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**PAY SATISFACTION, PAY FOR PERFORMANCE AND JOB
PERFORMANCE**



**MASTER OF HUMAN RESOURCE MANAGEMENT
UNIVERSITI UTARA MALAYSIA
June 2017**



Pusat Pengajian
Pengurusan Perniagaan
SCHOOL OF BUSINESS MANAGEMENT
Universiti Utara Malaysia

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**PAY SATISFACTION AND PAY FOR PERFORMANCE
PERCEPTION ON JOB PERFORMANCE AMONG
MANUFACTURING EMPLOYEES IN NORTHERN REGION**

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ABSTRACT

The objective of this study is to examine the influence of pay for performance and pay satisfaction on job performance. This study was conducted among employees in manufacturing companies in the northern region of Peninsular Malaysia. A total of 250 questionnaires were distributed and only 140 questionnaires were returned and used for data analysis. The data was analyzed using the Statistical Packages for Social Science (SPSS ver. 20). Based on the regression analysis results, the findings reported that pay for performance is significantly related to job performance ($\beta = 0.237$, $P < 0.05$) while pay satisfaction is not significantly linked to job performance. ($\beta = 0.045$, $P < 0.05$). Drawing on the findings, discussions elaborated on the importance of pay for performance in predicting job performance of employees. Theoretical and practical implications as well as limitations and directions for future research are also highlighted.

Keywords: *Pay for performance, pay satisfaction, job performance*

ABSTRAK

Kajian ini adalah untuk mengenalpasti pengaruh gaji berdasarkan prestasi dan kepuasan gaji terhadap prestasi kerja. Kajian ini dijalankan dalam kalangan kakitangan organisasi industri pembuatan di Wilayah Utara Semenanjung Malaysia. Sebanyak 250 soal selidik telah diedarkan dan hanya 140 soal selidik telah dikembalikan dan digunakan untuk analisis data. Data yang dikumpul telah diproses secara kolektif menggunakan Pakej Statistik Untuk Sains Sosial (SPSS ver. 20). Berdasarkan keputusan analisis regresi, hasil kajian dilaporkan bahawa pengaruh gaji berdasarkan prestasi ialah signifikan dengan prestasi kerja ($\beta = 0.237$, $P < 0.05$) manakala kepuasan gaji terhadap prestasi kerja tidak dikaitkan dengan ketara kepada prestasi kerja. ($B = 0.045$, $P < 0.05$). Secara kesimpulannya, perbincangan ini telah menghuraikan kepentingan pengaruh gaji berdasarkan prestasi dalam meramalkan prestasi kerja pekerja. Implikasi secara teori dan praktikal serta halangan dan hala tuju telah diserlahkan untuk kajian pada masa hadapan.

Kata kunci: *Persepsi terhadap gaji berdasarkan prestasi, kepuasan gaji dan prestasi pekerja.*

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CHAPTER 1

INTRODUCTION

1.1 Introduction of Study

Malaysia is one of the countries that is undergoing a development process especially in terms of economic growth. The manufacturing sector is the most dynamic growth sector in Malaysia. The growth of this particular industry keeps increasing since the year of the 1990s (Rohana & Tajul, 2010). The increasing pace of the economic development in the manufacturing sector is evident through the increase in the Growth Domestic Product (GDP). According to Wan (2016), the increase of 7.3% in the second quarter in 2014 reported by Bank Negara has shown the fast pace of economic growth in the manufacturing sector. It shows that the manufacturing sector is as important as other sectors. The importance of the manufacturing sector can be seen through sales that are being conquered by the local industries which resulted in higher exports to other countries. Besides that, the manufacturing sector also contributed to real GDP through Foreign Direct Investment (FDI) by 17.7% in 2014 (Wan, 2016). This suggests that investors have invested the substantial amount of financial capital to our country especially in this sector. Moreover, the manufacturing sector has been recognized by the government as one of the crucial sectors in the country. Therefore, incentives have been funded to help the economic growth of the manufacturing sector as stated by Malaysian Investment Development Authority (MIDA) (Incentives in manufacturing sector, 2016).

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Appendix A: Questionnaire



A STUDY ON EMPLOYEES' BEHAVIOURS

Dear Participant,

Thank you for agreeing to participate in this research.

I am a Master student of the Universiti Utara Malaysia, Kedah. I am currently conducting a study on behaviours among employees in the manufacturing industry. Therefore, I would appreciate if you could answer **all of the questions** in the survey as the information you provide will influence the accuracy and success of the research. It will take less than 15 minutes to complete the questionnaire. Please note that responses gathered will be treated with the strictest confidence and will be used of academic purpose only.

If you have any questions regarding this research, you may forward them to me at the details below.

Thank you for your time and cooperation in answering this questionnaire.

Sincerely,

Nabila Ahmad Nasir
Post Graduate Student
Master of Human Resource Management
Universiti Utara Malaysia (UUM)
Email: nabilanasir90@gmail.com



KAJIAN TERHADAP TINGKAH LAKU PEKERJA

Tuan/Puan,

Terima kasih kerana sudi menyertai kajian ini.

Saya merupakan pelajar Ijazah Sarjana di Universiti Utara Malaysia, Kedah. Saya sedang menjalankan kajian tentang gelagat dalam kalangan pekerja dalam industri pembuatan. Sehubungan itu, saya amat menghargai jika tuan/puan dapat **menjawab semua soalan** dalam kajian ini memandangkan maklumat yang diberi oleh tuan/puan akan mempengaruhi kepada ketepatan dan kejayaan kajian ini. Tuan/Puan hanya perlu meluangkan masa dalam 15 minit untuk menyiapkan selidik ini. Semua jawapan tuan/puan adalah dianggap sulit dan maklumbalas yang diperolehi akan digunakan untuk tujuan akademik sahaja.

Jika terdapat sebarang pertanyaan berkenaan kajian ini, tuan/puan boleh menghubungi saya melalui maklumat yang tertera di bawah. Terima kasih atas masa dan kerjasama dari pihak tuan/puan di atas penglibatan dalam menjayakan kajian ini.

Yang benar,

Nabila Ahmad Nasir

Pelajar Pasca Siswazah

Ijazah Sarjana Pengurusan Sumber Manusia

Universiti Utara Malaysia (UUM)

Email: nabilanasir90@gmail.com

INSTRUCTION: With reference to yourself, please indicate the level of agreement to the following statement by circling the appropriate number in the scale given.

ARAHAN: Merujuk kepada keadaan anda sekarang, sila nyatakan tahap persetujuan anda terhadap kenyataan di bawah dengan membulatkan nombor yang sesuai dalam skala yang diberikan.

SECTION A						
No.		<i>Strongly disagree</i> Sangat Tidak Setuju	<i>Disagree</i> Tidak Setuju	<i>Moderate</i> Sederhana	<i>Agree</i> Setuju	<i>Strongly agree</i> Sangat Setuju
1.	I am satisfied with my take-home pay. <i>Saya berpuas hati dengan gaji bersih saya.</i>	1	2	3	4	5
2.	I am satisfied with my benefit package. <i>Saya berpuas hati dengan pakej faedah saya.</i>	1	2	3	4	5
3.	I am satisfied with my most recent raise. <i>Saya berpuas hati dengan kenaikan gaji saya yang terkini.</i>	1	2	3	4	5
4.	I am satisfied with my supervisor's influence on my pay. <i>Saya berpuas hati dengan pengaruh penyelia terhadap gaji saya.</i>	1	2	3	4	5
5.	I am satisfied with my current pay. <i>Saya berpuas hati dengan gaji semasa saya.</i>	1	2	3	4	5
6.	I am satisfied with amount the company pays towards my benefits. <i>Saya berpuas hati dengan jumlah yang dibayar oleh organisasi untuk faedah saya.</i>	1	2	3	4	5
7.	I am satisfied with raises I have typically received in the past. <i>Saya berpuas hati dengan kenaikan gaji yang biasa saya terima sebelum ini.</i>	1	2	3	4	5
8.	I am satisfied with the company's pay structure. <i>Saya berpuas hati dengan struktur gaji organisasi ini</i>	1	2	3	4	5

9.	I am satisfied with the information the company gives about pay issues of concern to me. <i>Saya berpuas hati dengan maklumat yang diberikan oleh organisasi tentang isu gaji yang berkaitan dengan saya.</i>	1	2	3	4	5
10.	I am satisfied with my overall level of pay. <i>Saya berpuas hati dengan keseluruhan tangga gaji saya.</i>	1	2	3	4	5
11.	I am satisfied with the value of my benefits. <i>Saya berpuas hati dengan nilai faedah saya.</i>	1	2	3	4	5
12.	I am satisfied with pay of other jobs in the company <i>Saya berpuas hati dengan gaji untuk pekerjaan-pekerjaan lain dalam organisasi ini.</i>	1	2	3	4	5
13.	I am satisfied with consistency of the company's pay policies. <i>Saya berpuas hati dengan dasar gaji organisasi ini yang konsisten.</i>	1	2	3	4	5
14.	I am satisfied with size of my current salary. <i>Saya berpuas hati dengan saiz gaji semasa saya.</i>	1	2	3	4	5
15.	I am satisfied with the number of benefits I received. <i>Saya berpuas hati dengan bilangan faedah yang saya terima.</i>	1	2	3	4	5
16.	I am satisfied with how my raises are determined. <i>Saya berpuas hati dengan cara penentuan kenaikan gaji saya.</i>	1	2	3	4	5
17.	I am satisfied with the differences in pay among jobs in the company. <i>Saya berpuas hati dengan perbezaan gaji antara pekerjaan-pekerjaan dalam organisasi ini.</i>	1	2	3	4	5
18.	I am satisfied with how the company administers pay. <i>Saya berpuas hati cara organisasi menguruskan gaji.</i>	1	2	3	4	5

SECTION B

No.		<i>Strongly disagree</i> <i>Sangat Tidak Setuju</i>	<i>Disagree</i> <i>Tidak Setuju</i>	<i>Moderate</i> <i>Sederhana</i>	<i>Agree</i> <i>Setuju</i>	<i>Strongly agree</i> <i>Sangat Setuju</i>
1.	If I perform especially well on my job, it is likely that I would get a pay raise. <i>Jika saya melaksanakan tugas saya dengan baik, saya berkemungkinan akan mendapat kenaikan gaji.</i>	1	2	3	4	5
2.	The pay raises that I receive on my job make me work harder. <i>Kenaikan gaji yang saya terima dalam pekerjaan saya membuatkan saya bekerja dengan lebih kuat.</i>	1	2	3	4	5
3.	The best workers in the company get the highest pay raises. <i>Pekerja yang terbaik dalam organisasi ini mendapat kenaikan gaji yang tertinggi.</i>	1	2	3	4	5
4.	High performers and low performers seem to get the same pay raises. <i>Pekerja cemerlang dan pekerja tidak cemerlang akan mendapat kenaikan gaji yang sama.</i>	1	2	3	4	5

SECTION C

No.		<i>Strongly disagree</i> <i>Sangat Tidak Setuju</i>	<i>Disagree</i> <i>Tidak Setuju</i>	<i>Moderate</i> <i>Sederhana</i>	<i>Agree</i> <i>Setuju</i>	<i>Strongly agree</i> <i>Sangat Setuju</i>
1.	I adequately completed the assigned duties. <i>Saya melengkapkan tugas yang diberi dengan secukupnya.</i>	1	2	3	4	5
2.	I fulfilled responsibilities specified in job description. <i>Saya memenuhi tanggungjawab yang dijelaskan dalam deskripsi kerja.</i>	1	2	3	4	5

No.		Strongly disagree Sangat Tidak Setuju	Disagree Tidak Setuju	Moderate Sederhana	Agree Setuju	Strongly agree Sangat Setuju
3.	I performed tasks that are expected of me. <i>Saya melaksanakan tugas yang dipertanggungjawabkan ke atas saya.</i>	1	2	3	4	5
4.	I fail to perform essential duties. <i>Saya gagal dalam melaksanakan tugas-tugas asas.</i>	1	2	3	4	5
5.	I help others who have been absent. <i>Saya menolong rakan sekerja yang tidak hadir.</i>	1	2	3	4	5
6.	I help others who have heavy work loads <i>Saya menolong rakan sekerja yang mempunyai beban kerja yang banyak.</i>	1	2	3	4	5
7.	I take time to listen to co-workers' problems and worries. <i>Saya meluangkan masa untuk mendengar permasalahan dan perkara-perkara yang merisaukan rakan sekerja.</i>	1	2	3	4	5
8.	I go out the way to help new employees. <i>Saya mencari jalan untuk menolong pekerja-pekerja baharu.</i>	1	2	3	4	5
9.	I pass along information to co-workers. <i>Saya menyampaikan maklumat kepada rakan sekerja.</i>	1	2	3	4	5
10.	I give advanced notice when unable to come work. <i>Saya memberi notis awal apabila tidak dapat hadir ke tempat kerja.</i>	1	2	3	4	5
11.	I spent a great deal of time with personal phone conversations. <i>Saya menghabiskan banyak masa dengan perbualan peribadi melalui telefon.</i>	1	2	3	4	5
12.	I complain about insignificant things at works. <i>Saya merungut tentang perkara-perkara remeh di tempat kerja.</i>	1	2	3	4	5

SECTION D

This part contains a few demographic information pertaining to yourself. Please tick (✓) the appropriate responses for all questions or write your response in the space provided.

Bahagian ini mengandungi maklumat demografik berkenaan dengan diri anda. Sila tandakan (✓) pada maklum balas untuk semua soalan atau tuliskan maklum balas dalam ruangan yang disediakan.

1) Gender / Jantina:

- Male
- Lelaki*
- Female
- Perempuan*

2) Age / Umur :

- < 20 tahun / *years old*
- 20 - 25 tahun / *years old*
- 26 – 30 tahun / *years old*
- 31 - 35 tahun / *years old*
- 36 - 40 tahun / *years old*
- > 40 tahun / *years old*

3) Marital Status :

Status Perkahwinan:

- Single / *Bujang*
- Married / *Berkahwin*
- Separated/Divorced/Widowed
Berpisah/Janda/Duda/Balu

4) Department/ Jabatan :

- () Human Resource / *Sumber Manusia*
- () Finance and Accounting / *Kewangan dan Akaun*
- () Operations / *Operasi*
- () Quality / *Kualiti*
- () Others, please indicate _____
Lain-lain, sila nyatakan _____

5) Level of Education/ *Tahap pendidikan:*

- () Malaysian Certificate of Education / *Sijil Pelajaran Malaysia*
- () Malaysia Higher School Certificate / *Sijil Tinggi Pelajaran Malaysia*
- () Diploma
- () Bachelor Degree / *Ijazah Sarjana Muda*
- () Master Degree / *Ijazah Sarjana*
- () Others, please indicate _____
Lain-lain, sila nyatakan _____

6) Position / *Jawatan:*

- () Executive / *Eksekutif*
- () Non-Executive / *Bukan Eksekutif*

7) Monthly Income / *Pendapatan Bulanan:*

- () < RM1, 000
- () RM1, 000 – RM1, 500
- () RM1, 501 – RM2, 000
- () > RM2, 000

**THANK YOU FOR SPARING YOUR VALUABLE TIME TO COMPLETE
THIS SURVEY**

**TERIMA KASIH KERANA SUDI MELUANGKAN MASA UNTUK
MELENGKAPKAN SELIDIK INI**

APPENDIX B: SPSS OUTPUT
RELIABILITY ANALYSIS

Pay satisfaction

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.942	.969	17

Perceived pay for performance

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.859	.862	3

Job Performance

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.805	.809	7

EXPLORATORY FACTOR ANALYSIS (EFA)

Independent Variables

Rotated Component Matrix^a

	Component	
	1	2
IVPS1	.851	
IVPS2	.792	.382
IVPS3	.742	.392
IVPS4	.667	
IVPS5	.875	
IVPS6	.826	
IVPS7	.742	.307
IVPS8	.322	
IVPS9	.774	.357
IVPS10	.849	
IVPS11	.822	.329
IVPS12	.781	.324
IVPS13	.799	.353
IVPS14	.840	
IVPS15	.811	
IVPS16	.704	.520
IVPS17	.725	.416
IVPFP1		.852
IVPFP2	.310	.827
IVPFP3		.864

Extraction Method: Principal

Component Analysis.

Rotation Method: Varimax with

Kaiser Normalization.

a. Rotation converged in 3

iterations.

Dependent Variable

Component Matrix^a

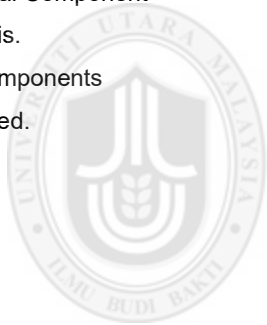
	Component
	1
DVJP1	.778
DVJP2	.755
DVJP3	.672
DVJP6	.642
DVJP7	.592
DVJP8	.605
DVJP9	.725

Extraction Method:

Principal Component

Analysis.

a. 1 components
extracted.



Correlation and descriptive analysis

Descriptive Statistics

	Mean	Std. Deviation	N
Jobperformance1	3.9612	.43346	140
PaySatisfaction1	3.1332	.81216	140
Payforperformance1	3.4643	.83747	140

PEARSON CORRELATION

Correlations

		Jobperformance	PaySatisfaction	Payforperforma nce1
		1	1	
Jobperformance1	Pearson Correlation	1	.182*	.263**
	Sig. (1-tailed)		.016	.001
	N	140	140	140
PaySatisfaction1	Pearson Correlation	.182*	1	.576**
	Sig. (1-tailed)	.016		.000
	N	140	140	140
Payforperformance1	Pearson Correlation	.263**	.576**	1
	Sig. (1-tailed)	.001	.000	
	N	140	140	140

*. Correlation is significant at the 0.05 level (1-tailed).

**. Correlation is significant at the 0.01 level (1-tailed).

REGRESSION ANALYSIS

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	3.460	.165	20.972	.000
	PaySatisfaction1	.024	.054	.449	.654
	Payforperformance1	.123	.052	2.354	.020

a. Dependent Variable: Jobperformance1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.266 ^a	.071	.057	.42090	.071	5.208	2	137	.007

a. Predictors: (Constant), Payforperformance1, PaySatisfaction1

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.845	2	.923	5.208	.007 ^b
	Residual	24.271	137	.177		
	Total	26.116	139			

a. Dependent Variable: Jobperformance1

b. Predictors: (Constant), Payforperformance1, PaySatisfaction1

