INFLUENCE OF REWARDS SYSTEM TO CAREER PLANNING AND SUCCESS OF EMPLOYEE

By

ZAINAL SHAHRIR BIN AHMAD MOKHTAR

Thesis/ Dissertation Submitted to the Othman Yeop Abdullah Graduate School of Business, in Fulfillment of the Requirment for the Degree of
MASTER OF HUMAN RESOURCE MANAGEMENT
UNIVERSITI UTARA MALAYSIA
AUGUST 2012

Othman Yeop Abdullah
Graduate School of Business

Universiti Utara Malaysia

PERAKUAN KERJA KERTAS PROJEK
(Certification of Project Paper)

Saya, mengaku bertandatangan, memperakukan bahawa
(I, the undersigned, certified that)
ZAINAL SHAHRIR BIN AHMAD MOKHTAR (808538)

Calon untuk Ijazah Sarjana
(Candidate for the degree of) **MASTER OF HUMAN RESOURCE MANAGEMENT**

telah mengemukakan kertas projek yang bertajuk
(has presented his/her project paper of the following title)

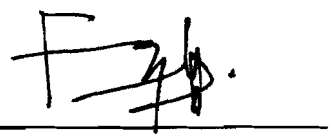
INFLUENCE ON REWARDS SYSTEM TO CAREER PLANNING AND SUCCESS OF EMPLOYEE

Seperti yang tercatat di muka surat tajuk dan kulit kertas projek
(as it appears on the title page and front cover of the project paper)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.
(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).

Nama Penyelia : **DR. FADZLI SHAH BIN ABD. AZIZ**
(Name of Supervisor)

Tandatangan :
(Signature)



Tarikh : **12 AUGUST 2012**
(Date)

INFLUENCE OF REWARDS SYSTEM TO CAREER PLANNING AND SUCCESS OF EMPLOYEE

By

ZAINAL SHAHRIR BIN AHMAD MOKHTAR

Thesis/ Dissertation Submitted to the Othman Yeop Abdullah Graduate School of Business, in Fulfillment of the Requirment for the Degree of
MASTER OF HUMAN RESOURCE MANAGEMENT
UNIVERSITI UTARA MALAYSIA
AUGUST 2012

PERMISSION TO USE

In presenting this thesis/dissertation/project paper in fulfillment of the requirements for a degree of Masters of Human Resource Management, Universiti Utara Malaysia, Sintok, Kedah, I agree that the University Library make a freely available for inspection. I further agree that permission for copying of this thesis/dissertation/project paper in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor(s) or, in their absence by the Dean of Othman Yeop Abdullah Graduate School of Business. It is understood that any copying or publication or use of this thesis/dissertation/project paper or parts thereof for financial gain shall not be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis/dissertation/project paper.

Request for permission to copy or copy or make other use of materials in this thesis/dissertation/project paper, in whole or part should be addressed to:

Dean of Othman Yeop Abdullah
Graduate School of Business
Universiti Utara Malaysia
06010 Sintok
KEDAH DARUL AMAN

ABSTRACT

This quantitative research aims to determine the relationship between rewards system and career planning and career success of an individual. The study is to help to reveal whether rewards system do have any influences of an individual career planning and career success. It will help to identify the most significant rewards that influenced the individual career planning and career success. With this information it would help an organization to relook at their rewards system and decision can be made to either to enhance the most significant rewards or to eliminate it that is not giving any impact. In this study there are two dimensions are measured for Rewards system and they are monetary rewards and non-monetary rewards. Under the two dimensions there are four sub dimensions and they are basic salary, incentives & allowance, recognition and exposure. While the Career Planning and Success has also two dimensions with three sub dimensions. The sub dimensions that measured Career Planning and Success are awareness of self and environment, goal setting and career success.

Data was gathered through questionnaires survey that was distributed out to al employee, who either employed with private sector or government in Klang Valley. This is to measure and identify whether rewards systems has any influence towards the individual career planning and success. There were five (5) hypotheses tested and the result based on the respond received is three (3) hypotheses is substantiated and the remaining two (2) hypothesis are not. Based on the study that shows, there is a correlation between rewards system and career planning and success. It further indicated that the element in the rewards system have a positive correlation towards the individual career planning and success particularly the non-monetary rewards (Recognition and Exposure). The difference of opinion between the respondent of a private sectors and government shows private sector employees do feel that rewards system have a significant positive influence towards the individual career planning and success while the government sector does not regard it not

significant important of the rewards system towards the individual career planning and success. However in terms of gender and age there is no difference in opinion and they are equal respond in opinion with regards to the rewards system towards the individual career planning and success. Implication of the findings, suggestion for future studies and recommendations are suggested.

ABSTRAK

Penyelidikan kuantitatif ini adalah bertujuan untuk menentukan hubungan antara sistem ganjaran dan perancangan kerjaya serta kejayaan kerjaya seseorang individu. Kajian ini adalah untuk membantu dan mendedahkan sama ada sistem ganjaran mempunyai sebarang pengaruh terhadap perancangan kerjaya dan kejayaan kerjaya seseorang individu. Ia akan membantu untuk mengenal pasti ganjaran yang paling penting yang mempengaruhi perancangan kerjaya dan kejayaan kerjaya seseorang individu. Dengan maklumat ini, ia akan membantu sesebuah organisasi itu mengkaji semula, sistem ganjaran mereka dan membuat keputusan samada untuk meningkatkan ganjaran yang paling berkesan atau untuk menghapuskan yang mana kurang berkesan. Dalam kajian ini terdapat dua dimensi yang diukur untuk sistem ganjaran dan dimensi itu adalah ganjaran kewangan dan ganjaran bukan kewangan. Di bawah dua dimensi tersebut terdapat empat sub-dimensi dan sub-dimensi itu adalah gaji pokok, insentif & elaun, pengiktirafan dan pendedahan. Manakala dalam Perancangan Kerjaya dan Kejayaan pula mempunyai dua dimensi dengan tiga sub-dimensi. Sub-dimensi dibawah Perancangan Kerjaya dan Kejayaan yang diukur adalah kesedaran diri & kesedaran persekitaran, penetapan matlamat dan kejayaan kerjaya.

Data telah dikumpul melalui kajian soal selidik yang diedarkan kepada semua pekerja, sama ada bekerja dengan sektor swasta atau kerajaan disekitar Lembah Klang. Ini adalah untuk mengukur dan mengenal pasti sama ada sistem ganjaran mempunyai pengaruh terhadap perancangan kerjaya dan kejayaan seseorang individu. Terdapat lima (5) hipotesis yang telah diuji dan berdasarkan kepada keputusan daripada maklum balas yang diterima, ada tiga (3) hipotesis yang berasas dan dua (2) hipotesis tidak berasas. Berdasarkan kepada keputusan kajian, terdapat korelasi diantara sistem ganjaran dan perancangan kerjaya dan kejayaan. Ia juga menunjukkan bahawa elemen dalam sistem ganjaran mempunyai korelasi yang positif ke arah perancangan kerjaya dan kejayaan seseorang individu terutamanya

ganjaran bukan kewangan (Pengiktirafan dan Pendedahan). Perbezaan pendapat antara responden sektor swasta dan kerajaan menunjukkan bahawa pekerja sektor swasta merasakan sistem ganjaran mempunyai pengaruh positif yang signifikan ke arah perancangan kerjaya dan kejayaan individu manakala sektor kerajaan menganggap sistem ganjaran ke arah merancang kerjaya dan kejayaan individu adalah tidak terlalu signifikan. Walau bagaimanapun, dari segi jantina dan umur tidak terdapat perbezaan pendapat diantara mereka malah menpunyai pendapat yang sama mengenai sistem ganjaran terhadap perancangan kerjaya dan kejayaan individu. Implikasi penemuan dan cadangan untuk kajian pada masa hadapan disyorkan.

ACKNOWLEDGEMENTS

It has always been my ambition to obtain a master degree and indeed it has been a long journeyfor me to be where I am right now. This journey hopefully (insyallah) will continue to the next stage of my ambition. I never imagine that I could achieve to where I am right now without getting encouragement and support from various people.

First and foremost, I would thank to Allah for giving me the strength, good health, the drive and mental ability to complete this project and my master degree programme. Next, I would like to thank my family for giving me the encouragement and love particularly from both of my parents Ahmad Mokhtar D.K Siron, my dad, who always be the pillar of my strength and Zainab Hassan, my mum, that always made me a strong and determine person as I am today. I can't thankful enough and I am so blessed to have such a wonderful parent. To my wife, Haniza Hussain who always at my side to provide her love, support, understanding and believed in me. To my four lovely children Zufar Aiman, Hannann Syazweena, Hannann Syoffeeya and Zoref Aiman that constantly give me the strength and motivation to strive harder for the betterment of their future. My sister and brother in-laws namely (Zuraidah, Amal, Asnida and Hazri) who have helped in getting the questionnaires filled up, I would like to thank you for the bottom of my heart.

Not to forget, I would like to thank all the lecturers (Puan Norizan, Dr. Wan Shakizah, Dr. Subramaniam and others) whom have been there to part their knowledge and assist me throughout my journey with UUM. My special thanks and appreciation to my supervisor Dr Fadzli Shah who has been giving me the advice, knowledge, information and encouragement during my education journey in UUM. Dr. Fadzli you are a great mentor and friend. He inspired me to continue with this journey to the next level... insyallah.

Lastly, not to forget my UUM course mate namely Liza, Anisah, Nazri, Maz, Fizi, Arul, Nora, Gee and Andy. They have made the journey in UUM tolerable and constantly making it fun to come to class every weekend and helping each other out with the presentation, papers etc. I cherish the moment with all of them and treasure the memories and Thank you from the bottom of my heart.

TABLE OF CONTENTS

Abstract - English		iv
Abstrak – Malay		vi
Acknowledgement		viii
Table of Contents		x
List of Tables		xii
List of Figures		xiii
CHAPTER 1:	**INTRODUCTION**	
1.0	Overview	1
1.1	Problem Statement	3
1.2	Research Questions	6
1.3	Research Objectives	7
1.4	Significant of the Study	8
1.5	Scope of the Study	10
CHAPTER 2:	**LITERATURE REVIEW**	
2.0	Introduction	12
2.1	Reward System and Career Planning and Success	12
	- Overview of Reward System	12
	- Overview on Career Planning and Success	19
	- The Underlying Theories	21
CHAPTER 3:	**RESEARCH METHODOLOGY**	
3.0	Introduction	24
3.1	Research Design	24
3.2	Type of Research	24
3.3	Research Framework	25
3.4	Hypotheses Development	26
3.5	Questionnaire Development	27
3.6	Study Population	32
3.7	Statistical Analysis	33
3.8	Limitation	35
3.9	Conclusion	35

CHAPTER 4:	**RESULT**	
4.0	Introduction	36
4.1	Overview of Collected data	37
4.2	Respondent's Profile	37
4.3	Reliability Analysis	41
4.4	Descriptive Statistics: Measure of Rewards System and Career Planning and Success	42
4.5	Inferential Statistics	43
4.6	Hypotheses Testing	44
4.7	Summary of Chapter 4	52
CHAPTER 5:	**DISCUSSION AND RECOMMENDATIONS**	
5.0	Introductions	55
5.1	Discussion	55
5.2	Recommendation	61
REFERENCES		64

LIST OF TABLES

Table 3.1	The summary of the questionnaires
Table 3.2	Interpretation of Strength of Correlation Coefficient
Table 4.1	Responses Rate
Table 4.2	Respondent's Profile
Table 4.3	Reliability Analysis
Table 4.4	Descriptive Statistics.
Table 4.5	Pearson Correlation Test
Table 4.6	Multiple Regression Analysis
Table 4.7	ANOVA – Company Status
Table 4.8	t-test
Table 4.9	ANOVA – Age Group
Table 4.10	Finding Summary
Table 5.1	Conclusion of the study

LIST OF FIGURES

Figure 1.1 Average Yearly Turnover Rate of Executive

Figure 1.2 The relationship between independent variable and dependent Variable.

Figure 2.1 Maslow's hierarchy of needs

Figure 3.1 Simple diagram explaining of the relationship between the independent variables and dependent

to individual career planning and career success. Which of the rewards are more effective in influencing an individual career planning and success and which are not?

Therefore, the result of this paper will help to understand rewards systems (monetary and non-monetary) that are more influencing in an individual career planning and success and will also help to understand whether the government or the private agency that is more successful in introducing effective rewards system that influence the individual career planning and success. From the result of this study, organization would be able to see which of the rewards system that is more effective and which are not and those that are not can be considered to be eliminated.

The contents of the thesis is for internal user only

Reference:

AON Hewitt (2012). Total Rewards Survey: *Transforming Potential Into Value.*

Arthur, M.B and Rousseau, D. (1996). *The Boundaryless Career: A New Employment Principle for a New Organizational Era.* Oxford University Press, New York, NY

Ananthram, S., Puah, P. (2006). Exploring the antecedents and outcomes of career development initiatives: Empirical evidence from Singaporean employees. *Research and Practice in Human Resource Management*, Vol. 14 No. 1, 112 – 142

Aryee, S., & Debrah, Y. A. (1993). A cross-culcural application of a career planning model. *Journal of Organizational Behaviour*, Vol. 14 No. 2, 119-127

Armstrong, Brown and Reilly (2011). Increasing the effectiveness of reward management: *an evidence-based approach, Employee Relations.* Vol. 33 No. 2, 106-120

Armstrong, M. & Murlis, H. (1991). Reward Management. Kogan Page Ltd, London

Barnett, B. R., & Bradley, L. (2007). *The impact of organizational support for career development on career satisfaction.* Career Development International. Vol. 12 No. 7, 617-636

Brown, D. (2003). Career Information, career counseling, and career development (8th ed.) USA: Pearson Education

Brown, S. D., Tramayne, S., Hoxha, D., Telander, K., Fan, X. Y., & Lent, R. W. (2008). Social cognitive predictors of college students academic performance and persistence: *A meta-analytic path analysis.* Journal of Vocational Behavior, Vol. 72, 298-308

Beer at el (1984). Managing Human Assets. Free Press, New York

Blair, L. (2000). Beyond the square: *career planning for information professionals in the new Millennium.* New Library World, Vol. 101 No. 4, 175-180

Barson, D.C. (2003), *'Quantitative market research'*, Global Cosmetic Industry, Vol. 171 No. 2, 18.

Chen, T.Y., Chang, P.L., & Yeh, C.W. (2004) A study of career needs, career development programs, job satisfaction and the turnover intentions of R & D personnel. *Career Development International*, Vol. 9 No.4, 424 – 437

Colquitt, J. A., Le Pine, J. A. & Wesson, J. A. (2010). Organizational Behavior: *Essentials for improving performance and commitment.* International Ed. McGraw Hill

Deeprose, D. (1994). *How to recognize and reward employees.* AMACOM, New York

Desimone, R. L., J. M., & Harris, D. M. (2002). *Human Resource Development* (3rd ed.). USA: Thomson Learning.

Drucker, J., & White, G. (2002). The context of reward management. In White, G., & Drucker, J. *Reward Management: A Critical Text*. London: Routledge Studies in Employment Relations.

Gould, S. (1979). Characteristics of career planners in upwardly mobile occupations. *Academy of Management Journal*, Vol. 22 No. 3, 535-550

Greenhaus, J. H., Parasuraman, S., & Wormley, W. M. (1990). Effects of race on oeganizational experiences, job performance evaluations and career outcomes. Academy of Management Journal, Vol. 33 No. 1, Page 64-86

Hughes, J. R. I. (1957) Journal of Economic History.

Jeffries, R. (1997). Reaping the rewards of recognition. HR Focus, Vol74 No. 1, 9-10

Kalantari, B. (1995). Dynamics of Job Evaluationand dilemma of age disparity in the United States. Journal of Business Ethics, Vol 14, 397-403

Kerlinger. (1986) Psychology, Sociology, Research, Statistical Methods: *Foundation of Behavioral Research*. Holt, Rinehert and Winston, New York

Krejcie, Robert V., Morgan, Daryle W., (1970). Determining Sample Size for Research Activities, *Educational and Psychological Measurement*,

La Motta, T. (1995). Recognition: *The quality way*. New York: Quality Resources.

Lisa Goh (2012) The Star: Why Job-hoppers Hop

Malaysian Employers Federation (MEF),(June 2010 and July 2011) survey report turnover rate of executive in Malaysia

Malhotra, N. K. (2009). Basic Marketing Research: *A decision – making approach* (3rd ed), New Jersey: Prentice Hall.

Mondy, R. W., Noe, R. M., & Premeaux, S. R. (2002) Human Resource management (8th ed). New Jersey: Prentice Hall.

Milkovich, George T., and Jerry M. Newman (1993) *Compensation*. 4th ed. Burr Ridge, IL: Irwin

Orpen, C. (1994). *The Effects of Organizational and Individual Career management on Career Success*. International Journal of Manpower, Vol. 15 No.1, 27-37

Sekaran, Umar. (2003). *Research methods for business: A skill building approach.* (4th ed.) USA: John Wiley & Sons, Inc.

Schulze, S. & Steyn, T. (2003). Educator's motivation: differences related to gender, age and experience. Acta Academia, Vo. 35 No. 3, 138-160

Werner. J. M. & DeSimore, R. L. (2009). Human Resource Development (5th ed.). South Western Cengage Learning.

Wiscombe, J. (2002). Rewards get results*: Put away your cash*. Workforce, Vol 8 No.1, 42 – 47

Wong T. Q. (2002). Market Research (4th ed). *Singapore: Marketing Institute of Singapore.*

Wan Shakizah (2011). Islamic Hadhari's Prinsiples and Reward Management Practices: *A Conceptual Study in Malaysian Private Organization.*

Yap. J.E., Bove L.L &Beverland M.B (2009), *Exploring the effects of different reward programs on in-role and extra-role performance of retail sales associates*, Baltic Journal of Management, 12(3), 279-294

Zikic, J., & Klehe, U. C. (2006). Job loss as a blessing in disguise: *The role of career exploration and career planning in predicting reemployment quality.* Journal of Vocational Behaviour, Vol. 69, 391 – 409

Zikic, J., & Saks, A. M. (2009). Job search and social cognitive theory: *The role of career-relevant activities.* Journal of Vocational Behavior, Vol. 74, 117-127.

Zikmund, W. G. (2003). Essentials of marketing research (2nd ed.). Sydney: Thomson Learning.