

5th ICITB

A Study of The Relationships between Compensation Package, Work Motivation and Job Satisfaction

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Abstract

In the error of industry 4.0 organizations are trying really hard to motivate and sustain their staff due the stiff competition witnessed. To motivate people to cope to with a variety of organizational work and changes in the dawn of fourth industrial revolution, the science of motivation remains the key answers. This research review aims at expounding on the theories of motivation and job satisfaction that are most suitable in the error of industry 4.0. we will introduce Herzberg two factor theory and Adams equity theory. By analysing the two theories we find that elements of motivation and job satisfaction have shifted from money-oriented factors. Therefore, this this research concludes that for employees to be satisfied, the managers need to eliminate dissatisfaction experienced by the employees and then help them find satisfaction. Employees will be highly motivated if they perceive their ratio of input is proportional to the ratio of outcome and that their input -outcome ration is fair compared to input -output ratio of their competitors.

Keywords: Job satisfaction, Motivation

1. INTRODUCTION

There is existence of a relationship between different components of compensation, job satisfaction and work motivation but the nature and the measurement of this relationship has given rise to numerous differences of opinion. In France the differences have mainly been between human resource management and practitioners the later have generally established their company compensation

5th ICITB

policy on the hypothesis that flexible pay corresponds not only to the needs of the organizations but also but also to the expectations of employees particularly the managerial staff. Flexible pay in the context of French companies is divided into three categories, which include fixed pay, flexible pay and benefits. The purpose of the study was to measure the impact of compensation on job satisfaction and work motivation an of exempt and none exempt employees. Exempt employees refer to those who are not paid for overtime whereas exempt employees are (Gomez-meja balkin and candy 1995) in France exempt employee include professionals' administrators and executives. The reason in making distinction between exempt and none exempt employees is that these two groups are treated differently in terms of compensation. The researcher sought to understand t worker reactions to French pay systems. They also wanted to test whether the motivation employee relation to one another a component of total compensation had an influence on work motivation. The original researchers conducted an empirical research whereby they interviewed 269 exempt employees and 297 none exempt employees. The purpose of this review is to introduce two theories where by one covers job satisfaction and other job motivation. This is due to the fact that the original research was carried out in the error of industry 3.0 which does not reflect the current situation on the subject matter. The review will mainly focus on expounding Herzberg two factor theory and Adams equity theory

2. LITERATURE REVIEW

Theories offer explanations of how and why people think, feel, and act as they do. Theories identify important variables and link them to form tentative propositions that can be tested through research (Newstrom, 2007:6). In this review we feel that the Konfers taxonomy of motivation theory used is too old and does not at par with current work environment of industry 4.0. In this this section we will bring forth Herzberg two factor theory and Adams equity theory. Herzberg theory has been admired as the most useful model to study job satisfaction (Kim, 2004), for example, the theory has been found supported in educational settings (Karimi, 2007) and it has been used as a theoretical framework for scientifically assessing police officers' job satisfaction (Getahun et al., 2007) Adams equity theory is also very suitable in the error of industry 4.0

Herzberg developed a specific work motivation theory where he came up with job satisfiers and dissatisfiers as discussed below. Herzberg's findings revealed that

5th ICITB

certain characteristics of a job are consistently related to job satisfaction, while different factors are associated with job dissatisfaction. These are: Factors for Satisfaction, is: Achievement, Recognition, The work itself, Responsibility, Advancement, Growth. And, Hygiene Factors, is : Company policies, Supervision, Relationship with supervisor and peers, Work conditions, Salary, Status, Security

The conclusion he drew is that job satisfaction and job dissatisfaction are not opposites. The opposite of Satisfaction is No Satisfaction, The opposite of Dissatisfaction is No Dissatisfaction. Remedying the causes of dissatisfaction will not create satisfaction. Nor will adding the factors of job satisfaction eliminate job dissatisfaction. If you have a hostile work environment, giving someone a promotion will not make him or her satisfied. If you create a healthy work environment but do not provide members of your team with any of the satisfaction factors, the work they're doing will still not be satisfying. To apply the theory, you need to adopt a two-stage process to motivate people. Firstly, you need to eliminate the dissatisfaction they're experiencing and, secondly, you need to help them find satisfaction.

Step One: Eliminate Job Dissatisfaction

Herzberg called the causes of dissatisfaction "hygiene factors." To get rid of them, you need to:

- a) Fix poor and obstructive company policies.
- b) Provide effective, supportive and non-intrusive supervision.
- c) Create and support a culture of respect and dignity for all team members.
- d) Ensure that wages are competitive.
- e) Build job status by providing meaningful work for all positions.
- f) Provide job security.

Step Two: Create Conditions for Job Satisfaction

To create satisfaction, Herzberg says you need to address the motivating factors associated with work. He called this "job enrichment." His premise was that every job should be examined to determine how it could be made better and more satisfying to the person doing the work. Things to consider include:

- a) Providing opportunities for achievement.
- b) Recognizing people's contributions.
- c) Creating work that is rewarding and that matches people's skills and abilities.
- d) Giving as much responsibility to each team member as possible.

5th ICITB

- e) Providing opportunities to advance in the company through internal promotions.
- f) Offering training and development opportunities, so that people can pursue the positions they want within the company.

The relationship between motivation and job satisfaction is not overly complex. The problem is that many employers look at the hygiene factors as ways to motivate when, in fact, beyond the very short term, they do very little to motivate.

Perhaps managers like to use this approach because they think people are more financially motivated than, perhaps, they are, or perhaps it just takes less management effort to raise wages than it does to reevaluate company policy, and redesign jobs for maximum satisfaction. When you're seeking to motivate people, firstly get rid of the things that are annoying them about the company and the workplace. Make sure they're treated fairly, and with respect.

Once you've done this, look for ways in which you can help people grow within their jobs, give them opportunities for achievement, and praise that achievement wherever you find it.

Equity theory says that employees weigh what they put into a job situation (input) against what they get from it (outcome) and then compare their input-outcome ratio with the input-outcome ratio of relevant others. If they perceive their ratio to be equal to that of the relevant others with whom they compare themselves, a state of equity is said to exist (Robbins, 2005:58). The first of these fairness perceptions - distributive justice - has been extensively studied over the past few decades under the more readily recognizable name of equity theory (Yusof & Shamsuri, 2006). Continuing through the motivation cycle suggests that high performance leads to the receipt of rewards, both intrinsic and extrinsic, which leads to increased employee satisfaction when such rewards are valued by the employee and perceived as equitable (Perry et al., 2006).

3. FINDINGS AND DISCUSSION

The attitude of job satisfaction is a field of major interest to the researchers of organizational behaviour and the practice of human resource management (Luthans, 2005:211). Job satisfaction is the degree to which individuals feel positively or negatively about their jobs. It is an attitude or emotional response to one's tasks as well as to the physical and social conditions of the workplace, for

5th ICITB

example, from the perspective of Herzberg's two-factor theory the contents of the job (i.e. achievement, responsibility, recognition etc) are the motivators, which lead to positive employment relationships and high level of job-satisfaction (Tirmizi et al., 2008). Human capital is the pivot of organizational effectiveness and the most valuable asset available to an organisation. Retaining employees in their jobs is crucial for any organisational productivity and competitiveness. An organization should be able to provide employees with necessary work motivation and paying attention to motivational factors are among the most important and complicated tasks of manager. Motivation is academically explained as a series of modifying and directing human behaviours into a desired pattern of work, which is either activating one's behaviour, sustain the behaviour over time, enhance the performance standards on particular tasks, or all (Reeve, 2018). Most managerial school of studies widely defined motivated individual as being impelled to do something on estimated forms of actions, which the actions are believed to satisfy his or her needs (Robbins & Judge, 2017). The Oxford Handbook of Human Motivation edited by Ryan (2012) defined work motivation as the human psychological processes that directs, energizes, and maintains actions toward a job-related behaviour. Work motivation is an internal state and drive which directs ones to specific activity. Moreover, the studies show that employees with higher levels of job satisfaction are physically and mentally in a better condition. A person's job satisfaction which is determined based on his adaptability and social and psychological characteristics, is a criterion to measure the performance. Job satisfaction is someone's emotional orientation to his job and employees who feel the possibility of getting promoted in future are more satisfied of their job. Furthermore, compensation provides competitive base salary levels necessary to attract and retain talent and compensates for day-to-day responsibilities performed at fully acceptable level and above. There are few types of compensation typically contain the following components base salary, overtime pay (OT), bonuses, commissions, the dollar value of restricted stock awards and gains from exercising stock options, profit sharing, and so on. In an organization perspective, compensation is often defined as an important human resource management function where it emphasizes planning, organizing, and controlling various types of pay systems. Based on the data suggested that under certain conditions, individualized compensation of exempt employees can be a factor of work motivation. The first condition is that individualization must be expressed by fixed pay rises and not by bonuses while the second condition is that fixed pay rises must be relative to the individual efforts of exempt employees. On the other hand when the relationship between effort, performance and pay rises are not perceived, the

5th ICITB

exempt employees are less motivated. Internal equity reveals that employees are more satisfied when they perceive their fixed pay as fair in relation to their contributions to the firm, compared to other employees in the organization that are used as reference while as for external equity the more employees feel that they are treated fairly compared to other employees outside their organization, the more they are satisfied with regard to their job. The efficiency of fixed pay on job satisfaction is observed for both exempt and non-exempt employees on the condition that it abides by the principles of internal and external equity. Compared between these two, favouring internal equity can improve performance linked to product quality, due to higher commitment by subordinates to the goals set by supervisors. The next data suggest that flexible pay which is variable pay and deferred income in the research framework neither motivates nor increase job satisfaction. An employee can experience feelings of satisfaction with regard to gain sharing dividends or a bonus without this increasing job satisfaction. This observation thus suggests the lack of efficiency of flexible pay in France. Exempt and non-exempt employees who express a feeling of satisfaction towards benefits are no more likely to be satisfied in their job. As for the motivational process, employees who consider this form of compensation as inciting tend to be less motivated with regard to their work, and inversely, the less employees find benefits inciting, the more they are motiva

4. CONCLUSION

In conclusion it would appear necessary to assign realistic goals to each component of a company compensation policy. Realistic in terms of the population concerned, as this study indicates noteworthy differences between exempt and non-exempt employees. Realistic, also, in terms of the goals assigned to each of the components of the HRM strategy, as it would seem difficult to pursue satisfaction and motivation objectives in parallel with fiscal optimization or when seeking more compensation flexibility. It should be noted that for employees to be satisfied, the managers need to eliminate dissatisfaction experienced by the employees and then help them find satisfaction. Employees will be highly motivated if they perceive their ratio of input is proportional to the ratio of outcome and that their input - outcome ratio is fair compared to input -output ratio of their competitors

Repeatedly, motivation is a sequence of responses toward stimulus. An “effective” motivation factor will direct, intensify, and persist a behaviour (Reeve, 2018). It is undeniable that not all behaviours constitute to be motivated by single factor. As

5th ICITB

such, different work behaviours require different motivation factor/s to stimulate (Grant & Shin, 2012; Reeve, 2018). Paying high salary to a worker may motivate his or her task performance, but it may not be effective to stimulate an individual to engage in knowledge sharing. It's important for managers to remember, just because someone is not dissatisfied, it doesn't mean he or she is satisfied either, they have to turn their attention to building job satisfaction. To succeed in this industrial revolution, organizational leaders need to play a vital role in bridging the new revolutionary method to the workers. Furthermore, they should ensure that the workforce is able to adapt new models of work and careers (Deloitte Insight, 2018). Thus, it is significant that the work motivation is given due recognition and comprehended, in order that the organization is able to provide necessary input to the workers. Thereby, understanding work motivation in Industry 4.0 is an important factor.

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