Kusu (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.

#### 3.1 Methodological artefacts of the study

**3.1.1 Sampling Procedure:** This study was conducted 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 criteria of having at least three years working experience in their current position. Samples were identified through list of faculty members for each institution from their websites. Then the selection process was done by means of systematic random procedure. Data has been collected from 320 respondents using a self-administered questionnaires. This sampling procedure allows equal chance for lecturers to be selected as samples of the study.

#### 3.1.2 Instrumentation and Pilot Test:

Research instrument used to measure remuneration package was developed by Zainuddin (2010). The variable was measured using a five item instrument and the reliability was 0.950. Research instrument used to measure promotion opportunity was also developed by Zainuddin (2010). There were 8 items altogether that were formulated to suit the needs of the research. The reliability value was 0.794. For the independent variable, Job Satisfaction was measured using a 10 item instrument developed by Zainuddin (2010). The reliability was 0.950. The questionnaire measured

the variables using a ten point Likert scale ranging from 1(Strongly Disagree) to 10(Strongly Agree).

**3.1.3 Data Analysis:** In this study, descriptive analysis was utilized to describe demographic profile of respondents. Secondly Pearson Product Moment Correlation was used to find the relationship between variables. Guilford Rules of Thumb was used as reference in describing the strength of the correlation.

#### 4.0 THEORETICAL FRAMEWORK

In this study, the theory used as backdrop in measuring the relationships between job satisfaction and remuneration package and promotion opportunity 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).

#### 5.0 THE RELATIONSHIPS BETWEEN FACTORS

##### 5.1 *The relationship between remuneration package 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 return for 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, they will be unhappy and unsatisfied working for the organization. Pouliakas, K. (2010) found that there is a negative significant 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, B. & Gaughan, M. (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, F., & Jusoff, K. (2009) studied the levels of job satisfaction amongst Malaysian academic staff found that the salary appear to represent one of antecedent conditions of the general satisfaction. Ssesanga, K., & Garrett, R. (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:

H1a: There is positive significant relationship between remuneration package and job satisfaction.

##### 5.2 *The relationship between promotion opportunity and job satisfaction*

Zainuddin, A., Junaidah H. A. & Nazmi, M. Z.(2010), Danish, R. Q. & Usman, A. (2010) and Ssesanga, K., & Garrett, R. (2005) found a positive significant relationship between opportunities for promotion and job satisfaction. Wan, H., Sulaiman, M., & Omar, A.(2012) argue that employees that perceived promotion decisions as fair are more likely to be committed to the organization, experience career satisfaction, perform better and subsequently have a lower intention to leave the organization. Today, many lecturers will leave the institutions where they work, if they do not have equal promotion opportunities as offered by other organizations, particularly young lecturers who are looking for more work experiences from various institutions before deciding to remain with a particular institution. As the study of Khalid, S. & Irshad, M. Z. & Mahmood, B.(2011) indicated that academicians in private sector universities were more satisfied with their promotional opportunities, pay and supervision than the academicians of public university. Therefore this study proposes:

H2a: There is positive significant relationship between promotion opportunity and job satisfaction.

#### 6.0 FINDINGS AND DISCUSSION

##### 6.1 *Demographic Profile*

From the analysis there were 149 or 57.8 % of female respondents. The highest frequency of respondents were from the age cohort of 31 to 40 years old accounted 126 or 48.8% out of 320 respondents. It is followed by the age of 41 to 50 years old that accounted 84 or 32.6% and the age of 51 and above which accounted 29 or 11.2%. The lowest frequency of respondents were from the age of 30 years old and below which accounted 19 or 7.4%. Based on the result, most of the respondents (78.7%) in this study were married. Majority of respondents (89.9%) were Malay, 6.6% Chinese and the rest were Indians. There were 26% of the respondents having a doctoral degree followed by masters about 70% and the remaining 4.7% were 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% had more than 16 years and only 8.6 % respondents had experience three years and below. The highest basic monthly salary was above RM5500 which accounted 89 or 34.5% and followed by RM3501 - RM4500 which accounted 88 or 34.1%. While, 49 or 19.0% of respondents had income range of RM4501 - RM5500 and 21 or 8.1% had their income range of RM2500 - RM3500.

### *6.2 Finding on the relationship between remuneration package and job satisfaction*

The first objective of this study was to test the effect of remuneration package 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 indicated moderately low correlation between both variables. This result answered the first objective and at the same time confirmed a positive significant correlation between remuneration package and job satisfaction. Therefore hypothesis Ha1 was supported.

From the analysis, out of 320 lecturers, there were 89 or 27.8% lecturers received basic monthly income above RM5500. Only 11 or 3.4% of lecturers had basic monthly salary of RM2500 and below. The correlation  $r = 0.206$ ,  $p = 0.000$  indicated a positive low correlation between salary and satisfaction. The finding was consistent with Noordin, et al. (2009) 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. Previous study done by Yang, H., Miao, D., Zhu, X., Sun, Y., Liu, X., & Wu, S. (2008) stated that the increase in salary will significantly improve the job satisfaction for Chinese junior military officers.

Zainuddin, A., Junaidah H. A. & Nazmi, M. Z.(2010) in their study entitled modelling job satisfaction and work commitment among lecturers, found positive significant relationship between remuneration and job satisfaction. In another study by Hashim, R., & Mahmood, R. (2011) indicated that more than 50 % of the respondents appeared to be satisfied with all the 16 job aspects, except for salary and policies and procedures. This is proven that remuneration package has a positive effect on job satisfaction among workers or lecturers.

### *6.3 Finding on the relationship between promotion opportunity and job satisfaction*

The second objective of this study was to test the influence of promotion opportunity on job satisfaction. Result from analysis indicated  $r = 0.590$ ,  $p = 0.000$  and according to Guildford Rule of Thumb, when  $r = 0.590$ ,  $p = 0.000$ , it showed moderate strong correlation between promotion opportunity and job satisfaction. This result answered the second objective, thus confirmed a significant correlation between promotion opportunity and job satisfaction. Therefore hypothesis Ha2 was supported.

The finding of this study aligns with the result from Zainuddin Awang et al. (2010) which found that the promotion opportunity was positive significant relationship with job satisfaction among lecturers. This finding also consistent with Khan, A. H., Nawaz, M. M, Aleem, M. & Hamed, W. (2011) indicated that promotion significantly affect the level of job satisfaction among autonomous medical institutions of Pakistan. Khan, A.H., et al (2011) conducted a study to find out determinants of job satisfaction and impact of job satisfaction on the employee performance in the autonomous medical institutions of health department of Pakistan.

Meanwhile, the result of promotion opportunity which is positively related with job satisfaction parallel with the study of ), Zainuddin Awang et al. (2010), Danish, R. Q. & Usman, A. (2010) and Ssesanga, K., & Garrett, R. (2005) indicated a positive significant relationship between opportunities for promotion and job satisfaction. Promotion opportunities were also an important aspect of a worker's career and life. It can have a significant impact on other job characteristics such as responsibilities, etc. The university may use promotion opportunities as a reward for highly productive workers to exert greater effort. More satisfied workers are less likely to leave their employer, have lower rates of absenteeism and higher productivity.

## 7.0 CONCLUSION

This study focused on the relationship between remuneration package and promotion opportunity against job satisfaction among lecturers. This study found that, the remuneration package and promotion opportunity have a positive correlation with job satisfaction. This finding confirms that remuneration package and promotion opportunity have moderate impact on job satisfaction among lecturers. High daily expenditure require lecturers to find other alternatives in acquiring more income such as making additional classes and accepting talk invitations that may be interfere with their daily class schedule. The more severe impact to the university is that the lecturers will look for other work opportunities outside. Therefore all organizations especially education sectors should consider promotion opportunities whenever the academics meet the criteria that qualified to be promoted to higher position with a higher remuneration package. Since both elements are the main focus of all academics, organizations may use these elements as mechanism to enhance satisfaction, and to retain their talents.

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