THE INFLUENCE OF REWARD SYSTEM ON EMPLOYEES' PERFORMANCE AMONG NON-ACADEMIC STAFFS IN MASTERSKILL UNIVERSITY COLLEGE OF HEALTH SCIENCES

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ABSTRACT

Employees are the most valuable asset to organizations. Employee's performance is the main factor in determining the organization's performance and ensuring the organization to run smoothly and successfully. In order to maintain a good employee's performance, an effective performance management is compulsory. The purpose of this study is to examine the relationship between reward system (monetary and non-monetary rewards) and employee's performance in Masterskill University College of Health Sciences (MUCH). A survey involving 91 executive and non-executive staff was carried out. Three monetary reward factors (basic pay, merit/cost of living, performance bonus) and four non-monetary reward factors (recognition, learning opportunity, challenging works and career advancement) were tested. The data was analyzed using SPSS version 19. Pearson Correlation Coefficient analysis was run and employed to examine the affect of reward systems on the performance of MUCH employees. The result from Pearson Correlation Coefficient revealed that there is a positive significant relationship between reward system (monetary and non-monetary rewards) and employee's performance. Based on the results, it can be concluded that employees' performance is influenced by both monetary reward and non-monetary reward at 57% and 69.8% respectively. This study proposes that HRM must review the important of monetary and non-monetary rewards which can affect the employee's performance in their organization. In view of the results, other implications and recommendations are also discussed.

ABSTRAK

Pekerja adalah aset yang paling berharga kepada organisasi. Prestasi pekerja yang baik dapat memainkan peranan yang penting dalam menentukan prestasi sesebuah organisasi serta memastikan ianya berjalan lancar dan berjaya. Bagi mengekalkan prestasi pekerja pada tahap yang baik, suatu pengurusan prestasi yang efektif diperlukan. Tujuan kajian ini dijalankan adalah untuk mengenalpasti hubungan antara sistem ganjaran (ganjaran kewangan dan ganjaran bukan kewangan) dengan prestasi pekerja di MUCH. Satu kaji selidik melibatkan 91 orang staf eksekutif dan bukan eksekutif telah dijalankan. Tiga faktor ganjaran kewangan (gaji asas, merit/kos sara hidup dan bonus prestasi) dan empat faktor ganjaran bukan kewangan (penghargaan, peluang belajar, tugas mencabar, peluang kerjaya) telah diuji. Data dianalisis menggunakan SPSS versi 19. Analisis "Pearson Correlation Coefficient" dijalankan dan digunakan untuk mengkaji keberkesanan sistem ganjaran terhadap prestasi pekerja MUCH. Keputusan daripada analisis ini menunjukkan bahawa terdapat hubungan positif yang kukuh antara sistem ganjaran dengan prestasi pekerja. Berdasarkan kepada keputusan , didapati bahawa prestasi pekerja dipengaruhi oleh ganjaran kewangan (57%) dan ganjaran bukan kewangan (69.8%). Kajian ini menyarankan supaya pihak Pengurusan Sumber Manusia mengkaji semula kepentingan sistem ganjaran kerana ia dapat mempengaruhi prestasi pekerja dalam organisasi. Berdasarkan kepada keputusan yang didapati, implikasi dan saranan lain turut dibincangkan.

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CHAPTER 1
INTRODUCTION

1.1   Introduction

1.1.1   Background of the study

The main purpose of this study is to examine the association between reward system and the performance of employees in Masterskill University College of Health Sciences (MUCH). Masterskill University College of Health Sciences (MUCH) is one of the famous University College and also the biggest nursing college in Malaysia. MUCH is established since 1997 and was officially attained its university college status in the year 2008. The college's mission is to become a premier college for Nursing and Allied Health Education in the Malaysia and also in Asia. It also in a path of realizing an objective in fulfilling the future demand of providing professional candidate for Malaysian health industry.

Employees are the most valuable the asset to Masterskill University College of Health Sciences (MUCH) and they play an important role in preserving the successful image of an MUCH. Employee performance is the main factor in ensuring the organization to run smoothly and successfully. Good employee performance will improve the organization performance. To maintain a good employee performance, a suitable performance management is needed. According to the Hermann (2007), performance management is defined as a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization.

Performance management requires all managers to ensure that all of their employee activities and outputs are congruent with the organization's goal and therefore help the organization to gain a competitive advantage, (Aguinis, 2009), organization that have a good performance management will have many advantages such as increased in self esteem, clear mind regarding

their organizational goals, increased motivations and others.

Managing employee' reward appropriately is an important factor as a return for their contributions or performance to organization. As refer to Adam Equity Theory (1963), less reward may result to the decreasing of employee performance such as high number of absenteeism, as well as lack of interest in doing task that is not included in their job description. In other word calculative in whatever task given to them, not focus on their job which is also the decreasing resulted in job quality. The theory, also propagate that the reduction in employees' performance could happen whenever they felt that their contributions were not fairly rewarded. In other words, rewards can influences employees' performance.

Employer or organization should reward the positive performance. Reward will motivate the employees and when the employee motivation increased, it's also will increase the employee performance. In addition, employee performance also can be enhanced through a continuous and interactive process to help departments and teams achieve business goals and to help employees to improve their performance. Increased in employees performances will increase the organization performance.

1.2   Problem Statement

This study focuses on the relationship between reward system and employees' performance in a private college specifically on Masterskill University College of Health Sciences. There are many past studies (Allen and Kilmann, 2001; Yap, Bove and Beverland, 2009; Zimmerman and Darnold, 2009; Savelsbergh, Heijden and Poell, 2010; Schmidt, Trittel and Muller, 2011; Carraher, 2011) that have been conducted on employees' performance. Allen and Kilmann, (2001) claim that reward package can influence the employee's performance in their work. According to them, reward system gives an impact to employee performance by improve employee knowledge, skill and abilities to achieve to organization goals. Yap, Bove and Beverland (2009) agree that reward system give an impact to employee performance, the reward systems give indirect effect to employee in-role and extra role behavior so it will improve employee in-role performance without sacrificing extra-role performance. Amstrong and Reilly (2011) also agree that reward practices play an important role in improving employee performance and to achieve organizational goal.

However, reward system is not the only factor that can influence employees' performance. There are other factors such as attitude and employee behavior that can contribute and affect the employee performance, (Carraher and Buckley, 2008; Savelsbergh, et. al., 2010). As Savelsbergh, et. al. (2010) assert that the attitudes of team members, team leaders, and supervisors do influence the team performance (employee's performance) rating criteria.

As mentioned before, numerous previous studies found that employees' performance is associated to the reward system (Lewis, Saunders and Thornhill, 2004; Chapman and Kelliher, 2011; Kominis and Emmanuel, 2005; Armstrong, Brown, and Reilly, 2011). Nevertheless, these researches are predominantly western oriented and highlighted cases in the context of western environment which are not reflected the Asian countries especially Malaysia. In addition, less attention also has been given in looking the best practice of reward system in the field of education.

As this study refers to the Malaysia's context, it is key important to understand the reward system in MUCH and its relationship with the employee performance specifically on productivity, job quality and job accomplishment in the Malaysian private tertiary education institution. Therefore, as refer to above limitations of earlier work, the present study aims to advance the researcher understanding of the relationship between reward system and employee performance in MUCH in Malaysia's context.

1.3   Research Questions

This research is conducted to examine the relationship between the independent variables which are monetary reward and non-monetary rewards and the dependent variables of employees' performance.

The research questions are posed as follows:

1. Do the monetary rewards influence employees' performance among non-academic staff in MUCH?

2. Do the non-monetary rewards influence employees' performance among non-academic staff in MUCH?

1.4   Research Objectives

Based on the research question above the following key research objective have been developed:

1.   To examine the relationship between monetary rewards and employees' performance among non-academic staff in MUCH.

2.   To examine the relationship between non-monetary reward and employees' performance among non-academic staff in MUCH.

1.5 Significance of the Study

The significance of the current study lies in its theoretical and practical contribution as follow:

a)   It will make a significant contribution to the body of knowledge on non-monetary and monetary rewards and provide useful suggestions in terms of designing a better reward program and strategies for Malaysian private college specifically on MUCH.

b)   Numerous of previous studies (Chapman and Kelliher,2011, Armstrong, Brown, and Reilly (2001) were tested in western environment and there is still a lack of study concerning the reward system and employees' performance in Malaysia private college. In Malaysia's context adding to this dimension will enriched the existing literatures hence, giving a better understanding on the reward system from the Malaysian organization perspectives.

1.6 Scope of the Study

This research is limited to employees in Masterskill University College of Health Sciences. This is due to time constraint which the research is unable to be done in other organizations in a larger area. For this study, the researcher only focused on the group respondents from executive level and above and in non-academic division. The numbers of respondents that involve within this research are 130 persons. The respondents were identified using Stratified Random Sampling.

1.7 Organization of Study

This project is organized in 6 chapters. Chapter 1 includes introduction, problem statement, research questions, research objectives, significance of study, scope of study and organization study. Chapter 2 consists of literature review that explains the important of reward, the monetary reward that effect productivity, job quality and job accomplishment. This chapter also explains about the non-monetary rewards effect productivity, job quality as well as job accomplishment.

Chapter 3 includes research design, source of data, research framework, design of questionnaire and data analysis. Chapter 4 contains the finding and data analysis. Chapter 5 is the discussion on the analyze of the research finding analysis and finally Chapter 6 provides recommendation and conclusion of the research.

CHAPTER 2
LITERATURE REVIEWS

2.1 Performance and Rewards

This chapter discussed the relationship reward system and overall employee performance. It included the important of rewards, relationship between monetary reward and employee performance and relationship non-monetary reward and employee performance. This chapter also reviewed the details of the important of employee performance that included productivity, job quality and job accomplishment.

2.1.1. Overview of Employee's Performance

Based on Smith, (2010), there are five ways to increase employee performance such as:

a) Reduce Employee Stress

Reduce employee stress are the potential way to reduce dissatisfaction and increased their performance. Employer must identify a direct way to decrease or reduce potential stressors. It can be done by reducing employee role conflict in employees' job descriptions and responsibilities. In another way, an employer can also reassign tasks or implement a job rotation program to reduce employee overload and burnout.

b) Encourage Flexible Work Schedules

Additional stressors for employee are is balance between their work and their life responsibilities. By providing employees with a more flexible work hour, stress would be reduced, employee performance will be improved.

c) Give Meaningful and Consistent Praise

Employers' recognition is very important towards employee performance. Recognition toward employee accomplishment will make employee felt that they are on of the important and valuable asset to the organizational and in its development.

d) Maintain an Honest Communication

Communication is important between employee and employers. good communication with provide a good relationship between employee and employer.

e) Provide Wellness Program

A final strategy used to is implementing a wellness program that can increase employee productivity, improves physical and mental health, and reduce negative environment that can enhance stress. The wellness program or activity such as small gymnasium, a relaxation and meditation area, nutrition and medical consultation, or massage therapy sessions.

Based on Penny Speech at the World's Largest Human Resources Conference there are 7 way how organization can motivate his employee such as

a) treated employees with respect

b) recognize their work

c) give a clear picture of organization goals

d) appreciate their ideas

e) give opportunity to them to solve problems on their own way

f) let the employee learn new things

g) pride in feeling that they're part of something important.

2.1.2. Overview of Employee's Rewards

Every organization or company needs a strategic reward system for employee (Sarvadi, 2005). According to Adam (2010), rewards plays important role in organizations.

Reward system has divided into two known as monetary rewards and non-monetary rewards. Monetary rewards can be referred as tangible returns includes cash compensation such as bonus, increment, short term incentive, long term incentive and other benefits such as income protection, allowances and others (Milkovich, Newman and Gerard, 2010). Monetary reward referred as profit sharing, job evaluation and merit rating. Profit sharing is organization profit that are given to all employees in that organization and had been distribute based on their performance in the organization and this can be identify as reward outstanding performance. Job evaluation is where many factors had been identified and used as the purposes of inter-job comparison. The total rating for each job then forms as the basis of wage structure. The factors that had been evaluated are working environment, physical characteristics, mental characteristics, extent of responsibility and training and experience. Merit rating are used as an indicator of performance where each employee is being rated, whether as excellent, good, average or poor, based on the following abilities such as communication, human relations including leadership and motivation, intelligence, judgment and knowledge. (The Glacier Metal Company (UK) (2010)). Another example of monetary reward such as basic pay, merit or cost of living and bonus.

Basic pay is the payment that received as a wage or as salary (beard, 2001) and (Mathis and Jackson, 2008). More, according to beard, (2001) , base pay is the fixed payment paid to an employee for performing their specific job responsibilities.

McBride and Kritsonis, (2008) in their doctoral forum said that merit pay is a basic term for any mechanism that use to adjust salaries or provides compensation to reward higher levels of employee performance in organization (Ellis, 1984). Merit pay refers to the process of distributing employee pay increases, based on their performance at work (Salimaki and Jamsen, 2009) and used as a tool by an organization to motivate employee hence it can increase their

level of performance and to minimize potential conflicts and challenges from employees. (Brody, Frank and Kowalczyk, 2000). According to Richardson, (1999); Odden, (2000); Odden and Kelley, (2002), merit pay is more likely to consider as a group-based reward programmes, or knowledge and skill based rewards. More, merit pay is the allocation of pay raises base on individual performance, and one of the most prevalent compensation practices use by most employer in private sector, state government and one-half of local governments (Heneman, 1992).

Performance bonus is a monetary reward that been given by employer to employees based on their performance appraisal and organization's profit (Shields, 2007). According to Pearson (2007), a bonus scheme is not an easy task to accomplish successfully in the organizations. A successful bonus scheme depends on performance of organization and focus on efficiency of goal setting process.

Monetary rewards are given for a variety of reasons. The example of reasons are meeting sales goals, achieving quality, outstanding performance in a given situation, or delivering a special project. Normally, monetary rewards that preferred by employees especially in the lower level category, is money in a form of bonus, trips paid for by the company, gifts from a rewards catalog, or services such as cell phone or paid cable. Thus, monetary rewards also refer to the financial inducement that organizations offer employees in exchange for their contribution and recognition in influencing their productivity in the organization.

Non-monetary rewards are given for going above and beyond as a team player, perfect attendance, or learning new skills. Examples of non-monetary rewards are movie tickets, restaurant coupons, certificates, thanks from the bosses, flexible schedules, a day off, picnics, recognition of birthdays, and free lunches. Non-monetary rewards also referred to intangible returns or rational returns such as recognition, status, employment securities and other. According to Yap (2008), non-monetary rewards refer to the identification of a job well done hence representing a non-financial means of appreciating and acknowledging of their employee contribution. Another example for non-monetary reward in Recognition Reward Enterprise *are* *o*pportunity to learn and develop as an employee in the organization, flexible working hours,

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recognition from employers, the opportunity to contribute, independence and autonomy in their working areas.

Non-monetary reward also include recognition, learning opportunity, challenging work and career advancement that give an effect to the employee performance.

The recognition of employee successes it's a powerful tools in improving employee performation, morale, motivation, and employee productivity. (Hermann, 2007) Recognition is an important feeling that person will felt special and this type of recognition must come from those who hold in high esteem and position, such as manager (Nelson, 2003).

Learning opportunities should be given to the employee. Learning opportunity is important to manage company activities, to promote so that in can becomes a tool for improving employee performance. There are few ways to let the employee learn such as give training, let them manage resources including facilities, build learning plans to encourage employees for career development and job growth.

Challenging work means that increase in the scope of work until to the highest level of the individual's capability so that employee become more energetic in handling and performing their job (Govaerts, Kyndt, Dochy, Baert, 2010). According to Wenger, 2010, staff retention start with challenging work where there are 5 actions that will ensure that employees would feel challenged, grateful because employer had recognized their work through their performance. Firstly, screen carefully which employer must set in employee mind that he or she is the one chosen to face a challenge in their work. Second, encourage creativity which employer encourage the employee use their creativity in handling their work, so that they can expand and improve them self in their performance. Third, delegate which employer must give opportunity to the employee to try out all of their skills by taking on higher level work responsibility. Fourth, train which an active program of training leads to staff retention. Trough training they can improve their skill will and become expert employee in their working areas. Lastly, let people make mistakes as they try to improve things which let employee have a freedom to make mistake

and from this mistake they will learn something and become better person. This will improve their performance.

2.1.3. Monetary Rewards and Employee's Performance.

2.1.3.1. Basic Pay and Employee Performance

According to Beard (2001), where basic pay is given to employee based on the employee's skill levels and on the experience. This will improve the employee productivity. Based on Henderson, (1997), there are 13 factors that will influence pay rate and these factors can influence and give effect between employee basic pay and employee productivity. Inadequate basic pay as a monetary reward also give a great impact to the employee performance such as lateness, absenteeism, low performance, feeling of grievances and others which can bring a major problem to the organization. (Omolayo, 2007; Owolabi, 2007)

2.1.3.2. Merit/ Cost of Living and Employee Performance.

Based on study by Lowery, Beadles, Petty M. Amstler and Thompson (2002), merit is paid to the employee based on their performance which is distinguished in 4 ways such as:

1. Based on their past performance rather than employee future performance.
2. Based on the subjective rating of employee performance rather than organization objective measures.
3. It is based on individual rather than a group performance
4. It is based on the employee assessment of long term performance and the increase in the salary is become permanent.

The implementation of the merit system had become one of the most challenging aspects in human resource management (Gabris and Ihrke, 2000). According to (Bullock, 1983; Jenkins and Lawler, 1981; Latham and Yukl, 1975a; Latham and Saari, 1979) in Lowery, Beadles, Petty

M. Amstler and Thompson (2002), study stated that employee involvement or participation in merit pay plans, such as reward contingency, can influence job performance and job satisfaction. (Meyer, 1975; Cook, 1986; Johnson and Hobart, 1989; McGinty and Hanke, 1989; Meehan, 1992).

2.1.3.3. Performance Bonus and Employee Performance.

Bonuses have strong relation with employee performance. According to Lingham, (2008) performance bonuses give an effect toward individual or team performance. More, bonus was allocated to the employees based on their performance and this performance was measured based on the achievement rate given by employer (Lowery, Petty, Thompson, 1996). Bonuses also have an advantage over merit increases and this reflected to the employee performance (Lawler, 1990).

2.1.4. Non-Monetary Rewards and Employee's Performance

2.1.4.1. Recognition and Employee Performance

Recognition is to acknowledge the positive behavior and actions of your employees and boost morale among the ranks. There are 3 types of recognition such as :

a)   Honor wall
        Employer need to recognize an employee efforts and their work performance in public.

b)   Visit From Owner
        Employer need to schedule a special surprise visit at her job area or while they performing their regular duties. Employer need shake her hand and personally congratulate the employee on their work.

c)   Recognition Output.
        Employer can schedule the outing activities during work for the employee that had been

Chosen or recognized. This will inspire other workers to strive for excellence so that they can receive the same benefit for the next round.

2.1.4.2. Learning Opportunity and Employee Performance

Learning opportunities provides benefits to both employee and employers. Successful employee in learning development gives an effect to the employee job productivity, and the employee's performance (Webster, 2011)

2.1.4.3. Challenging of Work and Employee Performance

Challenging work give effect the individual's capability so that employee become more energetic in handling and performing their job and this will improve their employee performance (in article: Leadership and Motivation Training, 2010).

2.1.4.4. Career Advancement and Employee Performance

Career advancement encompasses everything in the process to go a way up to achieve the highest position from the beginning of our career to the time until we retire (McKay, 2011). The examples of career advancement are job enrichment, promotion, job enlargement and others. In Feder(1999) study, she stated that job enrichment give a great impact and improvement to the job performance. However promotion is the most important target for the employee career advancement as a way to improve their credibility and performance. According to Ewing, (2008) there are 7 ways to improve performance in way to get promotion such as work appreciation, be indispensable, be aware of changes at work, update resume, volunteer at work, plan personal financial and live simply.

CHAPTER 3
RESEARCH METHODOLOGY

3.1. Introduction

This chapter present the methodology used in this study. It provides an overview of the study, research design, research framework, data collection method, sampling, research instrument used in this study.

3.2. Research Design

This chapter explains the research, methodology and design underpinning this study. An explanation of the detailed description of the research process undertaken by the study also include in this chapter. Based on this view, the research framework is further discuss and refined by a literature review before the hypotheses were developed.

3.2.1. Type of research

This study utilized quantitative method. Quantitative method is study involving analysis of data and information that are descriptive in nature and qualified (Sekaran, 2004). Questionnaires were distributed to respondents to obtain the necessary information. Respondent were identified by using Stratified Random Sampling

3.3 Research Framework

The tentative model was accepted as confirmed to formulate the final research model. Based on the final research model, the hypotheses were developed and tested in the following quantitative study phase.

3.3.1 Employees' Performance (Dependent variables)

This study involves employees' performance as dependent variable . In dependent variable employee performance encompasses 3 dimensions such as productivity, job quality and job accomplishment.

3.3.2 Reward Systems (Independent variables)

This study also involves monetary reward and non-monetary rewards as independent variables. In independent variable monetary reward includes 3 dimensions such as basic pay, merit pay and performance bonus. As for the non-monetary reward, it includes 4 dimensions such as recognition, learning opportunity, challenging work and career advancement. Relationship of the variable for this study is referred to Figure 3.2 as follows:
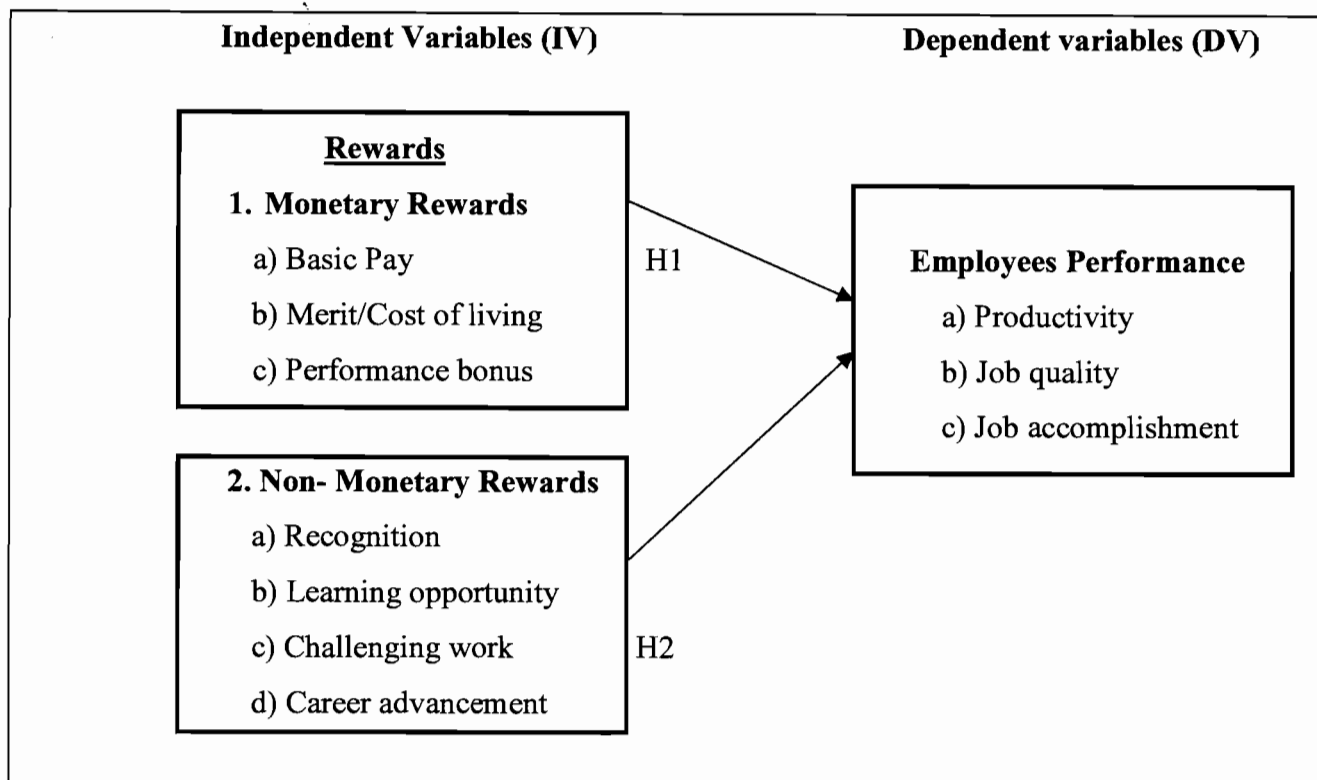
Figure 3.2: Research framework on the relationship of monetary and non-monetary reward toward employee's performance

3.4   Hypotheses Development

The next phase in the research process (see Figure 3.1) is the quantitative study. Quantitative research provides numerical measurement and statistical predictability that can be representative of total target population (Barson, 2003).). As many researchers indicated, quantitative studies attempt to establish causal associations among objectively specified variables through testing hypotheses derived from predictive theories (Kerlinger, 1986). Therefore, once the research model was finalized in the previous step, the hypotheses then were derived.

The following hypotheses in this study were proposed as follows:

Hypothesis 1: Monetary rewards are significantly associated with employee performance among non academic staff in MUCH.

Hypothesis 2: Non-monetary rewards are significantly associated with employee performance among non academic staff in MUCH.

3.5 Questionnaire Development

A tentative questionnaire was designed based on the research hypotheses. Surveys and questionnaires are the tools that enable the researcher to investigate trends and characteristics that are presented within a population. The questionnaire developed was aimed at capturing the data and information required to establish the parameters of the model and the relationship between the independent and dependent variables. It was also to examine and evaluate the final model and hypotheses. The questionnaire also included the demographic information of the participants. It consists of four sections according to the main constructs developed in the initial research model. The original research instrument was written in English and was distributed to MUCH staff in the Malaysian environment (as it will be depending on the requirement of the respondents in the Malaysian environment).

3.5.1. Questionnaire Design

The research instrument used was developed through the adaptation and modifications of questionnaire from previous studies (Tower, 2010; Armstrong, Brown, and Reilly, 2011). It is the most inexpensive way to gather data from respondents. The questionnaire consists of 4 sections namely demographics profile, monetary reward, non-monetary reward and employees' performance. 5 points Likert Scale is used for these purposes.

The summary of the questionnaire is as follows:

Section	Description
SECTION A	Section A contains 6 questions which includes demographic background of the respondents consisting of gender, types of departments, position, department, employment status and term of service.
SECTION B	Section B, Monetary rewards contains 12 questions that include the measurement related to basic pay, merit/cost of living and performance bonus.
SECTION C	Section C, Non-monetary rewards contains 14 questions that include the measurement related to recognition, learning opportunity, challenging work and career advancement.
SECTION D	Section D, Employee Performance contains 10 questions that include the measurement related to productivity, job quality and job accomplishment.

The data gathered was analyzed by using The Statistical Package for Social Sciences (SPSS) version 19.0 for the purpose of statistical analysis.

3.6 Pilot Test

A pilot test is the method used to test the design and/or methods and/or instrument prior to carrying out the research. Pilot test usually involves stimulating the actual data collection process on a small scale to get feedback on whether or not the instruments are likely to work as expected in a "real world" situation. A typical pilot test involves administering instruments to a small group of individuals that has similar characteristics to the target population and in a manner that simulates how data will be collected when the instruments are administered to the target population,

In this study, pilot test was conducted and 25 respondents have been selected to be in the pilot test. The purpose of the pilot as mentioned earlier is to test the reliability of the questionnaire. The researcher will know whether the questionnaire is fully understood by the respondents.

3.7 Questionnaire Refinement

At this stage, any weaknesses, issues or misinterpreted raised by the respondents were identified during the pilot test interviews were recorded in a log. The researcher did some changes to the questionnaire.

3.8 Conducting the survey

3.8.1 Sample Selection (Quantitative)

The context of this research was non-academic staff who are currently working in private college specifically Masterskill University College of Health Sciences in Malaysia. The study examined the factors and variables of non-monetary and monetary rewards and also employees' performance. Thus, the requirement was to survey non-academic staff in private college specifically Masterskill University College of Health Sciences in Malaysia. To generate the sample frame, a detailed listing of non-academic in Malaysia was obtained from the Human Resource Department in MUCH, 2010.

Despites that, considering the time and cost constraints, a sample size of 97 as respondents is to be acceptable in this study as referred to Sekaran (2004). Therefore, 97 employees had been chosen as the sample size from the population of non-academic in MUCH is 130 employees It was expected that 20% of the respondents would respond to the survey. The standard of ~20 per cent acceptable survey response rates was applied in this study (Samat, Ramayah and Saad, 2006).

3.8.2. Sampling Framework

Proportionate Stratified Random Sampling was used in this study. Table 3.1 : Illustrate the Proportionate Stratified Random Sampling

DEPARTMENT	POPULATION	PROPORTIONATE SAMPLING (%)	STRATIFIED	SAMPLE
HR	27	27/130 * 100 = 20.8	0.208*97 = **20**	20
OPERATIONS	20	20/130 * 100 = 15	0.15*97 = **15**	15
A&R	28	28/130 * 100 = 21.5	0.21*97 = **21**	21
FINANCE	15	15/130 * 100 = 11.5	0.11*97 = **11**	11
IT	18	18/130 * 100 = 13.8	0.13*97 = **13**	13
FACILITY / LOGISTICS	22	22/130*100 = 16.9	0.169*97 = **17**	17
TOTAL	130			97

Stratified random sampling involves stratifying the elements (employee) along meaningful level and taking proportionate samples from the strata. This sampling design is more efficient than the simple random sampling design because for the same sample size, each important segment of the population is better represented, and more valuable and differentiated information is obtained with respect to each group (Sekaran, 2003).

3.8.3 Data Collection

Data collection was an important aspect of this study. Inaccurate data collection could impact the results of a study and ultimately lead to invalid results. The data were gathered by distributing the questionnaires to all non-academic staff of MUCH. The method of traditional 'paper and pen' survey with sealed envelopes was used to provide stronger assurance of respondents' anonymity and confidentiality. The surveys were administered with the support of the key staff in the organizations. The distribution of the questionnaire is made to non-academic staff of Masterskill University College of Health Sciences (MUCH). There are 130 employees include non- academic staff. The survey had been done from executive level and above.   According to Sekaran (2004) the appropriate sample size for the population of 130 is 97. The number of questionnaire distributed to the respondents is 130 (population in order to get better response rate) . The number of return is 95 and the number of questionnaire that is useable was 91. The number of sample satisfies the requirement by Sekaran (2004). Stratified random sampling had been used to identify the respondents. Stratified random sampling is the best sample design in generalizing the finding for the whole population of Masterskill University College of Health Sciences. It's also fulfilled the rules of thumb that recommended by Wilson, Voorhis and Morgan (2007) by having at least 50 samples in order to execute the correlation analysis. Stratified random sampling was used to identify the respondents. Stratified random sampling is the best sample design in generalizing the finding for the whole population of Masterskill University College of Health Sciences.

3.9.   Data Analysis

Descriptive and Pearson correlation analysis will be used for data analysis.

3.9.1 Descriptive Analysis

Descriptive analysis involves in portraying the demographic profile of the respondents in frequency and percentage measurement.

3.9.2 Pearson Correlation Analysis

Correlation is a measure of the relation between two (2) or more variables (between independents and dependents variables). The symbol of a correlation is r, and its range is from to +1.00. The value of -1.00 represents a perfect negative correlation while a value of +1.00 represents a perfect positive correlation. A value of 0.0 represents a lack of correlation. The closer the measure is 1.00, the more likely the relationship is statically significant (Muchinsky, 1993). According to "Guilford Rule of Thumb" the strength of correlation between two (2) or more variables shown in Table 3.2

Table 3.2: Interpretation of Strength of Correlation Coefficient

Value of Coefficient	Relation between Variables
0.00 – 0.30	Very Low Relationship
0.30 – 0.50	Low Relationship
0.50 – 0.70	High Relationship
0.70 – 1.00	Very High Relationship

3.9.3 Data Screening

Reliability analysis and linearity analysis will be used for data screening.

3.9.3.1   Reliability Analysis

Reliability test on the reliability and validity of the questionnaire data was done. A measurement by the mean of Cronbach's Alpha value was used to indicate the positive correlation of the items inside the questionnaire with one to another. Based on Sekaran (2001), the closer Cronbach Alpha value to 1, the higher consistency reliability is obtained. This measurement is consistent as what recommended by Bryman and Cramer (1990) of having an alpha value of more than 0.8 in order for the questionnaire to be accepted. However, for explanatory study, an alpha value of minimum 0.6 is accepted (Nunnally, 1978) and the reliability coefficient of 0.7 and above is considered as good.

3.9.3.2   Linearity Analysis

The linearity of the relationship between independent and dependent variables represent the degree to which the change in the dependent variable is effect with the independent variable (Hair, 1998). In this study, the researcher used Scatter Plot to ensure whether relationship between dependent variable and independent variable are linear or not.

CHAPTER 4
RESEARCH FINDING

4.1. Introduction

The purpose of this chapter is to present the questionnaire survey result and to analyze the information using SPSS. The response rate and general descriptive information of the survey respondent was also discussed and explained in this chapter.

4.2 Reliability Analysis

Table 4.1 shows that independent variables (monetary and non-monetary rewards) and dependent variable (employee performance) were reliable. According to Sekaran (2004), the value of 0.7 and above is considered as reliable. Using the SPSS reliability procedure, the internal consistency of two instruments compromising the questionnaire by obtaining Cronbach's Alpha coefficients. If the result shows that the Cronbach Alpha value for reliabilities are less than 0.6 are considered generally poor, those in range 0.7 are acceptable and those over 0.8 are considered to be good. The highest variables are monetary1 with alpha value 0.742.

Table 4.1 : Reliability Analysis

Variables	Cronbach's Alpha
MONETARY1	0.742
NONMONETARY1	0.719
PERFORMANCE1	0.720

4.3 Data Screening

4.3.1 Linearity Analysis

This section discussed the result of linearity analysis. Based on Figure 4.1 show the monetary rewards and employee performance was linear and acceptable. While for Figure 4.2 shows the non monetary reward and employee performance was slightly linear and normal distributed.
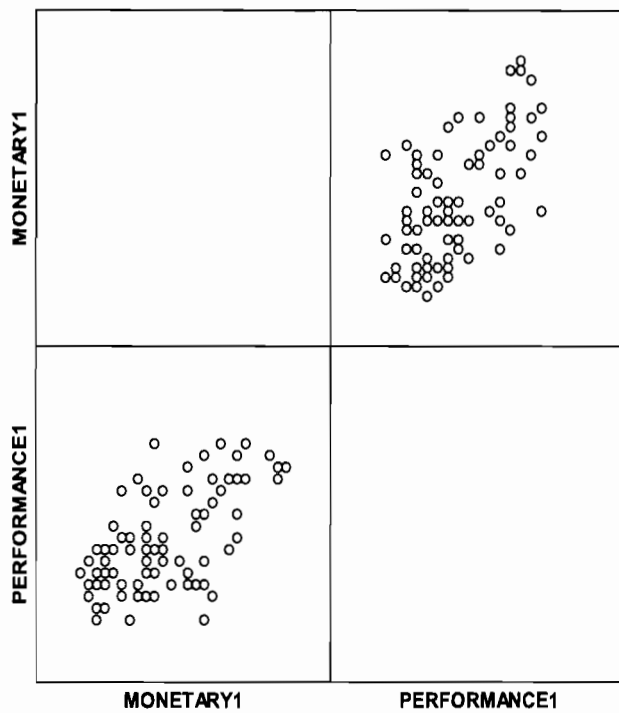
Figure 4.1: The Scatter Plot between Monetary Rewards and Employee Performance
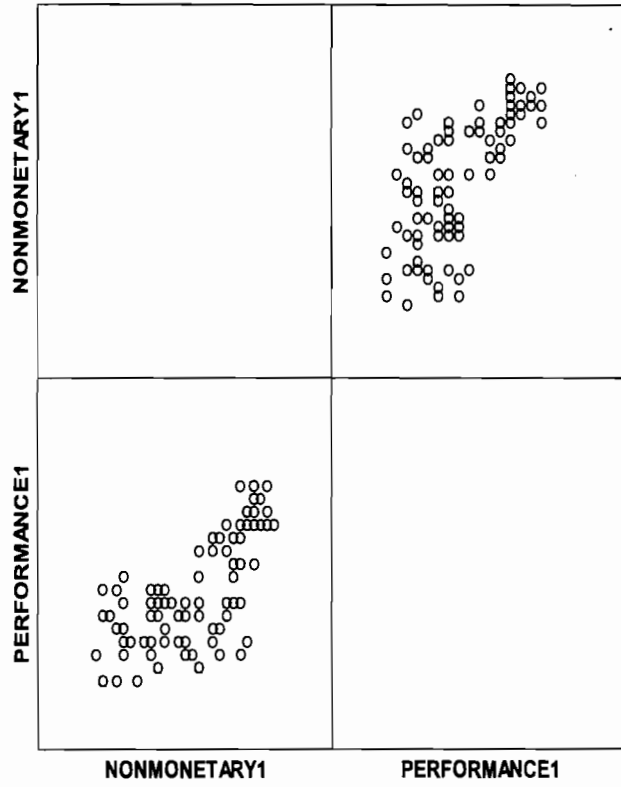
Figure 4.2: The Scatter Plot between Non-Monetary Rewards and Employee Performance

4.3.2 Normality Analysis

Before pursuing to further statistical analysis, it is necessary to perform normality analysis on the data. The Q-Q plot was shown in Figure 4.3 was normal probability plot and the data points fall close to the straight line for monetary , non- monetary and employee performance
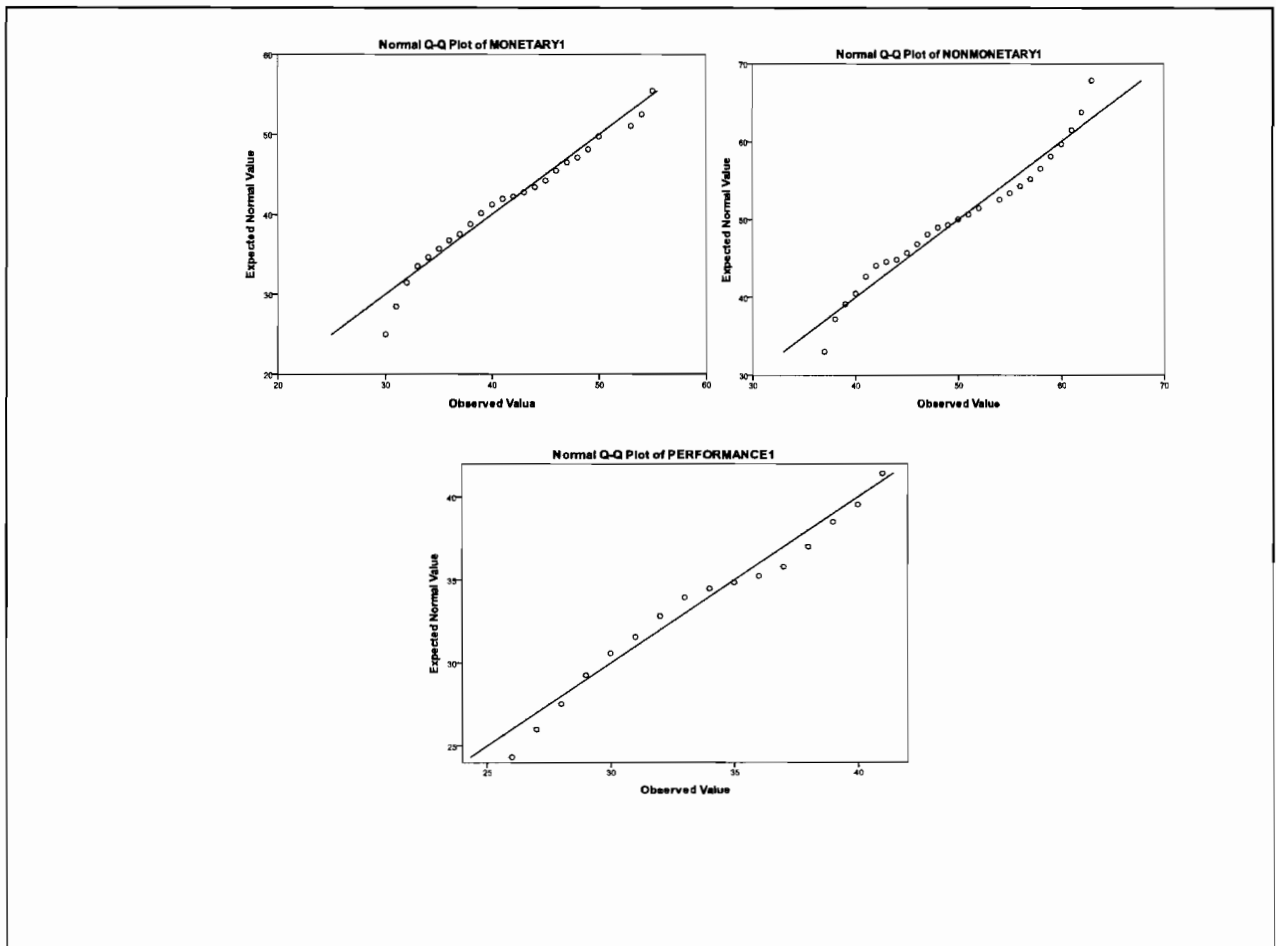
Figure 4.3: The Normal Q-Q Plots of Types of Rewards - Monetary and Non-Monetary Rewards and Employee Performance

4.4   Descriptive Analysis

Descriptive analyses are use to examine the data collection such sex, types, position, department, status of employment and duration of services. From 97 questionnaires distributed to the respondents, only 91 questionnaires were collected. The response rate that had been achieved was 98.9%. By referring to Hair et. al (1998), when the response rates above 50% are generally considered acceptable, but if the response rates in the 80% or higher range are far more desirable.

4.4.1 Demographic Characteristic

The data for this study was gathered from 91 staffs from various level and department at Masterskill University College of Health Sciences. The following table 4.2 shows the descriptive summary of the demographic information for the respondents

Table 4.2: Descriptive Tables on Demographic Factors

VARIABLES	NO OF STAFF (GIVE FEEDBACK)	PERCENTAGE %
Sex :		
Female	64	71.4
Male	27	28.6
Total	**91**	**100.0**
Types of Positions :		
Executive	45	49.5
Asst Manager	3	3.3
Manager	7	7.7
Senior Executive	15	16.5
Clerk	6	6.6
General Workers	15	16.4
Total	**91**	**100.0**
Types of Department :		
Human Resources	20	21.97
Operations	14	15.38
Admission & Records	20	21.97
Finance	9	9.9
Information Technology	12	13.18
Facility & Engineering	16	17.6
Total	**91**	**100.0**
Status of Employment		
Permanent	79	86.8
Contract	12	13.2
Total	**91**	**100.0**
Durations of Service		
<1 year	22	24.2
<5years	60	65.9
<10years	9	9.9
Total	**91**	**100.0**

The table 4.2 illustrates that the no. of participants consisted of 28.6% male and 71.4% female with the majority are working at the management level (77%) while another 23% from supporting position. The demographic factors also indicated that most of the respondent comes from human resource department (21.97%), admission & Record (21.97%) followed by facility and engineering, operations, information technology and finance department with the percentage of 17.6%, 15.38%, 13.18% and 9.9% respectively.

The table also illustrates that the majority of respondents were from group of employees that has a duration of service of less than 5 years which is 65.9%, 24.2% from duration of service of less than one year followed by the group of employees that have been working for 5-10 years,.

In addition, the demographic profile portrayed that the 86.8% of the staff involved in the study are permanent staff while the remaining are contract basis employees.

4.5   Data Analysis

4.5.1   Pearson Correlation Analysis

Pearson Correlation Analysis is a single number that describes the degree of relationship between independent variables (Monetary and non-monetary reward) and dependents variables (Employee Performance).

4.5.1.1 Monetary Rewards and Employee Performance.

Table 4.3 shows all the correlations between the variables examined in the study. The correlation coefficient was shown a strong relationship, r= 0.563 between performance bonus and employee performance. Meanwhile merit/cost of living showed a strong relationship, r=0.549 toward employee performance. It was also found that a weak relationship, r = 0.442 between basic pay and employee performance. Therefore, overall, the findings showed that there was a positive and significant relationship between basic pay, merit/cost of living and performance bonus and employee performance. It was also discovered that the findings showed strong relationship between monetary rewards, i.e. merit/cost of living and performance bonus and employee performance.

Table 4.3: Relationship between Monetary Reward (Basic Pay, Merit/Cost of Living and Performance Bonus) and Employee Performance

Variables	Pearson Correlation (r)	Level of Significance (p)
Basic Pay	0.442**	0.000
Merit/Cost of Living	0.549**	0.000
Bonus	0.563**	0.000

** Correlation is significant at the 0.01 level (2-tailed)

4.5.1.2 Non-Monetary Rewards and Employee Performance

Table 4.4 shows all the correlations between the variables included in the study. The correlation coefficient was shown a strong relationship r = 0.699 between recognition and employee performance. Meanwhile learning opportunity showed a weak relationship toward employee performance r = 0.492. It was also found that a strong relationship r=0.598 between challenging of works and employee performance. The career advancement was also showed a strong relationship, r=0.645 toward employee performance.

Table 4.4: Relationship between Non-Monetary Reward (Recognition, Learning Opportunity, Challenging Work, Career Advancement) and Employee Performance

Variables	Pearson Correlation (r)	Level of Significance (p)
Recognition	0.699**	0.000
Learning Opportunity	0.492**	0.000
Challenging Work	0.598**	0.000
Career Advancement	0.645**	0.000

** Correlation is significant at the 0.01 level (2-tailed)

4.5.1.3 Monetary and Non-Monetary Rewards and Employee Performance

The Pearson Correlation Analysis was applied in order to test the above objective. Table 4.5 shows all the correlations between the variables included in the study. The correlation coefficient was shown a strong relationship $r = 0.698$ between non-monetary rewards and employee performance. Meanwhile monetary rewards also showed a strong relationship $r = 0.571$ toward employee performance with the significant level less than 0.01.

Table 4.5: Relationship between Monetary and Non-Monetary Rewards and Employee Performance

Variables	Pearson Correlation (r)	Level of Significance (p)
Monetary Reward	0.571 **	0.000
Non-Monetary Reward	0.698**	0.000

** Correlation is significant at the 0.01 level (2-tailed)

4.6   Summary of Hypotheses

This chapter has analyzed each of the hypotheses which already been discussed in Chapter 3. The results of hypotheses testing are summarizes in Table 4.6

Table 4.6: Summary of Hypotheses Testing

	HYPOTHESIS	RESULTS
H1	There are significant relationship between monetary reward and employee performance	Supported
H2	There are significant relationship between non-monetary reward and employee performance	Supported

CHAPTER 5

DISCUSSION, CONCLUSION RECOMMENDATIONS

5.1 Introduction

In this chapter, researcher discusses the findings from the analysis that had been performed in Chapter 4. This discussion is based on the study objectives that stated in Chapter 1. The First objective is to examine the relationship between the monetary rewards and employees' performance in MUCH and the second objective is to examine the relationship between the non-monetary and monetary rewards and employees' performance in MUCH.

5.2 Monetary Rewards and Employees' Performance

This study examined and determined the relationship between monetary rewards and employees' performance. Based on a result from Pearson Correlation Analysis, it showed that there was a positive significance in the relationship between monetary rewards (basic pay, merit/cost of living and performance bonus) and employees' performance. In this study, it is showed that the highest significance variable was performance bonus followed by merit/ cost of living and basic pay, Therefore, there was a positive significant relationship between monetary rewards with employees' performance.

Based on the results, it showed that bonus had the strongest relationship on employees' performance among other monetary variables. According to Lingham, (2008) performance bonuses give an effect toward individual or team performance. Bonus was allocated to the employees based on their achievement rate given by the employer, where the more bonus the employee get, the highest employees' performance are shown (Lowery, Petty, Thompson, 1996).

Based on result of the study, it also showed that employees in Masterskill University College of Health Sciences have more preferred and focus in receiving bonus rather than other types of

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monetary reward. Bonuses are one of the important monetary rewards to them. In Masterskill University College of Health Sciences, bonus is given to the employees based on their performance which are being measured by using performance appraisal at the end of the last month every year.

Merit/cost of living comes as the second highest after performance bonus and followed by basic pay based on the analysis of findings. Based on study by Lowery, Beadles, Petty M. Amstler and Thompson (2002), merit is paid to the employee based on their performance and achievement. According to Beard (2001), basic pay is the payment received as a wage or salary that also influences employee productivity.

The result of this study reflects to the finding by Islam and Ismail (2008) which found that monetary reward plays a major role in motivating Malaysian employees. Thus, it can be assumed that, with high working motivation may resulted to a higher job commitment, subsequently to a more positive outcome on the individual job performance.

5.3 Non-Monetary Rewards and Employees' Performance

This study also examined and determined the relationship between non-monetary rewards and employee performance. Based on a result from Pearson Correlation Analysis, it showed that there was a positive significance in the relationship between non-monetary rewards (recognition, learning opportunity, challenging of work and career advancement) and employee performance.

The analysis result on the Chapter 4 showed that, recognition proves to have the strongest relationship to employee performance as compared to the other non-monetary variables. Based on Business Research Lab (2007), the recognition rewards can be anything that given by organization includes the dinner certificates, a trophy or plaque, a reserved for parking space, and others. Career development comes as the second highest after recognition and followed by challenging work and learning opportunity. According to Feder (1999), career developments give a great impact to the employees' performance.

As indicated in the analysis result, it showed that employees in Masterskill University College of Health Sciences are more preferred in receiving recognition rather than other types of non-monetary reward. Recognition that been given by employer to them such as voucher for every festival, birthday celebration, annual dinner for every year, gift for employee new born baby, annual dinner and others. The result above is consistent to Islam and Ismail (2008) finding. They found that US employees are motivated to non-monetary reward particularly the appreciation and recognition by employers. The motivation can be a moderating factor to a better job performance by the employees.

5.4. Limitations of the Study

In the process of gathering information from respondents as well as acquiring information from non-academic, there are limitations that beyond control of this study. The first limitation is the use of limited numbers of reward systems' dimension. There are other factors that might influence the performance of employees. Beside that, different demographic factors such as educational level, age and experience may contribute to a different perceptions and interpretations on the statement in the questionnaire.

The findings of the study are based on the employees' perceptions of one business entity, the Masterskill University College of Health Sciences employees. This may limit the ability to generalize the findings to the whole organization in Malaysia.

5.5. Implication of the study

The study conducted is very important because it had an implication to the following parties:

5.5.1. Organization

Due to the nature of this study, it will help the private organization to have better understanding about the importance of reward in the performance of employees in the private organizations.

This can help them to prevent or at least minimize turnover from employees. Furthermore, by giving reward to the employees, it will improve the employee satisfactions it will enable organizations to improve the performance of their organization. As a result the private organizations will produce better product or output and this also can increase their profit.

5.5.2. Employees

As the result to the employee, it will increase the employee job satisfaction and this will improve their job performance. Employee are become more energetic, confidents, loyal to the organization because they fell that they are an important assets to the company/organization.

5.6. Conclusions

This study examines the relationship between reward systems and employees' performance among non-academic in Masterskill University College of Health Sciences (MUCH). This study result has covered the objectives that stated in chapter 1. First objective is to examine the relationship between monetary rewards (basic pay, merit/cost of living and performance bonus) and employee performance among non-academic in Masterskill University College of Health Sciences (MUCH). . The second objective is to examine the relationship between non-monetary rewards (recognition, learning opportunity, challenging work and career advancement) and employee rewards among non-academic in Masterskill University College of Health Sciences (MUCH). .

The result in this study shows that both monetary and non-monetary rewards have significance effect to the employee performance. This had been shown in data analysis such as in Pearson correlation analysis.

5.7. Recommendations

Monetary reward and non-monetary give a significant effect to the employees' performance in organizations. In this study, only seven variables were used to examine the relationship between the reward system (monetary or non-monetary) and employees' performance. There are other variables that are not included in this study but this other variables may be being able to give a better effect to the employee performance. It is recommended for future research to include more variables especially for the variables that are not included in this study.

In this study, the researcher only focuses on the employee performance. Therefore, other effects and relationship should be explored such as turnover, motivation, employee satisfaction and others. This factor might also influence employee's behavior in the organizations.

Furthermore, a more comprehensive study can be extended to all private and public tertiary educational institutions to ensure that better generalizable findings can be achieved.

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Universiti Utara Malaysia

Dear Valued Respondents,

I, Asra Juziela bt. Md. Hashim , Master of Human Resource Management final student in University Utara Malaysia, Kuala Lumpur undertaking a dissertation in the area of The Influence of Reward System on Employees' Performance among Non-Academic Staffs in Masterskill University College of Health Sciences (MUCH).

This survey will take about 10 minutes to complete. These questionnaires have been divided into 4 sections, Section A, Section B, Section C, and Section D.

Your answers to this questionnaire will therefore be in valuable, as it will allow me to ensure the data collection is supporting my work and served to my research requirement for **PROJECT PAPER (BSMZ 6996), UNIVERSITI UTARA MALAYSIA.** All information provided is strictly confidential and anonymous and will be used for the purpose of the research only.

I am really appreciated for your contribution to spend some time and participate in this survey.

Thank you for your support

Regards,

Asra Juziela binti Md. Hashim
Master in Human Resource Management
College of Business
Universiti Utara Malaysia, Kuala Lumpur

THE INFLUENCE OF REWARD SYSTEM ON EMPLOYEES' PERFORMANCE AMONG NON-ACADEMIC STAFFS IN MASTERSKILL UNIVERSITY COLLEGE OF HEALTH SCIENCES (MUCH).

SECTION A: DEMOGRAPHIC PROFILE

This section of the questionnaire contains 6 statement of the Demographic profile relating to the Employee and employer profile. The respondent are required to answer this question by placing a mark **X** in the relevant box below:

1. Sex

   ☐ Female   ☐ Male

2. Position in the organization

   ☐ Executive   ☐ Assistant Manager

   ☐ Manager   ☐ Senior Executive

   ☐ General Worker   ☐ Clerk

3. In which department do you work?

   ☐ Operations   ☐ Human Resource

   ☐ Admission & Records   ☐ Finance

   ☐ Information Technology   ☐ Facility and Engineering

4. Your Employment Status?

☐   Permanent   ☐   Contract

5. Term of service

☐   Less than 1 year   ☐   2 year but less than 5 years

☐   5 year but less than 10 years   ☐   10 years and above

SECTION B: MONETARY REWARDS

Please read the following statements, and circle in the box that best explains your opinion. Circle only one number for each statement using a scale below:

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

		Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongl Agree
1	I receive a worth basic salary	1	2	3	4	5
2	My cost of living adjustment is sufficient enough to support my living	1	2	3	4	5
3	I feel my current salary is equivalent to my job.	1	2	3	4	5
4	My current salary reflects the market trend.	1	2	3	4	5
5	My take home pay is reasonable	1	2	3	4	5
6	My performance bonus reflects my productivity in organization	1	2	3	4	5
7	My performance bonus reflect my job quality in organization	1	2	3	4	5
8	I receive a fair salary given from organization	1	2	3	4	5
9	I receive merit reflect that my productivity in organization	1	2	3	4	5
10	There are many types of performance bonuses offered by my organization that motivate my productivity.	1	2	3	4	5
11.	Allowances are paid according to my entitlement.	1	2	3	4	5
12.	I do enjoy my allowances	1	2	3	4	5

SECTION C: NON-MONETARY REWARDS

Please read the following statements, and circle in the box that best explains your opinion. Circle only one number for each statement using a scale below:

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

		Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongl Agree
1	I get the recognition I deserve when I do a great job	1	2	3	4	5
2	I received recognition for my job accomplishment	1	2	3	4	5
3	I feel that I have chances of getting ahead on this job.	1	2	3	4	5
4	Promotion and transfer are made fairly	1	2	3	4	5
5	Good exposure of the challenging of the job	1	2	3	4	5
6	Good potential career in my organization	1	2	3	4	5
7	Possibility of grow in my organization	1	2	3	4	5
8	Opportunity to grow through learning new things and skills	1	2	3	4	5
9	Good learning opportunities	1	2	3	4	5
10	Opportunity for advancement to higher level jobs	1	2	3	4	5
11.	Challenging task given by organization can improve my job quality	1	2	3	4	5
12.	Recognition improve my productivity	1	2	3	4	5
13.	I enjoy doing my current job.	1	2	3	4	5
14.	I have a job on which there is a great deal of day-today learning	1	2	3	4	5

SECTION D: EMPLOYEE PERFORMANCE

Please read the following statements, and circle in the box that best explains your opinion. Circle only one number for each statement using a scale below:

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree

		Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongl Agree
1	My accomplishments and good work are recognized by the organization	1	2	3	4	5
2	I believe that there is a constant striving for greater accomplishment to organization	1	2	3	4	5
3	Rewards that I receive less than my job accomplishment	1	2	3	4	5
4	Rewards that I receive reflect my job quality	1	2	3	4	5
5	Rewards that I receive are equal with my job quality	1	2	3	4	5
6	My organization's reward inspired me to improved my job quality	1	2	3	4	5
7	I believe that better reward will give a better productivity	1	2	3	4	5
9	My productivity influences my growth in the organization.	1	2	3	4	5
10	Rewards help a lot in improving my productivity	1	2	3	4	5