Reward Management and Job Satisfaction Among Frontline Employees in Hotel Industry in Malaysia

Farah Liyana Bustamama , Sze Sook Tenga , Fakhrul Zaman Abdullah

Abstract

Reward system is comprised of financial rewards and non financial rewards. Selecting the right rewards for the employees has always been an issue in the human resource management. Many organizations in the hotel industry are unable to identify the types of rewards which are best used to foster employees' job satisfaction. This study was conducted to investigate the relationship between rewards and job satisfaction as well as to examine the types of rewards that will affect employees' job satisfaction. Base salary raises (financial reward) and recognition (non-financial reward) have been discussed in this research. Frontline employees working as Front Desk Assistants in four-star and five-star hotels in Klang Valley, Malaysia were taken as sample for this study. 150 questionnaires were distributed and 132 were collected for analysis. Four hypotheses were assumed and had been tested in this research. The data was analyzed using correlation and multi ple regression analysis. The results revealed that rewards are positively and significantly associated with job satisfaction; financial reward (r=0.819**) while non-financial rewards (r=0.740**). Thus, hypothesis 1 and hypothesis 2 were supported. In addition, the regression result has indicated that financial reward (β = 0.597) has a stronger impact on job satisfaction as compared to non-financial reward (β = 0.438). Hence, hypothesis 3: financial rewards affect job satisfaction was accepted while hypothesis 4: non-financial rewards affect job satisfaction was rejected in the present study. Further discussions of the results and recommendations for future research are presented in the study.

Introduction

The Malaysian government has been aggressively implementing many policies to boost the service industry in order to enhance the nation's economic growth (Auzair, 2011). The tourism industry has been recognized as a potential service industry in contributing to Malaysia economic standing since the country is well endowed with abundance of natural resources particularly suitable for sustainable tourism (Mazumder, Ahmed and Al-Amin, 2009). The government has launched some campaigns such as Cuti-Cuti Malaysia (Vacations in Malaysia) and Visit Malaysia Year 2007 to maximize the potential of the tourism industry (Kasim, and Minai, 2009).

As a result, the number of tourists to Malaysia has increased from 20.9 million in year 2007 to 24.6 million in year 2010 (Tourism Malaysia, 2008). The growth of hotel industry has been closely aligned with the tourism industry to support its strategy to meet the economic agenda of the nation.   As a service-oriented organization, frontline employees in the hotel play a critical role in building customer relationship because they interact directly with the customers and are expected to deal with a variety of customers' needs and requests (Karatepe, and Uludag, 2006).

Consequently, their performance will influence customer's impression, satisfaction and loyalty towards the organization. Therefore, the hotel industry has to be more practical in its employees' performance evaluation in order to deliver a standard quality service to the customers (Patah, Zain and Abdullah, 2009). Rewards systems are often implemented within organizations as a key

management tool that can contribute to a firm's effectiveness by influencing individual behavior and motivating employees at work (Lawler and Cohen, 1992). Besides, it is also one of the most preferred factors in providing satisfaction to employees. Schuler and Jackson (1987) agreed that the relationship between rewards, motivation and job satisfaction of employees are strategically important to organization success and are sources of competitive advantage because it helps to create a unique and dynamic competencies level to the organizations (Khalid, Salim and Loke, 2011). Comparing with other industries, the hotel industry has no routine holiday, and employees are required to work 7 days a week and 24 hours a day (Yih and Htaik, 2011).

In addition, unattractive working atmosphere of the industry such as low pay, rigid job traits (Ahmand, and Zainol, 2011), long working hours, seasonal employment, low job status (Alan, Radzi and Hemdi, 2010), over workloads, low job security, and limited training and development opportunities contribute to job dissatisfaction, thus leading to a high level of turnover (Yih and Htaik, 2011). In view to this, tourism and hospitality managers need to seek effective ways to enhance the performance of their frontline employees and to keep them satisfied (Karatepe et al., 2006; Abdullah and Bustamam, 2011).

Organizations tend to focus on financial rewards, and non-financial rewards have become increasingly being overlooked (Chiang and Birtch, 2008). Every employee has his or her own set of needs and motivators. Therefore, hotel managers have to carefully select the right rewards that respond to individual needs. Some are motivated by money, while others motivated by recognition, career advancement or personal growth; which are not direct or instant material benefits. Thus it is wrong to assume that everyone shares the same motivator and needs. (Lai, 2009) Many researchers have found that employees' job satisfaction is affected by both financial and non-financial rewards (Gerald and Dorothee, 2004; Clifford, 1985; Kalleberg, 1977; and Rehman, Khan, Ziauddin and Lashari, 2010).

An ineffective reward management will affect employees' satisfaction and de-motivate them, hence affecting their performance outcome. It is therefore, the objectives of this research are; (1) To investigate the relationship between financial rewards and job satisfaction; (2) To investigate the relationship between non-financial rewards and job satisfaction and; (3) To examine the types of rewards that will strongly affect employees' job satisfaction. 2. Literature Review Reward is a broad construct that has been said to represent anything that an employee may value that an employer is willing to offer in exchange for his or her contributions (Chiang and Birtch, 2008). The lack of rewards will create an unpleasant environment, thus diminishing employees' work efforts and may cause them to withdraw from their jobs. For these reasons, rewards are increasingly important. The main objectives of rewards are to attract and retain employees, to motivate employees to achieve high levels of performance, and to elicit and reinforce desired behavior of th e employees.

Table 1 . The respondents' demographic information is summarized in the table below:

Demographic	Characteristics and Classification	Frequenc y (n)	Percentage (%)
Gender			
	Male	58	43.9
	Female	74	56.1
Race			
	Malay	57 4	3.2
	Chinese	62	47.0
	Indian	6	4.5
	Others	7	5.3

Age

	18-20 years old	0	0
	21-30 years old	73	55.3
	31-40 years old	50	37.9
	41-50 years old	9	6.8
	51 year s old a nd above	0	0

Marital Status

	Single	49	37.1
	Married	83	62.9

Educational Level

	SPM/STPM	0	0
	Diploma	72	54.5
	Degree	60	45.5
	Master	0	0

Job Tenure

	Below 1 year	26	19.7
	1-3 years	43	32.6
	4-6 years	51	38.6
	7 years and above	12	9.1

Salary Level

	Below RM1000	48	36.4
	RM1001-RM2000	84	63.6
	RM2001-RM3000	0	0
	RM3000 and above	0	0

Descriptive statistics computed the mean scores and standard deviation for each item that has been assessed through the questionnaire as presented in the Table 2 to 4. Table 2 demonstrates that the variable of financial rewards has produced a mean value ranging from 2.9848 to 3.8864. Among all, item 2 has the lowest mean (M = 2.9848, SD = 0.95697). It shows that most of the respondents are not satisfied with their past salary increase. It could be due to their past increments were less than what they expected.

Table 2. Mean and Standard Deviation for Financial Rewards

Item No.	Description	Mean	Standard deviation
1	I am satisfied with my base salary.	3.0606	0.96312
2	I am satisfied with my past salary increment.	2.9848	0.95697
3	I am satisfied with my recent salary raise.	3.1061	0.91849
4	Raises are too few and far between.	3.1742	0.95307
5	I am satisfied with how my raises are determined.	3.1136	0.92173
6	Pay increases are handled fairly.	3.1591	0.93146
7	Additional pay to basic salary increased job satisfaction.	3.6970	0.89049
8	Those who do well stand a fair chances of being promoted (receiving higher pay increase)	3.8864	0.81632

Note: Scale range from "1=strongly disagree" to "5=strongly agree"

Table 3. Mean an d Stan dard D eviation for Non -Financial Rewards

Item No.	Description	Mean	Standard deviation
9	Received appropriate recognition for my contribution.	3.2879	0.90402
10	Received continuous feedback and recognition.	3.0530	0.91062
11	Received informal praise (well done, thank you).	3.1061	0.91849
12	Received formal praise (certificate).	2.8333	1.02761
13	The amount and frequency of recognition from supervisor.	3.2121	0.91660
14	Understand the type of behavior lead to receiving recognition.	2.7197	1.07940
15	The way my supervisor pro vide s me with feedba ck.	3.4470	0.83176
16	The feedback receive is highly releva nt.	3.1970	0.93645
17	The feedback receive agrees with what I actually achieved	3.5227	0.88642
18	Recognition is given fairly and consistently .	3.8333	0.82116

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Note: Scale range from "1=strongly disagree" to "5=strongly agree" Table 3 displays the results for non-financial rewards. The lowest mean was perceived by item 14 (M = 2.7197, SD = 1.07940). This finding implies that frontline employees are not aware of what they should do in order to be acknowledged for work perfor med because there is no standard behavior set to be followed or do not know the assessment criteria for the performance appraisal. Table 4 presents employees' perception towards their job satisfaction. Overall, the result has produced a mean ranging from 3.1439 to 4.455. The lowest mean was perceived by item 30 (M = 3.1439, SD = 0.93394). The opportunities of hotel receptionists to explore different tasks or challenging jobs are typically low.

This may be due to the management not practicing job rotation. Subsequently in the long term employees will get bored and de-motivated, thus reducing job satisfaction and performance.

Table 4. Mean and Sta ndard De viation for Job Sat isfacti on Item No. Description Mean Standard deviation Are you satisfied….   19 The responsibility of my job. 3.1591 0.90655 20 The working conditions. 3.3182 0.95164 21 Able to do something worthwhile. 3.3636 0.94322 22 Able to stay busy. 3.4242 0.92564 23 The amount of pay for the work I do. 3.2879 0.87833 24 Salary is comparable with others. 3.1742 0.94502 25 Chances for salary increase. 3.2424 0.83913 26 Praise and recognition for good job. 3.3864 0.99347 27 The way I am noti ced by supervisor. 3.2348 0.88118 28 The way my supervisor treats me. 3.5076 0.85155 29 The chance to work by myself. 3.2955 0.97869 30 The chance to try something different. 3.1439 0.93394 31 The routine of my work. 3.4242 0.92564 32 The chance to do different things from time to   time. 3.3333 0.96240 33 The way my supervisor pr ovide s help. 3.3939 1.01709 34 Relationship with co-workers. 3.8561 0.71122 35 Feelin g of acco mplishme nt. 3.4545 0.81366 36 The chance to do things that make use of my abilities. 3.2803 0.93543 37 The chance for advancement. 3.4015 0.91518 38 Steady employment. 4.0455 0.72957   Note: Scale range from "1=very dissatisfied" to "5=very satisfied"

As shown in Table 5, all var iables have Cronbach's alpha value ranging from 0.887 to 0.933, which achieved the minimum acceptable level of coefficient alpha above 0.7 (Nunnally's, 1978). The independent variable of financial rewar ds has the highest Cronbach 's alphas of 0.933 despite th e low number of scale items (8 items), followed by dependent variable of job satisfaction with Cronbach's alpha of 0.922 (20 items). Both of these variables have value more than 0.9, which are considered excellent. The other independent variable of non -financial rewards has Cronbach's alpha of 0.887 (10 items), which is considered good. Conclusively, the reliability of the scales used in this study was high with Cron bach's alpha value close to 1.0.   Table 5. Alpha Coefficient of reliability on variables Variables Cronbach's Alpha Number of Items Financial Rewards 0.933 8 Non-Financia l Rewards 0.887 10 Job Satisfaction 0.922 20 Correlation analysis was applied to test the relationships between rewards and job satisfaction as hypothesized in hypotheses 1 and 2. Pearson correlation (r) refers to the degree of association between two variables. It shows the degree of relationship by using readings ranging from -1.00 to +1.00. The value indicates the strength and the sign