EMPLOYEE SATISFACTION REGARDING PAY, FINANCIAL REWARDS AND FRINGE BENEFITS AT XYZ RESORT HOTEL IN KUCHING

CH'ING LAY KEAN

FACULTY OF SOCIAL SCIENCES
UNIVERSITI MALAYSIA SARAWAK
1997
EMPLOYEE SATISFACTION REGARDING PAY, FINANCIAL REWARDS AND FRINGE BENEFITS AT XYZ RESORT HOTEL IN KUCHING

P. KHIDMAT MAKLUMAT AKADEMIK
UNIMAS

CH'NG LAY KEAN

A graduation exercise submitted in partial fulfilment of the requirements for the degree of Bachelor of Social Sciences (Industrial Relations and Labour Studies)

FACULTY OF SOCIAL SCIENCES
UNIVERSITI MALAYSIA SARAWAK

1997
ACKNOWLEDGEMENTS

Firstly, I would like to express my grateful thanks to Prof. Madya Dr. Jose C. Gatchalian, Head of Program, Industrial Relations and Labour Studies, for his advice, guidance, encouragement, and constructive criticism throughout the course of the research. Thanks are also due to Dr Spenser Empading Sanggin and Dr. Gabriel T. Noweg for their advice and caring attitude with regard to my study.

I would also like to thank the Personnel Manager of XYZ Resort Hotel for giving me permission to carry out the survey in their well-recognised hotel. The Personnel Assistance, Secretary and Staff of XYZ Resort Hotel deserve a special mention for their patience and endurance in giving me relevant information.

I wish to thank Miss Tan Mooi Keow, Miss Lim Soo Tin, Miss Woo Soak Han, Miss Lee Ee Phing, Miss Lee Meng Choo and others who have, in one way or another, assisted me by providing the necessary information and discussions on the subject.
This paper is about employee satisfaction with regards to pay, financial rewards and fringe benefits among rank and file workers at XYZ Resort Hotel in Kuching. This study examined employee satisfaction and the influence of socio-demographic characteristics on employee satisfaction with regards to pay, financial rewards and fringe benefits. The study also attempted to determine intercorrelation of pay satisfaction dimensions such as pay level, pay raise, benefits, pay structure and administration.

For the research, about 30% of the rank and file workers who had at least one year of employment in the organisation were interviewed using a set of questionnaires. Six kinds of financial rewards included in this study are meal allowance, overtime pay, shift allowance, service charge, annual incentive and other individual incentives. Nine types of fringe benefits included in this study are the long service award, staff quarters, staff transportation, uniform, laundry service, medical fees, EPF contribution, SOCSO compensation and paid leave.

Some of the significant findings of this study shows that: (1) employees are dissatisfied with pay and all types of financial rewards being provided; (2) however, employees are only dissatisfied with certain types of fringe benefits such as long service award, staff quarters, staff transportation and uniform; (3) certain demographic characteristics have influenced employee satisfaction with regards to pay, financial rewards and fringe benefits; and (4) some of the pay satisfaction dimensions are highly correlated.
ABSTRAK

Latihan ilmiah ini adalah mendedahkan kepuasan pekerja berhubung dengan pembayaran, faedah kewangan dan faedah sampingan antara pekerja am di XYZ hotel di Kuching. Kajian ini, mengkaji kepuasan pekerja dan pengaruh ciri-ciri demografi ke atas kepuasan pekerja berhubungkait dengan pembayaran, faedah kewangan dan faedah sampingan. Kajian ini juga bertujuan menentukan hubungan di antara dimensi kepuasan pembayaran seperti tahap pembayaran, kenaikan pembayaran, faedah sampingan, struktur dan pentadbiran pembayaran.

Dalam penyelidikan ini, kira-kira 30% pekerja am yang telah berkhidmat sekurang-kurangnya satu tahun di organisasi ini, ditemuduga berpandukan satu set soalselidik yang tersedia. Enam jenis faedah kewangan yang dikaji adalah alaun makanan, pembayaran lebih masa, alaun aliran kerja, pembayaran perkhidmatan, insentif tahunan dan lain-lain insentif individu. Sembilan jenis faedah sampingan yang dikaji adalah faedah perkhidmatan jangka panjang, pengangkutan pekerja, kediaman pekerja, pakaian seragam, perkhidmatan percucian, faedah perubatan, sumbangan EPF, pampasan SOCSO and pembayaran cuti.

Sebahagian keputusan kajian yang signifikant menunjukkan: (1) pekerja adalah tidak berpuas hati dengan pembayaran dan semua jenis faedah kewangan yang ditawarkan; (2) walau bagaimanapun, pekerja hanya tidak berpuas hati dengan sebahagian daripada jenis faedah sampingan tertentu seperti pembayaran perkhidmatan jangka panjang, kediaman pekerja, pengangkutan pekerja dan pakaian seragam; (3) setengah ciri demografi mempengaruhi kepuasan pekerja terhadap pembayaran, faedah kewangan dan faedah sampingan; (4) sebahagian daripada dimensi kepuasan pembayaran pekerja adalah berhubungan rapat antara satu sama lain.
## CONTENT

<table>
<thead>
<tr>
<th>ACKNOWLEDGEMENT</th>
<th>page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>ii</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td>iii</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>iv</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>viii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>ix</td>
</tr>
</tbody>
</table>

### CHAPTER 1 INTRODUCTION

1.1 Background of the Study  
1.2 Statement of the Problem  
1.3 Significance of the Study  
1.4 Purpose of the Study  
1.5 Scope of the Study  
1.6 Definition of Terms

### CHAPTER 2 REVIEW OF RELATED LITERATURE

2.1 The Concepts of Pay, Financial Rewards and Fringe Benefits  
   2.1.1 The Concept of Pay  
   2.1.2 The Concept of Financial Rewards  
   2.1.3 The Concept of Fringe Benefits  
2.2 Theory and Models related to Pay Satisfaction
2.2.1 Equity Theory 21
2.2.2 Lawler’s Model of Pay Satisfaction 22
2.2.3 Model of Pay, Job Satisfaction and Organisation Outcomes 24

2.3 Factors affecting Employee Satisfaction 27
2.3.1 Attitude towards Pay, Financial Rewards and Fringe Benefits 27
2.3.2 Perception of Pay, Financial Rewards and Fringe Benefits 29
2.3.3 Socio-demographic Characteristics 30
2.3.4 Personal Standard of Comparison 33

2.4 The Role of Pay, Financial Rewards and Fringe Benefits 34
2.4.1 Motivation 34
2.4.2 Job Performance 35
2.4.3 Job Attendance 37
2.4.4 Employee Turnover 38

2.5 Intercorrelations of Pay Satisfaction Dimensions 38

2.6 Previous Findings of A Survey Conducted on XYZ Resort Hotel 40

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Subject Organisation 43
3.2 Population and Sample Size 43
3.3 Pre-test Questionnaire Instrument 44
3.4 Instrument and Procedures 45
3.5 Measures and Variables 46
3.5.1 Socio-demographic Characteristics 46
3.5.2 Employee Satisfaction with Pay 46
3.5.3 Employee Satisfaction with Financial Rewards

3.5.4 Employee Satisfaction with Fringe Benefits

3.6 Reliability and Validity

3.7 Data Collection

3.7.1 Primary Data

3.7.2 Secondary Data

3.8 Data Analysis

3.8.1 Descriptive Statistics

3.8.2 Correlations

CHAPTER 4 RESULTS AND DISCUSSION

4.1 Socio-demographic Characteristics of Respondents

4.2 Employee Satisfaction with Pay, Financial Rewards and Fringe Benefits

4.2.1 Employee Satisfaction with Pay and Financial Rewards

4.2.2 Employee Satisfaction with Fringe Benefits

4.2.3 Pay Satisfaction Dimensions

4.2.4 Discussion

4.3 Pay, Financial Rewards and Fringe Benefits and Socio-demographic Characteristics

4.3.1 Employee Satisfaction with Annual Incentive by Basic Salary

4.3.2 Employee Satisfaction with Pay Level by Basic Salary

4.3.3 Employee Satisfaction with Staff Transportation by Basic Salary

4.3.4 Employee Satisfaction with Basic Salary by Educational Level

4.3.5 Employee Satisfaction with Pay Structure/Administration by Years of Education
LIST OF TABLES

Table 2-1 : Percentage for Employee Satisfaction with Pay, Financial Rewards and Fringe Benefits in XYZ Resort Hotel (n = 232) 40

Table 4-1 : Socio-demographic Characteristics of Respondents by Frequency, Percentage, Mean, Standard Deviation 53

Table 4-2 : Percentage, Mean(M) and Standard Deviation(SD_) for Pay and Financial Rewards 56

Table 4-3 : Percentage, Mean(M) and Standard Deviation(SD) for Employee Satisfaction with Fringe Benefits 64

Table 4-4 : Percentage, Mean(M), Standard Deviation(SD) for Pay Level, Benefits, Pay Raise and Pay Structure/Administration. 68

Table 4-5 : Mean(M), Standard Deviation(SD), Reliability and Intercorrelation of Pay Satisfaction Dimensions 91
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure Number</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1</td>
<td>Monthly Employee Turnover Rate for XYZ Resort Hotel in 1996</td>
<td>5</td>
</tr>
<tr>
<td>2-1</td>
<td>Equity Theory</td>
<td>21</td>
</tr>
<tr>
<td>2-2</td>
<td>Lawler's Model of Pay Satisfaction</td>
<td>23</td>
</tr>
<tr>
<td>2-3</td>
<td>Pay, Job Satisfaction and Organisational Outcomes</td>
<td>25</td>
</tr>
<tr>
<td>2-4</td>
<td>The Top 15 Concerns</td>
<td>41</td>
</tr>
<tr>
<td>4-1</td>
<td>Employee Satisfaction with Meal Allowance</td>
<td>57</td>
</tr>
<tr>
<td>4-2</td>
<td>Employee Satisfaction with Overtime Payment</td>
<td>58</td>
</tr>
<tr>
<td>4-3</td>
<td>Employee Satisfaction with Annual Incentive</td>
<td>59</td>
</tr>
<tr>
<td>4-4</td>
<td>Employee Satisfaction with Basic Salary</td>
<td>60</td>
</tr>
<tr>
<td>4-5</td>
<td>Employee Satisfaction with Service Charge Distribution</td>
<td>61</td>
</tr>
<tr>
<td>4-6</td>
<td>Employee Satisfaction with Pay Level, Benefits, Pay Raise, Pay Structure and Administration</td>
<td>71</td>
</tr>
<tr>
<td>4-7</td>
<td>Employee Satisfaction with Annual Incentive by Basic Salary</td>
<td>79</td>
</tr>
<tr>
<td>4-8</td>
<td>Employee Satisfaction with Pay Level by Basic Salary</td>
<td>80</td>
</tr>
<tr>
<td>4-9</td>
<td>Employee Satisfaction with Staff Transportation by Basic Salary</td>
<td>81</td>
</tr>
<tr>
<td>4-10</td>
<td>Employee Satisfaction with Basic Salary by Educational Level</td>
<td>82</td>
</tr>
<tr>
<td>4-11</td>
<td>Employee Satisfaction with Pay Structure/Administration by Years of Education</td>
<td>83</td>
</tr>
<tr>
<td>4-12</td>
<td>Employee Satisfaction with Annual Incentive by Years of Employment</td>
<td>84</td>
</tr>
<tr>
<td>4-13</td>
<td>Employee Satisfaction with Staff Quarters by Marital Status</td>
<td>85</td>
</tr>
</tbody>
</table>
Figure 4-14: Employee Satisfaction with EPF contribution by Marital Status
Figure 4-15: Correlation between Pay Raise and Pay Level
Figure 4-16: Correlation between Pay Raise and Pay Structure/Administration
Figure 4-17: Correlation between Pay Level and Benefits
Figure 4-18: Correlation between Pay Raise and Benefits
Figure 4-19: Correlation between Pay Level and Pay Structure/Administration
CHAPTER 1

INTRODUCTION

The overall purpose of this study was to analyse employee satisfaction with regard to pay, financial rewards and fringe benefits in order to determine the association of these factors with socio-demographic characteristics. The study also attempted to determine the intercorrelation of pay satisfaction dimensions such as pay level, pay raise, benefits and pay structure/administration. For purposes of this study, the hospitality organisation selected for research was XYZ Resort Hotel in Kuching. The problem on which this study was based is related to compensation programs including pay, financial rewards and fringe benefits which are normally used to motivate, retain and attract qualified employees (Tanke, 1990).

Compensation plays three interrelated roles in defining the relationship with employees: (1) a pay system can be used in defining what is important such as technical work, customer service, individual-based performance or group-based performance (Murphy & Cleveland, 1991; Smith & Brower, 1977); (2) pay can serve as motivator. Basically, people work to receive pay and they work if they could get pay (Lawler, 1981); and (3) pay provides feedback on performance (Herold & Parsons, 1985; Herold & Greller, 1977). According to Schiemann (1986), from a cost perspective, effective management of employee compensation is critical given that it often represents the single largest cost incurred. According to him, pay consists about 10.0% to 50.0% of total operating costs in some labour-intensive organisations. From
an organisation’s perspective, employee satisfaction with pay, financial rewards and fringe benefits may influence their job satisfaction, job behaviour and job performance. From an employee perspective pay and financial rewards, especially salaries and wages, represent the main source of income for most people and may also be taken as key indicators of a person’s social standing or success in life.

Basically, organisations are encouraged to consider their compensation program as more than a means to secure the employment of individuals (Schiemann, 1986). In additions, employers are encouraged to think of their compensation program as a means of implementing strategies and supporting organisation culture which might lead to improving workers' performance (Rock & Berger, 1991; Balkin & Gomez-Mejia, 1990; Lawler, 1990). In this case, human resource practices can have positive effects on worker output, worker attitudes, prevention of disruption such as accidents or strike, and reduction of withdrawal such as quitting and absenteeism (Katzell & Guzzo, 1983).

1.1 Background of the Study

A resort hotel can be described as a place where people go to relax and be entertained. Normally, resort hotels are located near natural recreational areas such as the seashore, large lake, beach, etc. The hotels may have their own pools and certainly restaurants, night clubs and other forms of entertainment for their guests, but it is the area rather than the hotel itself that attracts the people (Gray & Liguori, 1994). The product of the hotel includes amenities such as sleeping accommodations (rooms and suites), food and beverage facilities (for individual dining as well as group social functions),
function space (for conventions, meetings, exhibitions and social events) and recreation facilities (for health, fitness, recreation and entertainment). In the hotel industry, productivity is based on personal ability and effort, thus human capacity is important in measuring productivity.

Threefold of commitment have to be taken into consideration by the hotel management to satisfy the needs and wants of: (1) investors for their time, money and personal efforts in developing and expanding the organisation; (2) employees of the organisation and deserve a fair return for their efforts; (3) guest of the organisation to provide good service and achieve organisation goals as a whole (Gray & Liguori, 1994). According to Tanke (1990), high turnover exists in the hospitality industry including hotels. The hotel industry is not seen as an attractive place to work in because the work is physical, the hours long, the working conditions frequently poor and the times busiest are weekends and holidays. Since hotel organisations are emphasise on guest service, all new recruits have to undergo orientation and training programs for a period of time. High employee turnover rate might make up a large percentage of operational expenditures. Therefore, good design of a compensation program is needed to bring about job satisfaction, a reduction in grievances, a fair pay structure, a system for rewarding seniority and for retaining good quality workers.

1.2 Statement of the Problem

Employee pay satisfaction has a great impact on whether the employee is satisfied or dissatisfied with his or her job (Leap & Crino, 1993; Shaffer, 1981). According to Shaffer (1981), pay and employee benefits comprise 75.0% of the total budget in
labour-intensive organisations such as hotels, educational institutions and other service organisations. Leap and Crino (1993) pointed out that three major points have to be taken into consideration when designing, implementing and evaluating a compensation program: (1) pay is generally an important element to employees and will have an effect on occupational and job choice, job satisfaction, absenteeism, turnover and work performance. Moreover the impact of pay depends on such variables such as age, gender, income level, family situation, educational level and other cultural, social and economic factors; (2) the work force changes continually; (3) organisations change their missions, goals, strategies and personnel policies. This pay systems have to change in response to the ever changing work force, organisational, legal, and other environmental threats and opportunities.

Benefits can be defined as a favourable allowance provided by the employer for the employee in addition to wages or salaries that subsidise employee needs and service. Benefits are a complementary component of the total rewards system in the hotel organisation. Benefits differ from incentives and pay in that they are not tied to an employee performance. The role of benefits has changed largely due to a shift in employee socio-demographics and expectations. Many surveys and studies have shown a positive relationship between income and job satisfaction, the higher the pay, the higher the satisfaction with the job (Adelmann, 1987). Rice, et al. (1990) stated that pay is one of the most important among the many properties characterising work in formal organisations. According to him, people would not work if they were not paid by firms. In addition, pay also significantly influence on organisational behaviour variables such as absenteeism, union voting and turnover (Heneman, 1985;
A fluctuation of employee turnover has occurred in XYZ Resort Hotel. Since XYZ hotel is a well-established organisation which is very concerned with employee satisfaction with the job. Part of the organisation philosophy is "to provide our employees with the security of working for a successful company with job satisfaction, good remuneration and good working conditions, acknowledge their rights to be informed and consulted on all matters which affect their work."¹

![Figure 1-1: Monthly employee turnover rate for XYZ Resort Hotel in 1996](image)

¹ One of the XYZ hotel philosophy.
Nevertheless, in 1996 employee turnover increased and the trend of employee turnover rate was unstable as shown in the Figure 1-1. With regard to the above figure, there was a fluctuation in the trend of employee turnover rate from January to December in 1996. For the first three months, employee turnover rate had declined slightly from 7.3% to 6.0%. Whereas, for the following three months, there was a sharp increased of employee turnover rate by 60.0% from 6.0% in March to 9.7% in June. The employee turnover rate reached its highest level in June for the year 1996. For the next three months, employee turnover rate saw a slight drop to 5.6% in September. However, it rose again in December by 35.2% from 5.3% in September to 7.1% in December. On average, the rate of turnover was 5.7% per month in 1996. In other words, on the average, about 13 employees left the organisation every month for the year concerned.

As stated, the high turnover rate might be due to the decline of employee job satisfaction where pay is a major component. The increased turnover might bring a high withdrawal cost to the organisation because, the company have to retrain and reorient newcomers and this consumes a lot of time. In addition, it is hard to seek qualified and suitable candidates for certain positions. In order to seek a solution to this problem, a “climate survey” had been conducted among all employees in the organisation. The findings of the survey showed that pay, financial rewards and fringe benefits are the major causes of job dissatisfaction. Hence, an in depth survey about employee satisfaction with pay, financial rewards and fringe benefits was carried out in order to understand employee needs and help the organisation’s planner to design
their compensation policies. General research problems which were addressed in the study are as follow:

1. What are the employee socio-demographic characteristics?

2. What is the employee satisfaction level regarding pay, financial rewards, fringe benefits?

3. How do socio-demographic characteristics influence employee satisfaction regarding pay, financial rewards and fringe benefits?

4. What are the intercorrelations between pay satisfaction dimensions such as pay level, pay raise, benefits and pay structure/administration?

1.3 Significance of the Study

This study was conducted to examine employee satisfaction with pay, financial rewards and fringe benefits. Although there has been a great deal of researches about pay satisfaction especially in western countries, this kind of research is fairly scarce in Malaysia especially in Kuching. This study is significant for several reasons. Firstly, the study is crucial to increase our knowledge about employee satisfaction with pay, financial rewards and fringe benefits in a hospitality organisation, such as hotel. The data analysis will enable policy planners to define employee interest and attitude towards pay, financial rewards and fringe benefits. With the data supplied by this study, the planner of the organisation will be able to make proper reward policies or modify existing reward policies. Thus, the study makes a contribution with practical implications for manager wishing to enhance employee satisfaction. Besides, this study is also important for planners to structure their compensation packages in an attempt to retain and attract good employees. Secondly, the findings of the study can
serve as a guide for further research and help researchers who are interested in implementing similar studies in Sarawak, in designing their research method and finally, the findings of the study can provide additional knowledge for scholars and deepen their understanding of employee attitude towards pay, financial rewards and fringe benefits especially in the hotel industry.

1.4 Purpose of the Study

The general purpose of the study was to analyse employee satisfaction with regard to pay, financial rewards and fringe benefits. In addition, the study also aims to determine the possible relationship between socio-demographic characteristics and employee satisfaction regarding pay, financial rewards and fringe benefits. This study was conducted to test the intercorrelation of pay satisfaction dimensions such as pay level, benefits, pay raise and pay structure/administration. More specifically, the objectives of this study were:

1. to define socio-demographic characteristics of the employees.
2. to determine employee satisfaction with pay, financial rewards and fringe benefits.
3. to determine the influence of certain socio-demographic characteristics on employee satisfaction with pay, financial rewards and fringe benefits.
4. to determine the intercorrelation of pay satisfaction dimensions such as pay level, benefits, pay raise and pay structure/administration.

1.5 Scope of the Study

With regard to research problems and objectives, the main focus of the study was on pay, financial rewards and fringe benefits and job satisfaction of workers at the XYZ
hotel in Kuching. The respondents of the study were randomly selected from rank and file workers who had at least one year of employment in the hotel. Seven types of financial rewards included in the study were the basic salary, meal allowance, overtime payment, annual incentive, service charge distribution system, shift allowance and other incentives. Whereas, nine types of fringe benefits focused on were the long service award, staff quarters, staff transportation, uniform, laundry service, medical fees, EPF contribution, SOCSO compensation and paid leave. Besides, four pay satisfaction dimensions were included such as the pay level, benefits, pay raise and pay structure/administration. Furthermore, certain characteristics of socio-demographic information were obtained such as gender, age, marital status, years of education, years of employment and their basic salary were obtained in order to determine its influence on employee satisfaction with pay, financial rewards and fringe benefits.

1.6 Definition of Terms

Annual Incentive. Annual incentive refers to rewards based on overall organisation performance and achievement such as cost reduction and annual profit-sharing. The goal of this incentive is to direct the efforts of all employees toward achieving overall organisational effectiveness (Decenzo & Robbins, 1988).

Basic Salary. The amount of money, before deduction, which is paid to an employee to perform a specific job is known as the basic salary of that job (Tanke, 1990).
EPF contribution (Employees Provident Fund/Retirement Scheme). All employees are required by law to contribute towards the EPF 11.0% of his basic salary which will be deducted accordingly from his salary. The employer will contribute 12.0% of the employee basic salary towards the fund.

Financial Rewards. Financial rewards result from direct financial compensation which include basic wages and salaries, premium payments and other forms of immediate cash compensation (Mondy & Noe, 1990; McCaffery, 1992). Seven types of financial rewards taken into this study consist of meal allowance, basic salary, overtime payment, annual incentive, service charge, shift allowance, and other incentives.

Fringe Benefits. Fringe benefits refer to rewards given to employees other than basic salary. Benefits can be classified into three types: (1) security and health benefits; (2) pay for time not worked; and (3) free or reduced cost services (Wallace & Fay, 1988). Types of fringe benefits include long service award, staff quarters, staff transportation, uniform, laundry service, medical benefits, Social Security Organisation (SOCSO), Employee Provident Fund (EPF) and paid leave.

Individual Incentives. Individual incentive plans pay off for individual performance. Individual incentives include commissions and it can be based on time saved as well as output generated (Decenzo & Robbins, 1988).
**Laundry Service.** Laundry service is offered for all employees with uniform and resident workers. Basically, all staff uniform can be laundered without any cost. However, they have to pay a reasonable rate for laundering their personal belongings.

**Long Service Award.** Every employee will be rewarded for their long-term service with the company. In the organisation, for those who have at least 10 years of employment in the organisation are qualified to receive this reward, for example, in the form of a souvenir.

**Meal Allowance.** All employees are given meal allowance per month. Commonly, resident employees and non-resident employees especially those who come from Kuching are provided with RM90.00 of meal allowance per month. Whereas, for local employees especially those staying nearby the organisation premises are provided with RM60.00 of meal allowance per month. For those taking food over the previous stated meal allowance, an additional charge will be imposed and the amount will directly deducted from their monthly salary.

**Medical Benefit.** All selected applicants are required to undergo the pre-employment medical examination by the appointed doctor of the hotel. The positive result of the examination will be use as a prerequisite for employment. All employees are provided with free medical attention for minor illness by the doctor appointed by the hotel. If an employee feels ill and wishes to consult a doctor, he should report to his Department Head/Supervisor and then proceed to the Personnel Office to obtain the medical chit
authorising him to consult the company doctor. The hotel, however, shall not be liable for X-rays, surgery, specialist fees, artificial appliances and hospitalisation.

**Overtime Payment.** At times an employee may be required to work in excess of the specified working hours but no overtime may be awarded as in cases where an employee works without prior authorisation in writing of his Department Head. However, any such work performed with proper authorisation may at the absolute discretion of the supervisor be paid overtime rate as prescribed by the law or may be compensated by hour(s)/day(s) off in lieu of the above.

**Pay.** Pay includes any direct or indirect payments to employees such as wages, bonus, stock and benefits. Pay can be classified into four categories: pay level, pay structure, individual differences and benefits (pay form) (Milkovich & Newman, 1990; Belcher & Atchinson 1987; Heneman & Schwab, 1985).

**Pay Level.** Pay level can be defined as the "*average compensation paid by a firm relative to that paid by its competitors*" (Ehrenberg & Milkovich, 1987).

**Pay Structure.** Pay structure can be defined as "*the array of rates paid for different work within a single organisation*" (Milkovich & Newman, 1990). It is also the manner in which pay within the organisation is determined.

**Paid Leave.** Paid leave which refers to annual leave is a common employee benefit and the entitlement to paid vacations is often determined by an employee seniority. As