THE INFLUENCE OF NON-FINANCIAL COMPENSATION ON ATTITUDE TOWARDS THE JOB OF SUPPORT STAFF: COMPARISON BETWEEN PUBLIC AND PRIVATE SECTOR

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ABSTRACT

THE INFLUENCE OF NON-FINANCIAL COMPENSATION ON ATTITUDE TOWARDS THE JOB OF SUPPORT STAFF: COMPARISON BETWEEN PUBLIC AND PRIVATE SECTOR

Lim Bo Nie

This study aims to identify the influence of non-financial compensation on attitude towards the job of support staff. A comparison between public and private sector has been made in order to clearly identify its influence on job attitude. Simple Random Sampling method was used to identify the number of sample for this study. There are 37 respondents gathered from the public sector (JKR), while 35 respondents from the private sector (CMSB). A set of questionnaires were distributed to the respondents in data collection process. This study consists of six hypothesis and was analyzed using Inference and Descriptive Statistic to determine the relationship between the variables and the dominant factor influencing job attitude. The dependent variable is attitude towards the job, while the independent variables are recognition, advancement opportunities, comfortable working conditions and competent supervisor. The findings of this study revealed that all of the independent variables have a significant relationship on the dependent variable. In other words, all of the selected non-financial compensation elements have influence on the job attitude of the support staff in both organizations. This study also shows that none of the respondents rated themselves as having low attitude towards their job. Advancement opportunities were found to be the dominant factor in influencing the job attitude of at JKR. Meanwhile, competent supervisor was the dominant factor in CMSB. Hence, both organizations should take into consideration all of the elements in this study as they have been proved to have significant influence on attitude towards the job.
ABSTRAK

PENGARUH PAMPASAN BUKAN KEWANGAN TERAHADAP SIKAP KERJA STAF SOKONGAN: PERBANDINGAN ANTARA SEKTOR AWAM DAN SWASTA

Lim Bo Nie

CHAPTER 1
INTRODUCTION

1.0 Introduction

Employees are the most valuable resource owned by one organization. Therefore, management should be able to detect the major concerns of employees in their attempts to retain them. One of the most critical area and should be on the shoulders of every managers is the reward system. Every organization should have a well-planned compensation system. In this open market era, most of the employees are looking for a stable career which can provide greater self-development, security and recognition. In other words, they are more emphasizing non-financial compensation aspects as compared to the financial aspects. Non-financial compensation consists of the satisfaction that a person receives from the job itself and from the psychological and/or physical environment in which the person work (Mondy & Noe, 1996).

Therefore, rewarding employees is not a simple task anymore as their needs and expectations vary in reality. According to Lockett (1992), it is important to review in more detail the needs and expectations of employees. If we start to assume that all employees have the same needs and are motivated by the same thing then we are using the shotgun approach to reward and motivation – some of our benefits and policies will be an effective motivator and hit the target; other will be diminished. This requires rewards that not only attract the best person for the right job, but also those that are able to retain the employees and have them perform continuously to ensure the survival of any organization. Thus, organizations need to have a set of comprehensive compensation and benefits package for its employees, either financially or non-financially.
Organizations need to have a more comprehensive and attractive compensation package in way to attract and retain employees, towards achieving the organizational objectives; to deliver the best quality services to its clients. Lawler, (in Leap & Crino, 1993) concluded that rewards would only be effective in encouraging and improved job satisfaction if they are important to the individual employee.

Wright and Roy (1999) stated that although it is less obvious, the success of a company may rely on its ability to attract and retain the best people to perform in the interest of the company. Whenever the phrase compensation and benefits are mentioned, people will tend to view it from the financial aspect only. In fact, the non-financial compensation that an organization can offer is equally as important as its financial aspect in enhancing job attitude; sometimes more.

1.1 Background of the Study
Nowadays, the needs of employees are changing rapidly in Malaysia. Financial compensation plays the most important role in rewarding employees before. However, as the living standards increase, financial compensation, such as wage and salary, does not have that much influence anymore in attracting and retaining good employees. In ensuring that the needs of job satisfaction are realized, employees would demand for non-financial compensation during the performance of the job. It involves the job itself and its environment such as recognition, advancement opportunities, comfortable working conditions and competent supervisors.

The question now becomes, other than pay, how best to motivate employees (Appelbaum & Rammie Kamal, 2000). One concern is how small firms are able to compete against their larger counterparts in attracting and maintaining employees when, at least financially, they are unable to offer the same level of compensation.
The answer may very well lie in remuneration via alternative, non-monetary, methods (Appelbaum and Shapiro, 1991). It is imperative to understand and identify alternative remunerative options in order to ensure the survival and success of small and medium sized businesses.

Job satisfaction is also enhanced through encouraging autonomy and group cohesion (Swift & Campbell, 1998). These are combined to create a more positive "psychological climate" within an organization. This climate is positively related to job satisfaction. In fact, Sunoo (1998) stresses the importance of creating a balanced and challenging work environment in order to increase employee optimism and retention, since it is the job, not the place of work that will have the greatest effect on satisfaction. In order for employees to be truly satisfied and motivated in their jobs, they must feel that they are contributing, learning and enjoying themselves (Markovich, 1997). By fostering trust through relationships, employees are more likely to communicate information and in the process, learn, contribute and glean a sense of freedom from their work environment. The resulting enjoyment and satisfaction experienced by the employees are key factors in organizational success.

Due to this, it has attracted the researcher to carry out a study on the impact of non-financial compensation on attitude towards the job. This study was a comparative study between Jabatan Kerja Raya (JKR) which represents the public sector and Cahya Mata Sarawak Berhad (CMSB) which represents the private sector. Both organizations running a project-based business. A comparison was made to see clearly the compensation program offered by two different organizations and how does it influence employees' job attitude.
1.2 Statement of the problem
Nowadays, most organizations assume that financial compensation such as basic salary and wages are sufficient enough in compensating their employees. Due to increment in living standard, money seems to be the most valuable payment for employees, from the management perspective. The reason for this is because these organizations have limited knowledge on the elements of non-financial compensation and how they influence job attitude.

1.3 Research objectives

1.3.1 General objective
To identify the influence of non-financial compensation on attitude towards the job by comparing the public and private sector.

1.3.2 Specific objectives
- To identify the attitudes of support staff towards the job.
- To determine the relationship between employee recognition and attitude towards the job.
- To determine the relationship between advancement opportunities and attitude towards the job.
- To determine the relationship between comfortable working conditions and attitude towards the job.
- To determine the relationship between competent supervisors and attitude towards the job.
• To determine the differences between employees in various selected demographic factors (level of education, length of service, gender and age) and attitude towards the job.

• To determine the dominant non-financial compensation factor in influencing attitude towards the job.

1.4 Conceptual Framework

A conceptual framework of this research has been made and it was illustrated by figure 1 based on the research objectives and the resources obtained through the literature review. Figure 1 shows the independent variable in this research was the attitude towards the job of support staff. The independent variables were the job itself (recognition and advancement opportunities), the job environment (comfortable working condition, competent supervisors) and demographic factors (level of education, length of service, gender and age).
1.5 Hypothesis

Hypothesis 1: There is no significant relationship between employee recognition and attitude towards the job.

Hypothesis 2: There is no significant relationship between advancement opportunities and attitude towards the job.

Hypothesis 3: There is no significant relationship between comfortable working conditions and attitude towards the job.

Hypothesis 4: There is no significant relationship between competent supervisors and attitude towards the job.
Hypothesis 5: There are no differences between employees in various selected demographic factors (level of education, length of service, gender and age) and attitude towards the job.

Hypothesis 6: There is no dominant factor that influenced the attitude towards the job.

1.6 Significance of study

Through this study, the organizations and researcher have gained more knowledge and can understand the influence of non-financial compensation towards job attitude. The management can use this study to determine the elements of non-financial compensation that should be rewarded to fulfill the needs and expectations of employees towards enhancing their job satisfaction and attitudes. In addition, it also able to uplifted their morale towards the organization. With this, organizations will not only have improved performance among the staffs but also able to retain the right people in the organization.

Besides, there were only few studies on this field in Malaysia. Thus, it is hoped that this study will reveal the non-financial elements that influence the attitude of Malaysian employees towards their job. Employees today are looking for jobs that will provide them with more on-the-job compensation. This study was very useful for the future research in the related field as a guidelines and references.
1.7 Definition of terms

The terms of dependent and independent variables were defined in conceptual and operational meaning in this study for a better understanding.

1.7.1 Job attitude

Conceptual

Job attitude was defined as the commitment to job (Belcher and Sibbald, 1998).

Operational

Job attitude in this study refers to the perception of employees towards their job. How they view their job would affect their work behavior. Job satisfaction is a common point of analysis.

1.7.2 Recognition

Conceptual

Recognition refers to the acknowledgement of individual employees accomplishments (Appelbaum & Rammie Kamal, 2000).

Operational

Recognition in this study refers to the act of appreciation towards individual employee’s performance for motivating employees to meet the organizational objectives.
1.7.3 Advancement opportunities

Conceptual

Advancement opportunities defined as any chances given to an individual to improve him or herself which can be in the form of knowledge, skills and abilities (Robbins, 1996).

Operational

Advancement opportunities in this study refer to the job promotion, training program, career development and opportunity for self-growth provided to employees in the organization.

1.7.4 Comfortable working conditions

Conceptual

Comfortable working condition can be defined as the convenient physical setting of the organization, temperature, noise and so forth (Aamodt, 1991).

Operational

In this study, comfortable working conditions refer to the environment which can support and maximizing competitiveness of employees in the organization. The physical working environment could involve the degree of hazard in the workplace, noise, office setting and temperature.
1.7.5 Competent supervisor

Conceptual

Competent supervisor refers to someone who has the necessary ability, authority, skills and knowledge to delegate and teach his or her subordinates (House & Wigdor, 1969).

Operational

In this study, competent supervisor refers to the degree of encouragement, understanding, competency and support shows by a supervisor towards his or her subordinates.

1.8 Limitation of the study

This was a comparative study and only focused at two different organizations which represent public (Jabatan Kerja Raya (JKR)) and private sector (Cahya Mata Sarawak (CMS)). The research results might not represent the whole public and private sectors in Malaysia.

Furthermore, the successfulness of the study was depended entirely on the willingness and cooperation of respondents in filling-in the questionnaires. This is vital in determining the accuracy and validity if the data and information gathered.

On the other hand, the researcher only discusses few elements of non-financial compensation that might influence job attitude of support staff. There are other elements in the non-financial compensation package that also can influence the job.
Besides, the researcher should study the broad spectrum of employment, instead of just support staff. The study should also involve managerial and executive levels. Thus, the uniqueness or the importance of the support staff in one organization can be seen clearly.

1.9 Conclusion

As a conclusion, the introduction, background of the study, problem statement, research objective, conceptual framework, significance of the study, terms definition and limitation of the study were discussed in this chapter. The references for this study will be discussed in Chapter 2.